

ABSTRACT

MARKETING

RENDS IN PROMOTION AND ADVERTISING TECHNIQUES OF HOUSEHOLD ELECTRICAL APPLIANCES BY THE ELECTRIC UTILITY INDUSTRY

by

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Master of Science

The purpose of the study was to trace the development of national co-operative appliance advertising and promotional activities of the electric utility industry from 1882 to 1963. The principal source of information was the electrical trade magazines.

The advertising program of the electric utility industry has changed from emphasis on direct selling to coordination of national co-operative appliance campaigns. Advertising co-operation between retailers, manufacturers and the electric utility industry has been in existence since 1933.

The "Live Better Electrically" campaign is the most recent and successful of any co-operative promotional and advertising program. The Edison Electric Institute, representing the electric utility industry, assumed leadership of this campaign in 1959. The purpose of the "Live Better Electrically" campaign has been to add utility company support to the efforts of manufacturers and retailers to increase appliance sales. The campaigns have been geared to the mass consumer market in order to create an image of electric living comparable to the national campaigns by the gas industry.

The media mix employed by the electric utility industry has been altered over time to include radio and television along with the newspapers, magazines and direct mail.

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by

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INTRODUCTION

For over sixty years, household electric appliances have been advertised and promoted¹ by the electric utility industry. Many scholars have studied various problems relating to marketing and economic activities of this industry. However, no attempt has recently been made to assess the industry's historical advertising and promotion within the household appliance market. The lack of comprehensive historical information regarding the appliance market is the primary reason for this thesis.

It is the purpose of this study: (1) to show the development of national appliance advertising and promotional activities from 1882 through 1963; (2) to note the major influences which affected advertising and promotional efforts to unite the electric utility industry with other appliance interests; and (3) to examine the formation, progress, and practices of the "Live Better . . . Electrically" program from 1955 through 1963.

It is important that this historical study be made in order to review the electric utility industry's activities in the appliance market in proper perspective. This study is designed to show the national promotional and advertising programs which answer in part the question of "how" and "what" took place within the electric utility industry from 1882 through 1963, heretofore unwritten and unexplored from a historical viewpoint.

¹See Appendix A, p. 65.

Treatment of the Findings

The promotional and advertising history of the industry is derived from articles written in various electric trade magazines, business periodicals, and books published from 1882 through 1963.

The historical analysis indicates in which direction the electric utility industry is moving with reference to their promotional and advertisement of appliances. The study will also show what importance the industry has held in relation to both national and local appliance promotional and advertising leadership.

This study cannot be considered to be a final analysis of appliance advertising and promotion by the electric utility industry. On the contrary, it is a beginning, capable of laying only a foundation for further study and analysis. Because of the broad scope and general coverage of this treatise, the limited description of many major events covered herein must be recognized.

CHAPTER I

EARLY DEVELOPMENT OF ADVERTISING AND PROMOTIONAL TECHNIQUES USED TO MARKET HOUSEHOLD ELECTRIC APPLIANCES BY THE ELECTRIC UTILITY INDUSTRY FROM 1882 to 1908

The electric utility industry was not actively involved in the promotion and advertising of appliances until 1905. A short historical review of the electric utility industry's early development from 1882 through 1908 indicates several events which prompted the electric utility industry to begin promoting and advertising appliances. Primary attention is devoted to the first attempt to organize a national promotional and advertising co-operative campaign.¹

Conditions Existing From 1882 to 1905

Two of our modern-day electric appliances, the flatiron and fan, were introduced in 1882.² That same year the electric utility industry came into existence with the opening of the Pearl Street Station in New York. Throughout the following decade other electric appliances were also developed. They included the electric frying pan, chafing dish, stove and broiler. The principal outlets for the sale of electric appliances were electric supply stores and the manufacturers. The electric utility

¹See Appendix A, p. 65.

²Roger Burlingame, Endless Frontiers, The Story of McGraw-Hill (New York: McGraw-Hill Book Company, Inc., 1959), p. 467.

industry generally regarded appliances as having little marketing potential.³ Few electric utility companies were exhibiting or promoting appliances between the years 1895 and 1906. Prior to 1906, only 17 electric utility companies were even advertising, while only 38 were known to have had appliance display rooms.⁴ The electric utility industry concentrated their selling efforts on the electric light and motor markets from 1882 to 1905.⁵

During the late 1880's, several trade magazine articles described the fierce competitive conditions existing within the electric utility industry. The competitive situation was partly resolved through technological advancements in the generation and transmission of electricity, and a rapid trend toward consolidation and monopoly. Standardization of materials and equipment were achieved through the efforts of such trade organizations as the National Electric Light Association, founded late in 1885. The National Electric Light Association was formed primarily as an information center to aid the electric utility industry in settling various engineering and technical problems. However, the National Electric Light Association did not encourage the use of advertising as a selling tool. In 1887, E. R. Weeks, vice-president of the association expressed discouragement in the use of advertising by the electric utility industry when he said:

³"26th Convention of NEEA," Electrical World and Engineer, XLI (May 30, 1903), pp. 931-933.

⁴"Co-operative Electrical Development Association," Electrical World, XLIX (January 5, 1907), p. 8.

⁵Malcolm Farnsworth Heslip, "A Study of Management's Procedure in Marketing Electric Service 1882-1939," (Unpublished Ph.D. dissertation, Economics Department, University of Southern California, June, 1940) pp. 15-17.

The National Electric Light Association is doing much, and should do more, not only for the mutual advancement of its members, but to bring the business which it represents before the public in an intelligent way, not at all as an advertisement, . . .⁶

Development of Interest in Electric Appliances

As the electric utility industry grew and matured, there was an increase in the lighting of homes and factories by electricity. In 1902, the electric utility industry began to search for new ways to increase the demand for electric current. According to a report by the National Electric Light Association generation and distribution of current by power plants was generally inconsistent and uneconomical. In addition, optimum utilization of plant equipment and maximum return on capital investment was lacking. The electric utility companies were selling only 10 to 30 per cent of their current potential, therefore, losing 70 to 90 per cent of their total generating capacity, primarily during the daylight hours.⁷

The electric utility industry began investigating electric appliances as a possible new area of market development. By 1904, the electric trade magazines were publishing articles on their market potential. The articles recommended several appliances which could be advertised and promoted by electric utility companies to increase the sale and distribution of electricity during the daylight hours.

Although interest in appliances had increased by 1905, there were still many electric utility companies who did not actively promote or advertise appliances. That year a survey was conducted by a member of the

⁶"The Convention of the National Electric Light Association," Western Electrician, I (August 20, 1887), p. 91.

⁷"25th Convention of NELEA," Electrical World and Engineer, XXXIX (May 24, 1902), pp. 931-32.

National Electric Light Association. The survey showed that of 231 replies, only 93 electric utility companies reported they were promoting and advertising any household electric appliances to consumers.⁸

The First National Promotional Movement

The first attempt to incorporate the joint advertising and promotional efforts of the entire electric industry was made in 1905. Manufacturers of electric lamps allocated \$10,000 for a co-operative promotional campaign of incandescent lamps and appliances.⁹ The national campaign was directed by the Co-operative Electric Development Association, organized that year. The membership was composed of manufacturers of electric lighting, appliances, and supplies. Included in the charter was the provision for advisory directors from allied interests, such as the National Electric Light Association.

The primary purpose of the co-operative campaign was an attempt to build additional business for the entire electric industry. The association hoped to create a closer co-operative relationship among various interests such as electric utility companies, manufacturers, wholesalers, and retailers for the promotion and advertisement of lighting and appliances.

In 1906, the association received \$60,000 from forty-five electric manufacturers for a three-year promotional campaign to increase consumer demand for electrical products. Many of the larger electric utility companies pledged their support for the program. The association noted that

⁸"Electric Home Appliances--100 Years," Electrical Engineering, LXXI (December, 1952), pp. 1987-1090.

⁹"Denver Convention of the National Electric Light Association," Electrical World and Engineer, XLV (June 17, 1905), pp. 1115-1116.

many of the smaller electric utility companies serving 50,000 or less customers had not been aggressive in their advertising and promotional programs. The Co-operative Electrical Development Association provided these companies with new advertising and promotional ideas during the new campaign in 1906.

During 1906, the electric trade magazines published many educational articles written by sales personnel of larger companies and advertising experts. These articles described various ways to organize business departments, uses of new marketing techniques, and effective advertising copy and media. The trade magazines were successful in covering the entire nation and in creating marketing interest from virtually all electric utility companies.

Advertising became such a popular activity that the electric utility industry conducted an advertising exhibit at Atlantic City in 1906. Seven of the nations largest electric utility companies displayed samples of their advertising. The exhibit coincided with the primary aim of the co-operative movement of providing the smaller electric utility companies with new promotional and advertising ideas.

By the end of 1906, the Co-operative Electrical Development Association had expended \$28,256.00 in support of the campaign. The association was largely responsible for the development of electric utility company promotional and advertising efforts. A total of 96 business departments, and 165 appliance display rooms had been created since the movement in 1905. In addition, 193 electric utility companies had begun to advertise in some form, while 232 other companies were now using newspaper advertising as a part of their promotional programs because of the association's

influence.¹⁰ The Co-operative Electrical Development Association was responsible for correcting the major weaknesses of the electric utility industry's marketing activities. These were in the education of the proper uses of advertising and its methods, and organized promotional programs.¹¹

In 1907, the Co-operative Electrical Development Association prepared literature on the advantages of electric appliances and housewiring. These articles were made available to electric utility companies, architects, real-estate companies, builders, contractors, and retailers. The association encouraged total industry participation in a campaign to speed the general acceptance of housewiring. By promoting housewiring the association felt that an increased use of electric household appliances would ultimately result.

During the National Electric Light Association convention in 1907, much of their time was devoted to the discussion of co-operative advertising, promotion, and marketing methods. Sessions were held during the convention covering such subjects as, billboards, displays, advertising budgets, newspaper advertising, and other related topics.

The national promotional and advertising co-operative campaign lost its momentum by 1908. That year the Co-operative Electrical Development Association discontinued operation. This was probably the result of the panic of 1907 which led to a decline in promotional activity of the electrical utility industry.¹²

¹⁰"Co-operative Electrical Development Association," Electrical World, XLIX (January 5, 1907), p. 8.

¹¹"Central Station Development in 1906," Electrical World, XLIX (January 5, 1907), p. 7.

¹²R. E. Dildine, "How 1400 Competitive Concerns Raised \$200,000 for General Sales Promotion," Printer's Ink, XCI (May 27, 1915), p. 90.

Thus, the first attempt to unite the electric utility industry and other interests survived from 1905 to 1908. Although its purpose was to create co-operation and activity in advertising and promotional methods, its influence was probably greatest as an educational organization.

The Growth and Influences of the Advertising Agencies

Between 1906 and 1908, the advertising agency was probably the greatest influence on electric utility company advertising and promotional practices. The agencies became active in electric utility industry advertising largely through the efforts and financial assistance of the Co-operative Electrical Development Association.

The first advertising agency to sign a contract with the Co-operative Electrical Development Association was the Curtis Advertising Company of Detroit. By 1906, two other advertising agencies, the Bates Advertising Company of New York, and the C. A. Lee Company of Newark, New Jersey, were active in the electric utility industry appliance advertising programs.¹³

Members of the advertising agencies helped to stimulate electric utility company interest in appliance advertising and promotions through lectures at meetings and conventions. The agencies published many articles in the electric trade magazines on new promotional methods, advertising media, and organization of sales and business departments.

In 1906, the media most recommended by advertising agencies for advertising and promoting appliances was direct mail, newspaper, and the display room. Direct mail was considered a popular medium because it could be easily keyed for direct response and effectiveness. The news-

¹³"Convention of the Michigan Electric Association," Electrical World, XLVIII (October 20, 1906), pp. 747-749.

paper was recommended because the advertising copy could be printed and distributed to the mass market at relatively low cost. Electric utility companies were encouraged to utilize a preferred position of the newspaper for advertising instead of the classified section, or the "patent-medicine page."¹⁴ The display room was considered an important promotional aid because personal demonstrations helped educate the consumer and more directly illustrated the practical applications of electric appliances. The display rooms aided the salesmen in obtaining interested prospects for the house-to-house campaign popularly used in 1906.

Therefore, through the vigorous efforts and recommendations of the advertising agencies, advertising and promotional media were brought into more general use by the electric utility companies. The agencies were influential in improving advertising and promotional campaigns from 1906 to 1908, and were of considerable value as advisors to the electric utility companies, particularly the smaller firms in outlying areas.

Summary

It was noted that from 1882 to 1905 promotional efforts were primarily centered on the electric light and motor markets. Electric appliances did not attract much attention from the electric industry until 1886. That year, the principal sales outlets for appliances were electric supply stores and manufactures. A few electric utility companies were known to be exhibiting appliances as early as 1895 and 1899. The total number engaged in appliance advertising and promotional activities continued to be small until after 1905.

¹⁴"The Small Central Station: Practical Hints on Its Construction and Operation," Western Electrician, XXXIX (November 24, 1906), pp. 422-423.

In 1905, the Co-operative Electrical Development Association was organized by the electric lamp manufacturers for the purpose of increasing consumer buying of all electrical products through industry co-operation. It was the first attempt to unite the entire electric industry in the national promotion of electric lighting and appliances, and to educate companies in advertising techniques. The Co-operative Electric Development Association lost its momentum by 1908. The association was most influential as an educational organization.

Although short lived, the association was directly responsible for the active participation and introduction of advertising agencies into the advertising and promotional activities of electric utility companies. The agencies greatly influenced the uses of such advertising media as direct mail, newspaper, billboard and display rooms. The advertising agencies, the Co-operative Electrical Development Association and trade magazines, were effective in generating interest in advertising and promotional practices of the electric utility companies from 1905 to 1908.

CHAPTER II

THE ELECTRIC UTILITY INDUSTRY'S MOVEMENT TOWARD CO-OPERATION THROUGH THE EFFORTS OF NATIONAL ASSOCIATIONS AND SOCIETIES FOR ADVERTISING AND PROMOTIONAL PROGRAMS FROM 1908 TO 1934

Between the years 1908 and 1933 the electric utility industry attempted to gain control of the appliance market using vigorous promotional and advertising campaigns. Efforts by various associations, fraternities, and societies to unite the electric appliance industry's campaigns follow in sequence according to the year in which they were organized. Emphasis is devoted to those programs which contributed most to achieving closer co-operation between electric utility companies and retailers.

Growing Friction Within the Electric Industry

Shortly after the demise of the Co-operative Electrical Development Association, many of the electric utility companies became engaged in vigorous appliance promotional and advertising campaigns. By 1910, the electric trade magazines began noting growing friction between the electric utility companies and other retail appliance interests. The retailers objected to the electric utility industry's practice of selling appliances below retail. The retailers accused the electric utility industry of unfair price competition and felt that ultimately this method would reduce the profits of the smaller, less competitive retailers and

force many of the latter out of business.¹

The electric utility industry justified price cuts on the grounds that it had to engage in such marketing strategy in order to more effectively introduce appliances to the residential consumer. By accelerating appliance sales, the electric utility companies felt additional revenue would result from the increased consumption of electricity used by the appliances. The small retailers were accused of not being interested or financially capable of properly promoting appliances as effectively as the electric utility companies.²

By 1910, the condition existing between the electric utility industry and retailers was one of growing friction. Each sought to increase the sale of appliances, but with different objectives. The retailers derived their profits solely from the sale of appliances. The electric utility companies sold appliances in order to increase the demand for electricity, with little regard for profits from the sale of the appliances themselves.

Early Movements Attempting to Develop Marketing Unity

Throughout 1909 and 1910 there were three co-operative organizations attempting to obtain closer harmony among the electric appliance interests. The first of these organizations was primarily local in its operation. The other two functioned on the national level.

The first organization began as a local co-operative newspaper advertising program called the "Electrical Page," in Cleveland in 1909. Co-operation was achieved by the local electric utility company and retailers. Each advertised on the same page of the newspaper.

¹"Co-operation in Selling Electricity and Electrical Goods," Electrical World, LVI (August 4, 1910), pp. 248-249.

²Ibid.

Other cities soon began to use the same method of advertising. By 1912, the "Electrical Page" was being utilized in 40 newspapers throughout the country by electric utility companies and other interests. The program was later incorporated into the operations of a national co-operative movement in 1914.

The objectives of the "Electrical Page" were: (1) to join all electrical interests on each local level together; (2) to educate the public to wider uses of electricity and appliances; and (3) to educate local electrical interests to the advantages of advertising and development of their own business through promotional programs.³

The second co-operative organization became very active in 1910. This organization was made up of individuals engaged in every phase of the electric industry, called the Sons of Jove. The organization operated as a fraternity. Popularity of the Sons of Jove spread rapidly, becoming national in scope. The purpose of the Sons of Jove was to help lessen jealousies, unfair competitive and selling tactics, and to increase overall electrical business. The fraternity's slogan was, "All Together All the Time for Everything Electrical."⁴ The fraternity was active, and supported many promotional campaigns for several years.

The third co-operative program was developed by the National Electric Light Association in 1910. The association became involved in promotional and advertising campaigns in an attempt to help the electric utility industry and other members increase the sale of electric lighting and appliances.

³"An Organized Movement Toward Co-operation and Expansion," Electrical World, LX (September 7, 1914), pp. 483-486.

⁴"Rejuvenated Sons of Jove," Electrical World, LVI (September 1, 1910), p. 472.

The National Electric Light Association first became active in promotional activities by printing advertising literature for local use. Later they initiated several promotional campaigns for the sale of major cooking appliances. However, electric utility companies and other merchants lacked enthusiasm for the promotion of large appliances. According to various articles in the trade magazines, the electric utility industry did not generally participate in any long range programs for the promotion of electric cooking appliances.

Between 1920 and 1925, the use of house organs, model homes and radio were added to the advertising and promotional media being utilized for campaigns. A women's home service program was organized to help increase public relations, and to promote the sale of more electric appliances to schools, churches, and homes. Radio was used locally for discussions on cooking by electric appliances. Articles were written for local magazines, newspapers and company publications to stimulate public interest.

By 1927, the association moved from the promotion of cooking and small appliances to the refrigerator market. This appliance had become a leading major appliance in total sales and had not previously received attention from electric utility companies.⁵

The first campaign by the electric utility industry, under the direction of the National Electric Light Association, took place in September, 1929, called the "National Food Preservation Month." In 1930, the National Electric Light Association organized the Electric Refrigeration Bureau as a permanent promotional branch of the trade association.

⁵J. E. Davidson, "Evaluating National Co-ordinated Promotional Programs," Electrical World, CI (June 10, 1933), pp. 762-763.

The Electric Refrigeration Bureau developed a three-year national co-operative promotional and advertising campaign. The program was officially launched on March 28, 1931 in some 8,500 cities throughout the country. The goal was set at 1,000,000 refrigerator sales a year. The advertising campaign used the slogan "Invest in an Electric Refrigerator." Those participating in the program included electric utility companies, manufacturers, distributors, and retailers. National advertising for the promotion of the refrigerator appeared in Good Housekeeping and the Saturday Evening Post.⁶

By the close of 1933 the Electric Refrigeration Bureau reported that \$600,000 had been spent on national advertising and more than \$5,000,000 had been expended by local interests during the three-year campaign.⁷

The refrigerator became one of the most popular appliances to promote and showed rapid sales increase from 1926 to 1933. This was a reflection of growing consumer acceptance of the appliance, and showed principally, why the electric trade association became so actively involved in its promotion. (See Table 1)

In 1933, the National Electric Light Association was dissolved. Political and public criticism of other activities resulted in its re-organization. The outgrowth of this association was the founding of the Edison Electric Institute that same year.⁸

⁶George W. Allison, "Field Activities of the Electric Refrigeration Bureau," National Electric Light Association Proceedings, XXCVIII (June 8-12, 1931), pp. 81-82.

⁷J. E. Davidson, "Evaluating National Co-ordinated Promotions," Electrical World, CI (June 10, 1933), pp. 762-763.

⁸"Power Chiefs Form National Institute to Purge Industry," The New York Times (January 13, 1933), p. 1 and 11.

TABLE 1

DOMESTIC ELECTRIC REFRIGERATOR
SALES BY MANUFACTURERS
1921 - 1933

<u>Year</u>	<u>Number of Sales</u>
1921	5,000
1922	12,000
1923	18,000
1924	30,000
1925	75,000
1926	205,000
1927	375,000
1928	535,000
1929	778,000
1930	791,000
1931	906,000
1932	798,000
1933	1,016,000

^a"Research," Electrical Merchandising Week, furnished by Research Department.

Therefore, during 1909 and 1910, three co-operative organizations were initiated in an attempt to unite the electric utility industry and retailers in promotional and advertising programs. Each was effective in creating some degree of unity, and helped improve promotional and advertising methods. The National Electric Light Association was more effective in achieving national co-operative appliance campaigns than the Sons of Jove or the "Electrical Page." The National Electric Light Association was the most influential and long lived organization of the three.

Organization of the Society for Electrical Development Co-operative

Organization

By 1912, electric appliance sales were increasing rapidly. Small appliances accounted for the largest percentage of total sales.

The electric trade magazines continued to report on the electric utility companies' practice of marketing appliances at cut prices.

Appliance manufacturers began complaining that they and the various retail outlets were being injured because of these promotional tactics. However, the electric utility companies considered price cutting necessary to effectively promote appliances to the consumer.

About this time, a national co-operative promotional program was being organized by J. Robert Crouse of the General Electric Company. On September 3, 1912, 100 representatives of the electric utility industry, jobbers, contractors, and dealers met to discuss plans for its formation. The representatives agreed that a co-operative program was needed to help relieve the growing friction between the electric appliance interests. It was hoped that such an organization would stimulate national promotional campaigns on a co-operative basis.

On November 13, 1912, the Society for Electrical Development was incorporated. In 1914, the new program began with a working capital of \$200,000. Its first slogan was "Do It Electrically," which was later used as the title of a monthly publication which circulated to members throughout the United States. The membership consisted of 279 electric utility companies, 173 manufacturers, 568 contractors, 262 jobbers, and 18 miscellaneous interests.⁹ The primary purpose of the co-operative organization was an attempt to eliminate the competitive conditions existing throughout the electric industry. During a meeting of the Society for Electrical Development in 1913, one of the speakers remarked that uncontrolled competition was no longer profitable for the electric industry. Establishment of fixed prices and co-operation was to be the ultimate aim of the new organization. He concluded by stating that achievement of controlled pricing of products would provide a market condition which

⁹"Society for Electrical Development an Accomplished Fact," Electrical World, LXIII (February 28, 1914), p. 460.

would prove beneficial to the entire electric industry.¹⁰

Thus, the new co-operative program was organized in an effort to control, and eventually eliminate competition through co-operative national campaigns. The organization also hoped to fix prices of electric appliances and other commodities in order to accomplish a controlled market and unified industry.

Effects of the Society on National Advertising and Promotional Methods

The society attempted to encourage advertising and promotional activity on the local level by forming leagues or districts. Leagues were organized to help achieve optimum results from local advertising and promotional campaigns through central leadership and joint participation with all interests. The electric utility company was to be the primary leader in co-ordinating the campaigns through these leagues.

The society was also responsible for organizing the architects, builders, and engineers into the national and local promotional programs. They acted as advisors to publishers of school textbooks, of school movies, and for preparations of lectures and exhibits. Editorials were prepared for local newspapers describing inventions, various electrical improvements, new applications of electricity, and appliances. An advertising copy service was provided for all members needing assistance with their campaigns. General publicity was handled by specialists who wrote promotional articles for national consumer magazines. Ideas for window displays and street-car placards were also furnished by the society using the slogan "Do It Electrically."

¹⁰"Co-operation for Electrical Development," Electrical World, LXII (September 13, 1913), pp. 514-518.

The first national campaign of the society was launched in 1915 with various advertisements appearing in several leading national magazines. Posters, direct mail, and other advertising materials were distributed to local members which tied in with the national campaign.

On December 2, 1916, the second national campaign called "America's Electrical Week," began with the lighting of the Statue of Liberty by President Wilson. This campaign was backed by national magazines and business journal advertisements. More than 100 electrical shows were held by local electric utility companies to tie in with the campaign. The "Electrical Week" was regarded by the industry as a complete success in promoting the "Do It Electrically" image to the consumer. That same year the society conducted a house wiring campaign to tie in with the National Electric Light Association cooking appliance campaign called, "Cook by Wire." This method of joint promotion closely resembles the same practice which takes place with the present "Live Better Electrically," campaigns. World War I in 1917 prevented another electrical week campaign.

The society engaged in several Christmas gift campaigns to encourage co-operation. In 1917, the theme of the national campaign was "Give Something Electrical This Christmas." The slogan appeared on all advertising and promotional copy illustrating various small electrical appliances.

The Christmas campaigns were so well received by the participants that they were repeated for several years.

In 1924, the advertising budget of the society totaled \$200,000. The Electrical World printed the budget in an article showing a breakdown according to products of promotional importance. Although electric lighting received the highest single allocation for promotional purposes,

electric appliances made up the largest total percentage of the budget that year. (See Table 2)

TABLE 2

APPROPRIATIONS OF THE SOCIETY FOR ELECTRICAL DEVELOPMENT
PROMOTIONAL AND ADVERTISING ACTIVITIES FOR 1924

Item	Dollars
Lighting	\$40,000
Cooking Appliances	30,000
Storage-Battery.	25,000
Industrial Heating & Power	25,000
Electrical Homes & Other Activities.	20,000
Table & Socket Appliances	12,000
Washing Machines	10,000
Electric Cleaners	10,000
Better Wiring & Convenience Outlets	10,000
Domestic Refrigeration	2,000
Fire Investigation	2,000
Small Motor Applications	2,000
Dishwashers.	1,000
Fans	1,000
All Other Activities	10,000

^a"How the S.E.D. Educates the Public," Electrical World, XXCII (September 22, 1923), p. 623.

Demise of the Society for Electrical Development

The national movement began showing signs of losing local co-operation by 1926. The campaigns were not achieving the results intended by the society. The pricing tactics of electric utility companies, which the society had hoped to eliminate, still existed. That year, the society initiated a five-year market development plan in an effort to stimulate greater co-operation among the electrical interests. It headed a campaign incorporating some 400 electric leagues throughout the country for additional aid in accomplishing optimum results on the local level by the use of national and local advertising and promotional media. Funds were to be provided by manufacturers and from society membership fees. Additional promotional support of major appliances, such as electric

washers, were to be used to help bolster sales during 1926.

The national and local promotional and advertising programs were to be prepared and directed by the society. The bulk of the advertising budget was to be spent by the local chapter leagues. In addition to the regular participants, the department stores, who by 1926 accounted for twenty-five per cent of total household electric appliance sales, were to be included in the campaign for the first time. The first campaign of the five-year program was scheduled to begin in January, 1927.¹¹

The new program did not receive participation or enthusiasm from the electric industry. In December, 1927, the Society for Electrical Development published a joint letter to the electric industry in the National Electric Light Association Bulletin, announcing its resignation. Efforts to unite the electric industry into a single co-operative unite had been unsuccessful. The organization had been ineffective in its ability to provide the proper leadership in building national enthusiasm for a controlled market development program.¹²

Reorganization of the Society for Electrical Development

The Society for Electrical Development re-organized in the spring of 1927. It formed the Electrical Industrial Sales Conference, which inaugurated a new promotional campaign on housewiring, called the "Red Seal." This program functioned in somewhat the same manner as the present "Gold Medallion Home" program. If a home was wired to certain specifications the society would award the owner with a seal signifying the ultimate in electric living.

¹¹"Electrical Industry Adopts Five-Year Market Development Plan," Printer's Ink, CXXXVI (September 16, 1926), p. 44.

¹²"Society for Electrical Development Announces Reorganization Through Joint Letter to the Industry," N.E.L.A. Bulletin, XIV (December, 1927), p. 764

The new movement was optimistic about its future because it represented, for the first time, a merger of the leaders of the electric industry. The membership was made up of the National Electric Light Association, the National Electrical Manufacturer's Association, the Association of Electrotechnicians, and the Electrical Supply Jobbers' Association.

The re-organization, however, was short lived. Dissolving in 1933, it brought to a close the first attempt by a single organization to direct national appliance campaigns.¹³

Other Advertising and Promotional Organizations

Two other organizations began in the 1920's. Each attempted to aid and unite the electric utility industry and other interests in their promotional programs. The Joint Committee for Business Development was formed in June, 1922. The committee was made up of twelve national electrical organizations. Its purpose was to create what it called the "Electrify" movement.

The committee was sponsored by the National Electric Light Association and the Society for Electrical Development to develop closer cooperation on the local level. The committee attempted to stimulate cooperation of local electric appliance interests for increased housewiring and appliance campaigns. However, the organization was short lived and was not very successful in stimulating co-operation from other interests.¹⁴

In June, 1923, an organization named the Public Utilities Advertising Association was formed. It helped improve electric utility company

¹³Editorial Staff of *Electrical World*, The Electric Power Industry Past, Present, and Future (1st ed., New York: McGraw-Hill Book Company, Inc., 1949), p. 150.

¹⁴Ibid.

use of advertising through educational conferences and articles in trade magazines. The organization was made up of advertising specialists from various electric utility companies who met annually to discuss new advertising methods and media.

The work of the association helped improve uses of advertising and promotional media in conjunction with appliance campaigns. Another important contribution was the compilation of various statistical reports on the advertising activities of the electric utility industry.¹⁵

Causes for Lack of Co-operation Among Electric Appliance Interests

The primary reason for the failure of the various co-operative organizations from 1909 to 1933 was the friction existing between the electric utility industry and other retail interests. The differences arose primarily from the marketing practices and promotional methods used by the electric utility industry in the sale of appliances.

By 1925, selling of appliances by electric utility companies was the general practice. By the end of that year, the Electrical World reported that 2,655 electric utility companies were known or believed to be actively engaged in electric appliance marketing programs. In 1925, the electric utility industry accounted for an estimated 42.5 per cent of the total electric household appliance sales.¹⁶ In 1927, the National Electric Light Association stated that 376 electric utility companies, representing 85 per cent of the entire electric power industry, obtained

¹⁵Interview with Mr. C. L. McNeese, Manager of Advertising and Marketing, Houston Lighting and Power Company, Houston, Texas, September 5, 1963.

¹⁶"High Light in the Progress of the Electric Light and Power Industry," Electrical World, XXCVII (January 2, 1926), p. 38.

76.5 per cent of their sales from electric appliances. The percentage did not include sale of electric current.¹⁷

By 1931, the electric utility companies known to be marketing appliances accounted for about 35 per cent of the total appliances sold in the United States. Many electric utility companies were pulling out of the appliance market because of increasing pressures exerted by the public and the government.¹⁸

Many bills were presented by state legislatures in an attempt to prohibit electric utility companies from selling electric appliances. However, only two of the states, Kansas and Oklahoma, enacted laws prohibiting the companies from selling electric appliances. In Kansas, from 1925 to 1930, between 80 and 90 per cent of the total appliance dollar sales was accounted for by electric utility companies.¹⁹ Failure by most states and government legislatures to enact laws preventing the electric utility companies from selling electric appliances discouraged further action by retail organizations in this direction. Nevertheless, as a result of the anti-merchandising bills presented by the state legislatures many electric utility companies began withdrawing from appliance sale programs. More electric utility companies began cooperating

¹⁷"Statistical Data for the Electrical Light and Power Industry, 1927," Statistical Bulletin, No. 2 (New York: National Electric Light Association, 1928), pp. 1-8.

¹⁸Warren Wright, "Appliance Merchandising by Public Utilities," The Journal of Land & Public Utility Economics, VII (February-November, 1931) pp. 386-393.

¹⁹Richard A. Harvill, "Regulation of Public Utility Appliance Merchandising," The Journal of Land & Public Utility Economics, VIII (February-November, 1936), pp. 74-86.

with dealers.²⁰

Summary

Shortly after the Co-operative Electrical Development Association was dissolved, the electric utility companies began vigorous appliance campaigns emphasizing low prices on appliances. As a result, friction between the electric utility industry and other retailers increased. Electric utility companies were selling appliances at and below cost in order to promote further sales. Retailers were complaining that such action was unfair competition which threatened to force many small competitively weak retailers out of business.

During 1909 and 1910 three small organizations, the "Electrical Page," Sons of Jove, and the National Electric Light Association were formed to unite the electric industry and stimulate co-operation in advertising and promotion of appliances.

The largest single organization to attempt to unite the electric utility industry and retailers in a co-operative program began in 1912. The new organization was named the Society for Electrical Development. This organization set out to eliminate all price competition existing among the various electrical interests for the sale of appliances. The organization also advocated the policy of fixed retail prices on all household electric appliances in order to provide an ideal market.

The first national campaign of the society took place in 1915. Others such as electrical weeks, and Christmas campaigns were conducted until 1927. In addition to the national campaigns, various newspaper and point-of-purchase advertising copy were furnished by the society to

²⁰Richard A. Harvill, "Recent Trends in Utility Appliance Merchandising," The Journal of Land & Public Utility Economics, XII (May, 1936), pp. 149-160.

participating members of the various campaigns. The competition existing between the electric utility industry and retailers survived and caused the failure of the society's efforts in 1927. Other attempts to organize the entire electric industry for advertising and promotional campaigns of appliances were ineffective and short-lived.

From 1909 to 1932 the electric utility industry attempted to dominate the sale and promotion of appliances. As political and retail associations began opposing the selling practices of the electric utility companies, the latter withdrew from actively promoting appliances on the basis of price. Because of these investigations, the electric utility industry was forced to offer more co-operation to retailers during various appliance campaigns. Electric utility companies began offering the local retailers more advertising and promotional assistance and reduced their price cutting tactics for the promotion of appliances.

CHAPTER III

THE MOVEMENT OF THE EDISON ELECTRIC INSTITUTE AND ITS ALLIES TO COORDINATE ADVERTISING AND PROMOTIONAL PROGRAMS ON THE NATIONAL AND LOCAL LEVELS FROM 1934 TO 1955

Although another major co-operative program did not organize during the years from 1934 to 1955, other interests were active in stimulating national advertising and promotional campaigns. This chapter covers the advertising and promotional campaigns which took place on the national level under the leadership of the Edison Electric Institute and the National Electrical Manufacturers Association. The decreasing selling activities and increasing co-operative campaigning by the electric utility industry and other interests is noted.

The Condition of the Appliance Market in 1934

By 1934, the small household electrical appliances had practically become staples, with little promotion or advertising activity carried on by electric utility companies. Emphasis had moved to the promotion and advertising of large appliances, most particularly the electric range and water heater. In addition, the dealers began showing an increase in percentage of total sales compared to electric utility companies. The dealers had become leaders in the sale of such appliances as refrigerators, washers, ironing machines, vacuum cleaners, and small appliances. (See Table 3)

TABLE 3

MERCHANDIZING OF ELECTRIC HOUSEHOLD APPLIANCES IN 1934

<u>Appliances</u>	<u>Electric Utility Companies</u> <u>Percentage</u>	<u>Dealers</u> <u>Percentage</u>
Refrigerators	20	80
Ranges	74	26
Water Heaters	84	16
Washers	14	86
Ironing Machines (Mangles)	32	68
Vacuum Cleaners	16	84
Small Appliances	21	79

^a"Appliance Merchandising in 1934," Electrical World CV (March 2, 1935), p. 484. Percentage figures were calculated from a survey of 75 major electric utilities operating throughout the United States in 1934.

Increasing Co-operative Advertising Programs by Electric Utility Companies

The Electrical World noted that closer co-operation between electric utility companies and dealers in the various advertising programs was increasingly evident. However, there was a lack of uniformity in the promotional and advertising practices. The promotional and advertising programs by the electric utility companies and their allies were uncoordinated and inconsistent, varying with each appliance, with no agreement between interests on advertising expenditures per customer.¹

By the close of 1934, 100 electric utility companies, surveyed by the Electrical World, were asked to furnish information on their advertising and promotional activities. Eighty-five companies indicated that they were engaged in co-operative campaigns with dealers. Installment selling was an accepted practice by the entire electric industry by that year.

¹Ibid, p. 487.

Development of an Electric Industry Trade Mark

The Reddy Kilowatt trade mark was created in 1926 by Ashton B. Collins, a sales and public relations specialist for the Alabama Power Company. He later obtained trade mark protection on his idea and proceeded to work out his plans to fit the business, advertising, and promotional programs of electric utility companies. Other electric utility companies soon adopted the trade mark in their promotional and advertising campaigns. The trade mark was first introduced in Philadelphia in 1934.

As the trade mark became more generally used, Collins formed a service organization. He later developed Reddy Kilowatt, Inc., with offices in New York. The corporation started as an advertising program and later grew into a large clearing house which supplied new ideas for various appliance and service promotions.

The Reddy Kilowatt trade mark is licensed only to investor-owned electric utility companies who pay a fee to the corporation for the privilege of using the symbol in their local appliance advertising and promotional campaigns. The fee is proportionate to the size of the firm.

Today there are over 250 investor-owned electric power companies in the United States, Canada, Central and South America, Europe, and the Philippine Islands which use the Reddy Kilowatt trade mark in their advertising and promotional programs.²

Promotional and Advertising Campaigns by Various Trade Associations

In 1934 the Edison Electric Institute began a small household appliance campaign on the national level with the slogan, "Electric Table Service Saves." The campaign was designed to renew interest in advertis-

²"The Reddy Kilowatt Story," (New York: Reddy Kilowatt, Inc., September, 1963).

ing and promoting small electric appliances and obtain co-operation and enthusiasm from the electric utility companies and retailers.

By 1935, the residential consumer showed greater sales potential than the industrial market because of the depression. Its effect was a relatively slow upturn by factories and businesses, with little evidence of rapid development or expansion as a market. Residential consumers of electricity numbered 20,520,870 out of a total of 25,000,000 served by the electric utility industry in 1935.³

The dealer had become more closely allied with the local advertising and promotional campaigns of the electric utility companies. However, there was still a general lack of coordination between the various interests in the promotional and advertising methods used in the sale of appliances.

In an effort to increase appliance promotional and advertising activity on the local level the Edison Electric Institute and National Electrical Manufacturers Association launched a three-year kitchen modernization campaign in 1935. The kitchen campaign was the largest cooperative promotional and advertising program ever undertaken by the appliance industry up to that time.⁴

The kitchen modernizing program was organized to co-ordinate all national and local activities for the sale of major appliances such as the electric range, water heater, refrigerator, and washer. An executive committee of manufacturers, utilities, and trade associations directed the national program. The electric utility companies acted as sponsor and

³"Selling Centers on Homes," Electrical World, CV (January 5, 1935), pp. 60-62.

⁴Editorial Staff of Electrical World, The Electric Power Industry: Past, Present, and Future (New York: McGraw-Hill Book Co., Inc., 1949), pp. 164-165.

coordinator of the local campaign. Local co-operative bureaus were formed by some retailers, builders, and the electric utility company to obtain maximum results during each kitchen modernizing campaign. The purpose of the campaign was to emphasize the advantages of an all-electric kitchen in the home.⁵

In 1936, the Edison Electric Institute and the National Electrical Manufacturers Association conducted a co-ordinated electrical housewares campaign. The promotional program emphasized electrical appliances such as irons, clocks, table mixers, and percolators. Advertising and promotional materials such as window displays, sample advertisements, contest ideas, and publicity materials were furnished to the electric utility companies and other retail outlets. The campaign was scheduled to coincide with the annual kitchen modernizing activities which the Edison Electric Institute and the National Electrical Manufacturers Association carried on from 1935.

In 1937, an article in the Electrical World noted that the sale of electric appliances, particularly the electric refrigerator, range, and water heater, showed substantial increases over 1935 and 1936. Electric utility companies had decreased household appliance selling activities to an estimated 15 per cent of total electric appliance sales by 1937. In contrast, the trade magazines noted that the electric utility industry was working in closer co-operation in various advertising and promotional programs with local retailers and the Edison Electric Institute.⁶

⁵George E. Whitwell, "To Modernize Means Electrify Your Kitchen," Electrical World, CVI (June 6, 1936), pp. 78-79.

⁶C. W. Kellogg, "An Audit of 1937 Electric Utility Business," Electrical World, CIX (January 15, 1938), pp. 237-238.

Throughout 1938 and 1939 electric utility companies, retailers, and appliance manufacturers co-operated with the Edison Electric Institute in its national campaign to promote kitchen appliances such as electric ranges, washers, dryers, and refrigerators. By the end of 1939, the joint co-operative promotional and advertising programs by the Edison Electric Institute's Modern Kitchen Bureau had matured. The electric industry considered the program effective for increasing total business activity and obtaining maximum results in load building and appliance sales.

Changes in Promotional Techniques

From 1934 to 1940 a change in the method of promoting and advertising household appliances was noted by trade magazines. The Edison Electric Institute, representing the electric utility industry, and the National Electrical Manufacturers Association, representing the manufacturers and dealers, were coordinating their national and local appliance campaigns. This enabled each association to better maintain optimum results from the various interests on the local level and obtain more co-operation than from one central organization. The electric utility companies were spending more on local advertising and promotions, while at the same time permitting the appliance dealers to share in an increasing percentage of total sales, particularly the major electric appliances.

The Effects of World War II on Advertising and Promotional Techniques

At the beginning of World War II in 1941, the government ordered cuts in the production of major household electrical appliances. Shortly thereafter, the Federal Reserve Board ordered restrictions on practically all domestic electrical appliances purchased on installment credit, limited time-payment terms, and increased down-payment requirements on

most major appliances. Appliance manufacturers decreased production of appliances to build war materials.

The electric utility industry's appliance advertising technique changed at this time from promotional to institutional⁷ in appeal and copy. The copy tied in the war effort with domestic uses of electricity, recommending the use of electric appliances to save time. Cooking schools were changed to victory cooking schools. Repair, care, and maintenance of appliances was highly stressed in various campaigns.

After the war in 1946, electric utility companies changed their attitude toward marketing of appliances, relying more on dealers to do the selling. Many utility companies began withdrawing from the field of direct appliance selling. The electric utility companies who continued to sell appliances refrained from price cutting and other promotional practices disliked by the retailers and manufacturers.⁸

The sale of many major electric appliances increased substantially from 1946 to 1950. The economy was expanding rapidly. Clothes dryers, refrigerators and clothes washers showed a relatively steady sales gain. The fastest selling appliance after the war was the television set. (See Table 4)

By 1950, the production of household electrical appliances began catching up with demand, creating a buyers market. This prompted the electric utility companies to reconsider direct selling. However, the electric utility companies were also co-operating closely with other retailers to increase sales of appliances through co-ordinated local advertising campaigns.

⁷ See Appendix A, p. 65.

⁸ "Utilities Change Sales Policy," Business Week (January 15, 1946), pp. 74-77.

TABLE 4

SALE OF DOMESTIC ELECTRIC APPLIANCES BY THE ELECTRICAL
MANUFACTURERS INDUSTRY FROM 1946 TO 1950

<u>Appliance</u>	<u>1946</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>
Dishwashers	.....	120,000	225,000	160,000	23,000
Clothes Dryers (Electric & Gas)	3,750	58,000	92,000	105,700	318,500
Home Freezers	210,248	607,000	690,000	485,000	890,000
Radios	30,500,000	33,998,000	33,998,000	37,623,000	39,281,000
Refrigerators	2,100,000	3,400,000	4,766,000	4,450,000	6,200,000
Television Sets	6,500	178,570	975,000	3,000,000	7,463,000
Clothes Washers	2,047,380	3,657,000	4,195,000	3,065,000	4,272,580

^aElectrical Merchandising Week, Statistics, (zerrox copies, 1963).

By 1952, a survey of 249 electric utility companies by the Electrical World revealed there was considerable activity in electric utility company selling of electric appliances. Two-thirds of the electric utility companies serving 5,000 customers or more were selling appliances direct. Among the 82 non-merchandising utility companies, 56 were conducting dealer co-operative advertising and promotional programs, 66 had some kind of dealer co-operative arrangement, while only 19 did not cooperate with dealers at all. (See Table 5)

TABLE 5

NUMBER OF ELECTRIC UTILITY COMPANIES MERCHANDISING
HOUSEHOLD ELECTRIC APPLIANCES VS NON-MERCHANDISING
ELECTRIC UTILITY COMPANIES - 1952

<u>States</u>	<u>Merchandising</u>	<u>Not Merchandising</u>
New England	47	6
Middle Atlantic	17	13
South Atlantic	16	11
East North Central	33	9
East South Central	6	5
West North Central	29	4
West South Central	9	11
Mountain	8	12
Pacific	<u>2</u>	<u>11</u>
Total for U.S.	167	82

^a"Two to One-Merchandising vs Non-Merchandising Power Companies," Electrical World, CXXXVII (March 24, 1952), pp. 122-123.

The Post-War Activities of the Edison Electric Institute

By 1953 the Edison Electric Institute and the National Electrical Manufacturers Association planned a coordinated electric range promotional campaign. During selected months of the year the program tied in with the local campaigns of dealers, distributors, and electric utility companies.

During the spring of 1954, an industry-wide campaign was again organized by the Edison Electric Institute for the promotion and advertisement of the range and water heater. The range and water heater campaign had the largest number of local retail outlets participating in a program with the electric utility industry since 1946.⁹

The year 1955 marked the third consecutive year in which a coordinated appliance campaign between the nation and local levels was achieved. It was felt by the electric industry that local promotions were, for the most part, uncoordinated without the assistance of national organizations, slogans, and timing.

Six promotional campaigns were scheduled by the Edison Electric Institute for 1955. To be stressed were the clothes dryer, followed by the range, water heater, freezers, and small electrical housewares. Included, but without special advertising or promotional material furnished by the national sponsor, were dishwashers, waste disposers, air conditioners, and de-humidifiers.

Therefore, by 1955, the Edison Electric Institute, with the cooperation of the National Electrical Manufacturers Association, had developed a promotional calendar which helped participants co-ordinate advertising of major electric appliances throughout the year.

Advertising and Promotional Status and Media in the 1950's

In 1950 a survey conducted by the Public Utility Advertising Association of all electric and combination gas and electric utility company advertising practices revealed that the newspaper was still considered the best advertising media, with the radio second in importance.

⁹"Large Participation in Appliance Promotions," Electrical World, CXLII (July 19, 1954), p. 57.

Television was distinguished from radio as a medium for the first time, but represented a small percentage of the total expenditure. (See Table 6)

TABLE 6

PER CENT OF TOTAL ADVERTISING EXPENDITURES ON VARIOUS MEDIA
BY ELECTRIC UTILITY COMPANIES IN 1950

<u>Item</u>	<u>Expenditure</u>
Newspaper Space	35%
Radio	9
Association Advertising	8
Bill Inserts	6
Billboard and Poster Advertising.	6
Production Cost - Newspaper Advertisements.	5
Employee House Organ.	5
Television.	5
Stockholder Annual Reports.	5
Direct Mail	4
Window and Showroom Display	4
Miscellaneous Catalogues.	3
Exhibits and Fairs.	2
Dealer Helps.	2
Motion Pictures	1
Total	<u>100%</u>

^a"You'll Spend 3% More on Ads by '52," Ibid., CXXXVI (July 2, 1951), p. 57. Figures were compiled from a survey by the Public Utilities Advertising Association covering 111 electric and combination companies serving 26 million users of electricity.

During 1955 several promotional practices were being conducted by the electric utility companies and other retailers. Architects and builders were included in the promotional and advertising campaigns to increase the building and planning of all-electric homes. Wiring allowances were granted by electric utility companies for range and water heater installations by builders. More local campaigns were being tied in with the Edison Electric Institute's coordinated program calendars. Electric ranges and other major appliances were being placed in high schools and colleges for use in home economic classes. Testimonials were used for advertising and promoting water heaters and ranges. Finance plans were becoming more

popular for wiring programs and major appliance installations. Promotional and advertising campaigns were being conducted on the space heater, a commodity which had not been stressed for many years.¹⁰

Introduction of the Heat Pump

In 1954, the heat pump was promoted and advertised by a few electric utility companies. Seventeen electric utility companies promoted heat pumps throughout the South and West Coast. Most displayed the product in the windows or on office floors, with permanent displays in model homes. Some electric utility companies exhibited heat pumps at fairs, home shows, and with traveling road tours.

The electric utility companies utilized the newspaper and direct mail to advertise to architects, builders, and selected prospects. Newspaper advertising copy varied from announcements of heat pump demonstrations to testimonials. Some companies were tying in the dealers and distributors in the co-operative advertising campaign. Billboards were also used.

The heat pump presented a unique problem. Climatic conditions directly affected its load characteristics. The further north the heat pump was located in the United States, the less it could perform economically because of low winter temperatures. Consequently, campaigns were concentrated mainly in the southern region of the United States.¹¹

¹⁰"9 Ways You Can Build Load," Electrical World, CXLIV (October 31, 1955), pp. 53-60

¹¹"How the Heat Pump is Being Promoted," Electrical World, CXLII (November 15, 1954), pp. 129-131.

Summary

From 1934 to 1955 the electric utility industry did not organize a national co-operative movement similar to those of previous years. Instead, local coordinated appliance promotions with such national organizations as the Edison Electric Institute and the National Electrical Manufacturers Association were used.

The smaller appliances were first promoted by the Edison Electric Institute in order to stimulate interest by electric utility companies and other interests in national co-operative campaigns. The electric utility industry then participated in a Modern Kitchen modernizing program headed by the Edison Electric Institute and the National Electrical Manufacturers Association. Emphasis was placed on the large appliances, most particularly the electric range and water heater. The major appliances were considered by the electric industry to be the best sales market potential and the largest users of kilowatts.

Particularly evident from 1934 to 1955 was the increasing co-operation between electric utility companies and dealers in local advertising campaigns. In addition, the electric utility companies were spending considerably more than before the depression for appliance advertising and promotions. The newspaper and direct mail remained the most important advertising media, while radio ranked very high. Television was not distinguished from radio as a medium until 1950, and accounted for a small percentage of the total advertising budget.

By 1955, the Edison Electric Institute was conducting co-ordinated campaigns throughout the year. Emphasis was placed on electric ranges, water heaters, washers and dryers, freezer, and other major appliances. Small appliances were also included in the year-round campaigns. Local

support by electric utility companies was more organized than before. Electric utility companies, retailers, architects, builders, and other interests co-operated by developing home shows, model homes, finance plans for wiring, and other promotional programs. Dealers became more active in the direct sale of appliances. The electric utility companies also increased participation in appliance sales when it was noted that demand was gaining on appliance production.

Electric utility companies engaged in the promotion and advertising of the heat pump in 1954 and 1955. The heat pump was used to heat or cool a home, and was particularly popular in the Southern states. However, due to a lack of experience in advertising the appliance, campaigns remained small in number.

CHAPTER IV

"LIVE BETTER ELECTRICALLY"

1955 THROUGH 1963

"Live Better Electrically" became the slogan for the national co-operative promotional and advertising campaigns of the electric utility industry in 1955. A sequential coverage of the development, growth, and scope of the new campaign is covered in this chapter. Emphasis is placed on the promotional and advertising campaigns which stressed particular appliance groups during each major national campaign from 1955 to 1963.

Birth of the Third National Co-operative Campaign

The most recent national co-operative promotional and advertising campaign in the history of the electric utility industry was developed in 1955. That year the General Electric Company originated a national program in an attempt to increase the sale of household electric appliances. This program was designed, as were the others, to unite the various electric interests in a national co-operative promotional campaign using a universal slogan: "Live Better Electrically."

The national program was supported by the General Electric Company. Local activity came under the direction of the electric utility companies co-operating with the program. The General Electric Company conducted the program on the national level with trade and consumer advertising on television and in consumer and trade magazines.

The local distributors and retailers co-ordinated their advertising and promotional efforts under the direction and sponsorship of the electric utility company. The General Electric Company furnished the electric utility companies with all necessary advertising and promotional materials in order to stimulate interest and obtain adequate support by the local participants.

The new campaign was inaugurated because of the increase in consumer buying of electric and gas appliances and increased construction of new homes. The national economy was in a condition of rapid expansion. The General Electric Company hoped a new co-operative campaign might increase the electric industry's share in the total consumption of electric appliances by consumers.

Although many new appliances were being purchased by consumers, a considerable number of the older homes were not adequately wired. Thus, a wiring program was developed by the Edison Electric Institute in co-operation with electric utility companies in a national and local campaign using the slogan "Housepower."¹

Co-operation of the manufacturers and electric utility industry gave the new campaign a dual purpose; one for the promotion of appliances called "Live Better Electrically," and the second on housewiring, called "Housepower." Each campaign was dependent on the other to obtain maximum results.

The "Live Better Electrically" campaign went into effect on April 7, 1956. The long-range goal of the program was to increase the appliance sales and domestic electric current usage from an estimated average of

¹"Big Push to Sell Electric Living," Business Week (February 11, 1956), pp. 64-66.

2,500 kilowatt hours in 1956, to 4,500 kilowatt hours per family by 1960.² Many electric utility companies tied in with advertising and promotional programs on the local level during 1956. That year the advertising and promotional budget totaled \$40,000,000 of which \$30,000,000 represented the "Live Better Electrically" campaign.³

However, the 1956 campaign was not as successful as anticipated. The Editor & Publisher magazine reported that the campaign had developed too quickly, and thus precluded many of the electric utility companies from active participation because of inadequate funds in their advertising budgets.

Nevertheless, by the close of 1956, 300 electric utility companies had participated in the "Live Better Electrically" campaign. Ten leading consumer magazines and 20 key business and trade magazines had been utilized in the first campaign. Several appliance manufacturers had supported the campaign on the national level through consumer magazines and television. Electric utility companies and retailers utilized local advertising through radio, television, newspapers, and other media.⁴

A New Live Better Electrically Campaign for 1957

A new campaign was planned for 1957 emphasizing the promotion of appliances in towns with populations of 20,000 to 100,000. These communities offered what the electric utility industry believed was a great market potential. The new program was first tested in Fort Washington,

²"Live Better. . .Electrically Campaign Launched," Public Utilities Fortnightly, LVII (Supplement: March 1, 1956), pp. 21-22, 24.

³"2 Ad Campaigns, 2 Approaches - One Objective," Printer's Ink, (August 17, 1956), pp. 34-36.

⁴"LBE's 1st Year-Summary & Forecast," Electrical World, CXLVI (December 24, 1956), pp. 134-135.

New York, with success. Shortly afterward, the "Live Better Electrically" program spread rapidly throughout the country. Each local campaign was directed by the electric utility company serving its territory.

The "Live Better Electrically" program increased in activity and scope in 1957, particularly in the utilization of the newspaper for appliance advertising purposes. Consumer magazines such as Saturday Evening Post, Life, and Better Homes & Gardens carried special editorial sections on the "Live Better Electrically" idea. Several electric manufacturers advertised nationally on television. Movies on all-electric living were used for local presentations to women's service clubs, civic and social organizations.

New Areas of Concentration for the 1958 Live Better Electrically Program

The "Live Better Electrically" program increased in scope and concentration to include the new home market in its national campaign for 1958. With the addition of a new home campaign, it was hoped that an increase in building activity would result.

The building industry had witnessed a noticeable drop in home construction and sales during 1956 and 1957. Any decrease in building activity would directly affect the residential kilowatt load growth of the electric utility industry. Therefore, a new program called the "Medallion Home" became a long-range promotional and advertising campaign to stimulate the construction of the all-electric home.⁵ This new program incorporated a status symbol called the "Medallion Home." A bronze medallion was to be furnished by the local electric utility company to each new home which was built to certain standards. To qualify for a

⁵ "1958 L.B.E. Target: New Home Market," Electrical World, CXLVIII (October 14, 1957), p. 79.

bronze medallion, the home had to contain at least three major electric appliances in addition to an electric range. Certain lighting and wiring standards were also required to qualify for the medallion.

The aims of the home promotion were: (1) to develop a symbol to home buyers; (2) to increase the use of electric appliances in each new home built; (3) to help home builders sell more new homes; (4) to show the public better standards of living through the uses of electric appliances; and (5) to give national support to the other existing electric home programs which many of the electric utility companies had inaugurated on the local levels.⁶

The new program was launched with some 180 manufacturers, local trade allies, and the Edison Electric Institute. Advertisements in consumer magazines, such as the Saturday Evening Post, and shelter magazines, such as Better Homes & Gardens were utilized during 1957. National television was used by several manufacturers in support of the local campaigns to promote all-electric living in new homes.

Shortly after the introduction of the bronze medallion, a gold medallion symbol was inaugurated by the electric utility industry. This medallion was presented to new home buyers who installed electric appliances which exceeded the minimum standards set for a bronze medallion home. The addition of the medallion home promotion to the "Live Better Electrically" program was generally well received by all participants in the campaign during 1957.

Thus, in 1957, the "Live Better Electrically" program expanded in scope to include the new home market. The addition of this program to the campaign permitted the electric utility industry and their allies to

⁶ "Medallion Home" Spurs LBE Plans," Electrical World, CXLVIII (October 28, 1957), pp. 47-49.

promote all-electric living. By using a status symbol, called the Medallion Home, the industry hoped to increase appliance sales, increase new home building activity, and national support to local campaigns already in progress in many areas.

The Growing Importance of the Domestic Consumer

The economic recession in 1958 caused a decrease in the use of electricity and power by factory and other industrial users. However, residential consumption of electricity showed a gain of 12 billion kilowatt hours, or 8.2 per cent above that used in 1957. By 1958, the residential market represented 85.0 per cent of the total electric utility industry's power sales. In addition, 90 per cent of the new customers to receive electric service that year were residential consumers. From 1948 to 1958, 15.5 million new customers of all classifications were added, of which 14 million, or 92 per cent were residential consumers of electricity.⁷ Another sign of the growing importance of the residential market was the increasing number of electric appliances in the home from 1948 to 1958. (See Table 7)

The Edison Electric Institute Takes Over The Live Better Electrically Program

In 1959, the Edison Electric Institute took over the activities of the "Live Better Electrically" program. The new campaign was named "The New National Electric Living Program." The objective of this program was to sell more electric appliances, wiring installations, and lighting to the residential consumer. The Edison Electric Institute combined the activities of the "Live Better Electrically," "Medallion Home"

⁷"What Is the Growth Trend in Electricity Sales?", The Electric Industry (New York: Edison Electric Institute, 1959), p. 10.

"Housepower," and "Light for Living" campaigns into one complete advertising and promotional program.

TABLE 7
NUMBER OF WIRED HOMES WITH ELECTRIC APPLIANCES IN
U. S., 1948-1958

Appliances	Dec. 31, 1948 (000)	Dec. 31, 1958 (000)
Radios	37,623	49,225
Refrigerators	26,967	48,250
Electric Washers	23,742	44,900
Irons (Standard)	32,047	44,000
Television	1,037	43,950
Toasters	22,712	38,950
Electric Clocks	29,760	37,750
Vacuum Cleaners	18,200	35,000
Shavers	9,250	31,000
Phonographs	.....	28,000
Steam Irons	.....	26,000
Mixers	8,400	24,675
Coffee Makers (Automatic)	17,550	23,575
Heating Pads	9,640	18,665
Frypan-Skillets	.....	17,925
Sandwich-Waffle Combinations	.....	17,000
Ranges (Standard & Built-In)	5,840	16,713
Heaters, Portable	.....	13,675
Hotplates	6,157	11,680
Freezers	1,400	10,350
Water Heaters	3,161	8,850
Bed Coverings	1,250	8,850
Air Conditioners (Room)	.....	5,765

^aThe Electric Industry, 11th ed., (New York: Edison Electric Institute, 1959), p. 14.

The new program was supported by 134 electric utility companies who contributed two and one-half million dollars to the campaign. National advertising in consumer and shelter magazines, and day-time television were used to tell the "Live Better Electrically" story.

Television commercials covered such topics as electric value, the all-electric kitchen, the all-electric laundry, the "Medallion Home," and other specific appliances. In addition, various point-of-purchase materi-

als and trade advertisements were scheduled to tie in with the national television and magazine advertisements.

One of the largest magazine advertisements ever used by the electric utility industry was a 30-page advertisement which appeared in Life magazine on September 14, 1959. This was co-ordinated by the "Live Better Electrically" program and cost an estimated one million dollars. It contained 20 pages of products advertising and 10 pages of editorial advertising on the all-electric home, and the "Live Better Electrically" theme.

This marked the first time in the history of the electric utility industry that a major promotional and advertisement movement was to be directed by the electric utility industry.

Development of the Total Electric Home Advertising and Promotional Program

In 1959, another national promotional program was initiated along the lines of the Edison Electric Institute's "Live Better Electrically" campaign. The movement was called the "Total Electric Home," inaugurated by the Westinghouse Electric Corporation that year. It differed from the "Live Better Electrically" concept in that it included not only household electric appliances, but also electric heating and cooling. Westinghouse included electric heating and cooling so that new homes could be promoted which used only one source of fuel and power - electricity.

Thus, the Westinghouse Electric Corporation combined the use of the heat pump, and space heating along with the previous concept of all-electric living, already being promoted by the Edison Electric Institute.

The primary reason for the Westinghouse campaign was the increased sales potential of heating equipment, and kilowatt hours. A survey made by the company showed that in 1959, the average home was using approximately 3,300 kilowatt hours per year. With electric heating and cooling,

the company estimated the average home would use 8 to 10 times that amount. This meant that if the electric utility industry combined the "Live Better Electrically" program with the "Total Electric Home" idea the industry's business would be increased substantially.

The survey also showed that in 1959, only 500,000 homes were heated and cooled by electricity, or 2 per cent of the total residential market. The Westinghouse Corporation suggested adopting the Gold Medallion Home to this campaign and represent to the general public the ultimate in total electric living.⁸

The 1960 Live Better Electrically Program

The "Live Better Electrically" campaign for 1960 co-operated with Westinghouse by placing major emphasis on electric heating and cooling. The program also included promotion of the range, dryer, water heater, and other major appliances as supplements to the major campaign of total electric homes.

Westinghouse invited the entire electric industry to participate in advertising on the local level. The company offered additional support with national advertising in leading consumer magazines, and on television. Many other promotional and advertising materials were offered to local electric utility companies if they would join in the campaign.

The Edison Electric Institute and National Electrical Manufacturers Association co-operated in advertising in consumer magazines such as, Life, Saturday Evening Post, and Better Homes & Gardens. Daytime television was utilized on the local and national levels. Point-of-sale

⁸"Total-Electric Home Promotions Launched by Westinghouse," Electrical World, CLI (January 19, 1959), pp. 32-33.

advertising, and other promotional materials were again available to local participants in the new campaign.

An Industry Appraisal of the "Live Better Electrically" Program

In 1960, the electric utility industry reviewed the progress of the "Live Better Electrically" program at the Twenty-Eighth Annual Convention of the Edison Electric Institute. A mail questionnaire had been sent to electric utility company executives asking their opinions of the "Live Better Electrically" program. Of a total of 162 replies, only 1 electric utility executive out of 3 considered the "Live Better Electrically" program as effective as a similar type of program conducted by the gas industry. It was generally believed by members of the electric utility industry that the gas industry was acquiring the dominant position in the sale of major appliances for the home, particularly the range and water heater. This unfavorable report prompted the electric utility industry to concentrate more of its promotion and advertising activities toward major appliances, the "Medallion Home," "Housepower," and lighting campaigns.

A report on the residential consumer's attitude toward gas and electric utility industry advertising effectiveness was also noted at the industry's convention in 1960. A consumer attitude survey by the electric utility industry revealed a key word which interested the members of the "Live Better Electrically" committee. The survey showed that consumers associated the word "flame" with the gas industry's promotional program. The word also represented the idea of speed, modernity, quality, and economy to the consumer.

The word "flame" created the competitive key for the "Live Better Electrically" program. The electric utility industry chose the word

"flameless" to counter the gas industry, and used it in their advertising and promotional campaigns for the remainder of 1960 and 1961. It was hoped that the word "flameless" would create in the minds of the consumer an association with safety, cleanliness, and modernity.⁹

The Electrical World conducted a survey of 156 electric and combination electric and gas utility companies. This study was to determine how much the various industries were spending on advertising per consumer meter in 1961. The utility companies surveyed represented a total of 87 per cent of the electric and 71 per cent of the gas customers in the United States and Canada. The electric utility companies reported that they spent 66 cents per meter for advertising purposes; the gas companies spent 81 cents; while combination electric and gas utility companies reported they spent 60 cents.¹⁰

Therefore, the electric utility industry was encountering strong competition from the gas utility industry for the sale of appliances. Many electric utility interests felt that the gas utility industry was more effective in their campaigns than was the electric utility industry, also, the gas utility industry was spending more per customer meter for advertising.

When the "Live Better Electrically" program first began, it had as one of its major goals to reach an average kilowatt-hour usage per family from about 2,500 kilowatt-hours in 1956 to 4,500 kilowatt-hours by 1960. Their goal was missed by some 673 kilowatt-hours per customer.

⁹R. G. MacDonald, "Live Better Electrically-Key to the Electrifying Sixties," (New York: Edison Electric Institute press release, June 6, 1960).

¹⁰"How Utilities Spend Advertising Dollars," Electrical World CLIX (March 25, 1963), pp. 113-114.

However, the average annual utility bill per customer increased from 77 dollars in 1956 to over 94 dollars per customer by 1960.¹¹

Edison Electric Institute Changes the Appeal in Its Advertising Campaigns

In 1960 the Edison Electric Institute studied the progress and technique of its advertising copy for the all-electric living appeal. The Institute decided to create copy and appeal to reach the entire family during the remainder of 1960 and all of 1961. The new advertising copy was created to show how the wife would become a better wife and mother if she used electric appliances. The total message stressed the use of electric appliances as a benefit to the entire family, instead of merely telling how appliances reduced the wife's daily tasks.

The new advertising copy concentrated particularly on the electric water heater, dryer, heating and cooking, and the "Medallion Home." The "Housepower" and lighting programs were blended into the campaign as a supplement to the major theme of "Live Better Electrically."¹²

The house heating advertisements took two forms. The first was a pioneering effort which told the public that there was such a thing as electric house heating. It described its advantages, and cited the practical aspects of electric heating. The second type was a testimonial form of advertisement which described the "Medallion Home" by showing the entire family enjoying the benefits of all-electric living.

¹¹Edison Electric Institute Statistical Year Book of the Electric Utility Industry for 1960 (New York: Edison Electric Institute, September 1960), p. 50.

¹²"E.E.I. 28th Annual Convention," Electrical World, CLIII (June 20, 1960), pp. 96-97.

The 1962 Live Better Electrically Campaign

The "Live Better Electrically" program for 1962 involved a total of \$52.5 million for advertising and promotion. The Edison Electric Institute provided \$2.5 million while the electric manufacturers and electric utility companies provided the balance.¹³

The 1962 program was again based on the concept of total electric living and the use of the key word "flameless" in all advertising copy. Those participating with the Edison Electric Institute were the electric manufacturers, electric utility companies, the National Electrical Manufacturers Association, home builders, lending institutions, and retailers of electric appliances.

The theme of the 1962 campaign was "Electricity Powers Progress." It was directed by the Edison Electric Institute and the National Electrical Manufacturers Association. Each coordinated their efforts to stimulate using a "Live Better Electrically" campaign calendar for accurate timing of advertising and promotions on the local level. The clothes dryer, range, water heater, house heating and cooling, and medallion were advertised in that year.

Advertising media used for the 1962 campaign consisted of national magazines such as Life, Saturday Evening Post, Better Homes & Gardens, and American Home. Trade magazines such as House & Home and NAHB Journal were also used. Promotion kits on the electric range, water heater, and clothes dryer were furnished by the Edison Electric Institute. The copy included a trade character names "Dolly Flameless," a cartoon figure to help humanize the copy and drive home the idea of "flameless" appliances in the minds of the consumer. The Medallion Home advertising copy con-

¹³"1962 LBE Plans Give Big Impetus to Heating," Electrical World, CLVI (December 11, 1961), pp. 105-106.

sisted of testimonial advertising showing the entire family enjoying electric heating, housepower and adequate wiring, water heater, clothes dryer, and the electric kitchen.¹⁴

Participation by Electric Utility Companies in the Live Better Electrically Program During 1962

The percentage of dollars allocated by the electric utility companies to the "Live Better Electrically" program, both national and local, varied from 0 to about 20 per cent of the total advertising and promotional budgets. Over 75 per cent of the electric utility companies spent less than 5 per cent of their sales budget on the national program, while almost 90 per cent of the companies appropriated less than 10 per cent. The electric utility companies reporting higher budget percentages allocated to the program were very small firms which did practically no promotion or advertising other than the "Live Better Electrically" program. (See Table 8).

TABLE 8

ELECTRIC UTILITY COMPANIES SUPPORTING THE LIVE BETTER ELECTRICALLY AND MEDALLION HOME PROMOTIONAL PROGRAM IN 1962

<u>Per Cent of Total Advertising Budget</u>	<u>PER CENT OF ELECTRIC UTILITIES PARTICIPATING</u>		
	<u>Live Better National</u>	<u>Electrically Local</u>	<u>Medallion Home All Programs</u>
0-- 5	77	48	44
6--10	11	28	20
11--20	10	8	23
Above 20	2	16	13

²⁴"How Utilities Spend Their Promotional Budgets," Electrical World, CLVIII (August 6, 1962), p. 65.

¹⁴Live Better Electrically Program 1962 Plan Book (New York: Edison Electric Institute), p. 20.

The general practice of the electric utility industry was to concentrate their advertising and promotion efforts on the local level instead of tying in with the "Live Better Electrically" program on the national level. In addition, the electric utility industry appeared to be moving from the retailing of appliances to the support of dealers for the promotion of appliances. However, many electric utility companies were reported to still be selling appliances on their own. Appliances most popularly promoted and advertised by the electric utility companies were ranges, water heaters, electric heating units, freezers, air conditioning units, refrigerators, dish washers, and clothes washers and dryers.

Almost one-half of the electric utility companies were reported to be co-operating with local dealers in their advertising campaigns, contributing between 25 and 50 per cent of the total cost, with some utilities contributing 100 per cent of the advertising costs.¹⁵

Live Better Electrically Campaign for 1963

The "Live Better Electrically" program for 1963 followed the campaign of 1962 closely. Advertising again concentrated on the idea or concept of "flameless" electric heating, featuring electric heating and air conditioning for the home and apartment. The "Gold Medallion" home advertisement was included to stress modern family living. The theme was "The Joy of Total Electric Living." In addition to the regular residential campaign, the program expanded to include farm, industrial, and commercial promotions and advertising.

Major appliances advertised were the range, clothes dryer, and water heater. A 12-page color booklet on "Total-Electric Living" which

¹⁵Ibid., pp. 63-66.

could be detached by the reader appeared in the April issue of Life. Direct-by-mail advertising consisted of 14 mailing pieces which electric utility companies distributed to builders, architects, and mortgage bankers on the local level.

Also, 44 advertising spreads appeared in consumer magazines such as Better Homes & Gardens, American Home, Look and Life magazines. Trade advertising appeared in House & Home and NAHB Journal. A total of 14 two page advertisements were aimed at increasing trade interest and participation of the building industry.¹⁶ Five farm and trade magazines were used to advertise to the rural consumer. Rural advertising material on the "Live Better Electrically" program appeared in magazines such as Farm Journal and Successful Farming. Some \$150,000 was spent on the rural "Live Better Electrically" program in addition to the \$3 million dollars spent on the residential campaign in 1963.¹⁷

In 1963, the major objectives of the "Live Better Electrically" campaign were: (1) to create consumer preference for electric appliances, (2) to obtain effective market research, (3) to coordinate national and local campaigns by electric utility companies, and (4) to encourage co-operation from retailers.¹⁸

Summary

The latest national co-operative campaign was organized by the General Electric Company in 1955, named "Live Better Electrically," with

¹⁶"Total-Electric Living to be 1963 LBE Theme," Electrical World, CVIII (December 10, 1962), p. 72.

¹⁷"New LBE Program to Promote Rural Residential and Commercial Industrial Markets," EEL Bulletin, XXXI (August, 1963), p. 273.

¹⁸"LBE Program Announced for 1963," EEL Bulletin, XXX (August, 1962), pp. 243-249.

the aim of helping the electric industry sell more appliances and achieve closer coordination on the local level through a promotional calendar.

The program was very active in the promotion of major appliances such as the electric range and water heater. Primary advertising media used were the newspaper, radio, direct mail, and television. From 1955 to 1959 the campaign concentrated on major appliances, house wiring, the home building market, and appliance promotions in smaller cities. The goal was to promote and advertise what the industry called all-electric living by using a status symbol called the "Medallion Home." A bronze or gold medallion was presented to each new home buyer who had certain electric appliances installed in his home.

In 1958, the residential consumer represented 85.0 per cent of the total electric revenue market of the electric utility industry. Their importance prompted the electric utility industry to concentrate its main promotional efforts on the residential consumer.

In 1959, the Edison Electric Institute took over the activities of the "Live Better Electrically" program. The institute combined the activities of the "Live Better Electrically," "Medallion Home," house-wiring, and lighting campaigns into one program. Later the institute adopted the total electric home concept from the Westinghouse Corporation. This enabled the electric utility industry to promote a home with only one source of power and fuel - electricity. The industry promoted this new program with the theme: "Total Electric Gold Medallion Home."

Growing concern over the effectiveness of the gas utility industry promotional campaigns caused concern in 1960. This concern prompted the electric industry to revise their advertising copy to stress "flameless" appliances to counter the gas industry's use of the word "flame." In addition, the "Live Better Electrically" program took on two distinct

forms. The first was a pioneering appeal, which told the public that there was such a thing as electric house heating. The second type was a testimonial appeal which showed the entire family enjoying the benefits of all-electric living in a model home.

Throughout 1962 and 1963 the advertising and promotional programs of the "Live Better Electrically" campaigns stressed the heat pump and total electric living. The word "flameless" was incorporated into almost all copy, with emphasis on the promotion of the major appliances which made up the total electric home.

There has been a trend toward increased advertising by local utility companies and less national advertising support. The percentage of advertising dollars allocated by these local companies to carry on the national "Live Better Electrically" program is 5% or less in many instances. The small electric utility companies have remained very active in supporting the national "Live Better Electrically" campaigns.

CHAPTER V

SUMMARY AND CONCLUSIONS

Summary

During the years 1882-1905, the electric utility industry centered its promotional efforts on the electric lighting and motor markets. Little attention was directed to the sale of appliances.

In 1905, the Co-operative Electrical Development Association was organized in an attempt to unite the electric utility industry. The association was most successful in educating the industry in advertising and promotional methods and media. The society introduced advertising agencies who aided in building interest in appliance campaigns. The association failed in 1908.

After the dissolution of the Co-operative Electrical Development Association, the electric utility companies began vigorous appliance promotional and advertising campaigns emphasizing low prices which caused criticism from retailers. It was the feeling of the retailers that many of the small, competitively weak merchants would be forced out of business by the unfair price competition.

Various national societies, fraternities, and trade associations organized to stimulate co-operative campaign interest by electric utility companies and retailers. Few campaigns were successful or long-lived. The Society for Electrical Development, the largest single organization to develop, began in 1912. The ultimate aim of the society was to eliminate price competition in the sale of appliances. The society advocated

fixed retail prices which would provide an ideal market for promoting electric appliances. The price competition continued to exist. The society was unable to unite retailers and electric utility companies in long-range co-operative campaigns and was dissolved in 1927. Most campaigns from 1910-1931 were short-lived.

By 1933, the electric utility industry began withdrawing from direct selling activities of appliances. Increased opposition by retail organizations and state efforts to enact laws against price cutting and local appliance market monopolies motivated the change.

During 1934-1955 the small appliance had become a staple item in the home. Emphasis moved to the promotion and advertising of large appliances, particularly the range and water heater. Kitchen modernizing campaigns became popular. The appliance campaigns were co-ordinated by the joint co-operation of two national organizations, the Edison Electric Institute and the National Electrical Manufacturers Association. Co-operation with retailers had become more prevalent throughout the electric utility industry because of the increasing demand for appliances and expansion of the consumer market.

The most recent national co-operative campaign was the "Live Better Electrically" program organized by the General Electric Company in 1955. General Electric hoped a national campaign would increase the total consumption of electrical appliances by consumers. From 1955 to 1959 the "Live Better Electrically" campaign was successful in bringing about increased co-operation from retailers and the electric utility industry. Later a symbol was incorporated into the campaign to promote the idea of all-electric living called the "Medallion Home."

In 1958, the residential consumer had grown to represent 85.0 per cent of the electric utility industry's total electric sales.

Appliances loomed as an important market affecting the growth and expansion of the electric utility industry in the supply of electric current from their use.

The Edison Electric Institute took over the activities of the "Live Better Electrically" program in 1959. In 1960, the Edison Electric Institute added electric home heating and cooling appliances to the national campaign to create the image of the "Total Electric Gold Medallion Home". The addition of heating and cooling enabled the electric utility industry to promote a home which utilized only one source of power - electricity.

In 1960, competition for the sale of home appliances had increased between the gas industry and the electric industry. The co-operative advertising campaign of the "Live Better Electrically" program stressed the word "flameless". Testimonials and product advertising were combined to illustrate the comfort of electric appliances. Such advertising copy was hoped to compete with the idea of "flame" and "economy" used by the gas industry's advertising program.

Throughout the "Live Better Electrically" campaigns of 1961-1963, the electric utility industry moved closer to the local level. The advertising and promotion budget for the national "Live Better Electrically" campaign has remained relatively constant since 1961.

Conclusions

Since 1933, the electric utility industry developed from one of direct appliance selling to indirect support of retailers and manufacturers by means of co-operative national and local campaigns. The withdrawal of vigorous direct appliance selling activities by electric utility companies has been the motivating force in the development of more effective

co-operative appliance campaigns. The manufacturers of new appliances and the expanding role of the retailers as a primary sales outlet for appliances has diminished the importance of electric utility companies in the marketing function. Because of the decreased importance in direct selling activities, the electric utility industry has become increasingly dependent on retailers for appliance sales.

The electric utility industry has therefore moved to a position of secondary importance in relation to the marketing functions for the sale of appliances. It now assumes the responsibility of supporting the retailers by co-operative campaigns which attempt to build consumer demand for appliances. This co-operative advertising is valuable to both retail sales and electric consumption. The electric utility industry also functions as the co-ordinator for campaigns on the local level, a trend which shows a steady increase.

The economic and social progress of consumers has apparently affected the trend toward electric utility industry co-operative advertising. Increasing population, income, and higher standards of living have changed the status of most appliances from luxuries to staples. In order to increase consumer demand manufacturers are designing more sophisticated products. Appliances are now mass produced in large quantities, thus reaching a greater population. The modern family is now more accustomed to convenience items such as the refrigerator. Many new homes are being built with major appliances already installed. The heat pump, which heats and cools a home by electricity, has been heavily promoted as the major appliance by the "Live Better Electrically" program since 1960. This appliance will receive greater emphasis in future campaigns because of its large consumption of electricity and revenue potential.

The consumer now represents the largest single market for increasing electric revenue of the electric utility industry.

Leadership by the manufacturers and Edison Electric Institute have co-ordinated an effective campaign. The "Live Better Electrically" campaign is designed to promote and advertise all electric appliances and instill an image of a total electric home in the minds of consumers. Thus, by co-ordination nationally, the local retailers and electric utility companies tie in to compete more successfully with the campaigns of the gas industry. The "Live Better Electrically" program is geared to the mass market and designed to sway the consumer from gas (a growing competitor) to electric appliances in hopes of stabilizing production by increasing demand through advertising. National co-operative campaigns are necessary to most effectively promote appliances today.

Advertising media has not changed markedly since first used in appliance campaigns by electric utility companies in 1906. The newspaper has remained the most popular medium to carry local appliance advertisements. Radio has been popular for appliance promotion and advertising. Since 1955, appliance advertising on television has not been utilized to a great extent on the local level and has been used primarily by manufacturers nationally. National consumer and trade magazines carry the major portion of the "Live Better Electrically" advertisements for the promotion of electric appliances. Marketing research now plays an important role for development of more effective copy.

APPENDIX A

Advertising: Advertising in this presentation is interpreted as meaning any form of nonpersonal selling which utilizes a variety of media such as newspaper, direct mail, magazines, radio, television, and outdoor displays.

Promotion: Promotion, although very close in definition and function is interpreted to mean any selling activity which supplements the advertising and selling activities such as displays, shows, demonstrations, and expositions. In a comprehensive sense, promotion might include both advertising and personal selling to achieve sales results.

Co-operation: Co-operation should be interpreted as meaning the combined efforts of manufacturers, retailers, builders, architects, and electric utility companies to form a united campaign. The word as used throughout the thesis is horizontal. That is, efforts by all interests uniting together advertise to increase the size of the market for a given electric appliance, irrespective of brand. The aim of horizontal co-operation is to build "primary demand" instead of "selective demand" as is the case of one manufacturer's product.

Institutional Advertising: Institutional advertising copy differs from promotional advertising copy in that it attempts to build a good

reputation or image rather than promote the sale of a product. During the war, the electric utility companies would tie in the war effort with the advertising in a patriotic meaning to obtain a good reputation as an American business helping the nation.

Promotional Advertising: Promotional advertising copy is used to sell a product by emphasizing its advantages and special features. The electric utility industry used promotional copy to help develop a continuous demand for electric appliances on the national and local level. Promotional advertising copy, also known as direct or straight selling copy, is the kind primarily referred to in this thesis.

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