

The German advertising industry – from 1950 to 2018

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101

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Abstract

Purpose – The purpose of this paper is to review the development of the German advertising industry starting from 1950 to 2018 with a special focus on the American influence.

Design/methodology/approach – The paper uses the oral history methodology. The content is based on 27 semi-structured interviews with current and former experts from the German and American advertising industry. An analysis of secondary sources supports the line of argumentation.

Findings – The paper confirms the outstanding role of the American influence on the German advertising industry, owing to new standards of professionalism, to novel versions of terminology and to the introduction of the theory of marketing. However, incompatible management styles, increasing global competition and financial pressure diminished the impact. Likewise, the American interference did not suppress the development of specific German industry characteristics such as a strong entrepreneurial culture or sustainable leadership.

Originality/value – This paper provides an overview of the history of German advertising with a focus on advertising agencies in the period from 1950 to today (2018). Further, this paper assesses the special impact of the American influence on the German advertising industry. Further, subjects of investigation are particularities of the German advertising industry, such as special attributes of agency leaders and their relationship with clients, distinct versions of ownership structures, agency service offerings and, finally, the role of creativity.

Keywords Advertising history, Business history, Advertising agencies, Americanization, German advertising history, German advertising industry

Paper type General review

Introduction

The German transition from a planned economy with regulated commercial advertising activities in the National Socialist regime (from 1933 to 1945) to a free market system in the decades after Second World War opened the door for newly founded German agencies as well as for foreign agencies to successfully flourish starting from the 1950s (Berghoff, 2003). Especially the American advertising industry (AAI), which entered the German advertising industry (GAI) predominantly in the 1950s and 1960s, had a strong impact on the German advertising market. By introducing a different mind-set with regard to terminology, advertising efficiency and professionalism, American agencies attempted to participate in the rapidly growing and re-building German economy comparable to the cases from Belgium and Ireland (Pouillard, 2005; Whelan, 2014). Moreover, the AAI could benefit from the German perception of glamor and the esthetic of former Anglo-American advertising campaigns, and American network agencies could draw on their strong financial power to acquire German agencies to secure a foothold in the market (Krauss, 2012). In spite of this development, the GAI preserved in several parts its independence from the American influence and developed idiosyncratic characteristics such as a strong entrepreneurial culture and sustainable leadership styles (Schröter, 1997).



In the last decade, scholars analyzed the impact of the expansion of the AAI on the rest of the world as well as how the growing American influence changed the conduct of advertising across the globe. Starting shortly after World War II, especially European agencies adopted the working methodologies, organizational structures, and business mentalities from the US advertising agencies (De Iulio and Vinti, 2009). Several studies examined this development by exploring how “the modernization of commercial practices, the introduction of marketing principles, and the rationalization of advertising led to a radical transformation of communication strategies” (De Iulio and Vinti, 2009, p. 270). Researchers focused either on the general impact of the expansion of American advertising overseas, also referred to as “cultural imperialism” (Schwarzkopf, 2011) or on the “Americanization” of advertising in specific countries, such as Italy (De Iulio and Vinti, 2009; Fasce and Bini, 2015), Britain (Schwarzkopf, 2007a, 2007b, 2007c), Ireland (Whelan, 2014), and Australia (Smulyan, 2016). However, a historical overview of the specific development of the GAI and the impact of the American influence on the GAI is largely absent. Therefore, the authors believe that the defining influence of the AAI on the development of the German industry as well as the drivers that led to idiosyncratic German industry characteristics need to be further investigated. The timeframe for this analysis spans from the early 1950s to 2018.

The conceptual framework (Figure 1) shows the course of investigation. In the first section (Part 1), the authors will introduce the chosen research approach and methodology. Additionally, the authors show the background of the interviewees and provide information about the questions asked during the interviews. In the second section (Part 2), the authors present the results of the interviews, with the support of secondary sources in two different chapters. In the first chapter (Part 2 I), the authors will describe the drivers of the American influence on the GAI with a short excursus of other international entrants in the GAI. In the second chapter (Part 2 II), the authors will elaborate on different factors that led to the unique industry characteristics of the GAI. In this section, the authors will first describe the relational compositions within German advertising agencies owing to the characteristics of leading personalities and the relationships of German advertising managers with corporate clients [Part 2 II(a)]. Second, special ownership structures within the industry will be covered, including owner-managed agencies, advertising networks, and in-house agencies. Furthermore, the authors discuss the ramifications of changes in ownership structures such as initial public offerings (IPOs) and mergers and acquisitions (M&A) [Part 2 II(b)]. Third, the

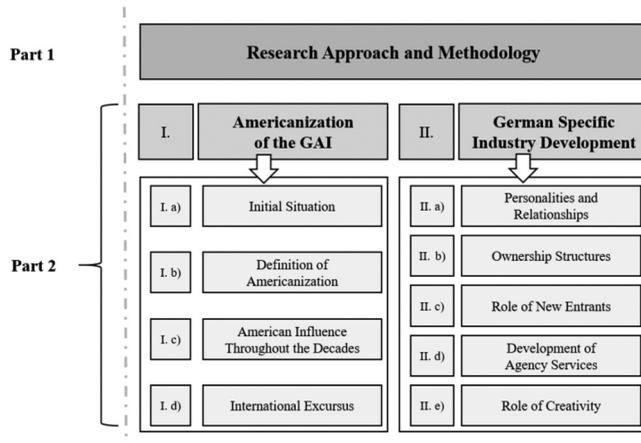


Figure 1.
Conceptual
framework of the
investigation

authors will address the role of new industry entrants such as consulting or information technology (IT) firms [Part 2 II(c)]. Fourth, the paper will present how agency services and means of communication have changed throughout the decades [Part 2 II(d)]. Last, the authors will portray the importance of creativity within the advertising process [Part 2 II(e)].

The specific structure of the main analysis, i.e. the investigation of factors that led to the “Americanization of the GAI” as well as to the “German Specific Industry Development” (Part 2) evolved during the course of the interviews. The majority of the interviewees first mentioned the American influence as significant factor for the development of the GAI and second named a German specific industry development as equivalently important for the historical evolution of the GAI. Consequently, the authors utilized these two main historical developments to facilitate the establishment of a formal structure for the investigation. The subchapters [e.g. I (a), I (b), . . .] in turn represent the drivers, which nurtured the two developments or provide additional information (e.g. definition, excursus). There is no temporal sequence implied in this structure.

Part 1: Research approach and methodology

The chosen research methodology for this article is oral history, which is a procedure developed for discovering and recovering undocumented information (Crawford and Bailey, 2018). It is “a research tool to supplement and clarify the written record” (Collins and Bloom, 1991, p. 23). Due to the subjective perception of past events and the corresponding reliance on human memory (Bailey, 2015), the methodology was formerly under-utilized in a historical marketing research context (Davies, 2011). However, scholars have recently become more interested in the methodology (Fasce and Bini, 2015; Crawford and Bailey, 2018) due to its numerous benefits. Oral history can serve as a vehicle to confirm or disprove formerly stated historical circumstances (Collins and Bloom, 1991) or can provide further historical proof by individuals who would otherwise have been lost in historical records (Bailey, 2015). Furthermore, “oral history can shed light on hyper-sensitive topics” (Jones and Comunale, 2018, p. 1) such as anecdotes or coincidences, which one would not encounter in other sources such as written records or company archives.

The opportunity of oral history research to discover undocumented information is reflected in the interview technique as “one of the most important data gathering tools in qualitative research” (Myers and Newman, 2007, p. 2). For this purpose, the authors conducted 27 interviews with formerly and currently leading protagonists of the advertising industry in Germany (24 interviewees) and the US (three interviewees). These personalities not only accompanied and observed the development of the GAI from the 1950s until 2018 but also actively shaped this evolution. The purpose of the interviews was to elicit information from different (e.g. agency managers, client corporations, associations, publishing houses or media companies) and international perspectives (i.e. German or American) within the GAI to understand the importance of past and current developments, to provide a historical record of the GAI from 1950 until 2018.

The different characters had various vocational backgrounds (e.g. management, creative, media, education, associations, publishing, and administration) and different executive positions (CEO, chairman, founder, owner and manager). The interview partners originated from advertising agencies (e.g. Publicis, Jung van Matt, Serviceplan Group, BBDO, DDB, and McCann Erickson), client corporations (e.g. Nestlé, Opel Automobile, Siemens AG) or from other industry-related participants (e.g. Gruner + Jahr, GWA, Hubert Burda Media)[1]. This composition enabled us to gain an inside view into everyday agency operations and to develop a clearer understanding of how agencies were perceived by their stakeholders throughout the decades. The selection of reputable

interviewees conforms with the recommendation of scholars, who emphasized the importance of interviewing different key people within one field with regard to an oral history research methodology (Zeff, 1982; Collins and Bloom, 1991). The authors conducted the interviews in the period between November 2017 and June 2018, each spanning two to three hours. The interviewers utilized semi-structured interviews, which are usually prepared for “a set of predetermined open-ended questions, with other questions emerging from the dialogue between interviewer and interviewee” (DiCicco-Bloom and Crabtree, 2006, p. 315). At the beginning of the interviews, the interviewers presented a set of pre-defined question topics, which were addressed in the course of the interviews.

Questions regarding the American influence on the GAI:

- Q1. To what extent did the AAI influence the GAI?
- Q2. How did the American influence contribute to the development of the GAI?
- Q3. Were there other agencies from foreign countries with an influence on the GAI comparable to that of the American agencies?

Questions regarding German specific developments:

- Q4. What were the defining characteristics of German agency leaders?
- Q5. How did the personality of agency leaders influence the relationship with clients?
- Q6. How did ownership characteristics change throughout the decades?
- Q7. How did owner-managed agencies and network agencies compare?
- Q8. Why were in-house agencies a special case of the industry and why did they fail?
- Q9. What were the effects of IPOs and M&A activities on agency operations?
- Q10. What was the role of new industry entrants such as IT or consulting firms?
- Q11. How did agency services and means of communication change throughout the decades?
- Q12. How important was the role of creativity for advertising success?

The authors generated detailed transcriptions of all interviews. Moreover, the authors applied thematic content analysis as a “systematic coding and categorizing approach used for exploring larger amounts of textual data” (Vaismoradi *et al.*, 2013, p. 400) to determine patterns of expressions and opinions. In particular, the authors scanned the transcriptions, coded relevant parts of the text and searched for patterns of meaning within the codes. Afterwards, the patterns were used to generate this article (Rucker, 2016). Two coders worked independently and thereby duplicated research efforts to establish inter-coder reliability. By proceeding in this way, the coders were able to assess similarities and differences of codes to derive the central meaning of large amounts of textual data as well as to generate sufficiently coherent statements (Kirppendorff, 2004). Furthermore, the discussion in this article used important German and American marketing and advertising literature for the purpose of data triangulation, including journal entries, specialist textbooks, and press releases such as the *Journal of Historical Research in Marketing*, *Jahrbuch der Werbung*, *Zeitschrift für Unternehmensgeschichte*, *Jahrbuch für Wirtschaftsgeschichte* and *the Encyclopedia of Advertising*.

Part 2 I: the American influence on the German advertising industry

I(a) initial situation

German advertising efforts already existed before World War II when the first German brand theorist Hans Domizlaff designed the corporate logos of Siemens AG and Reemtsma GmbH in the 1920s and 1930s (Geffken, 2003). However, an early influence of the AAI on the German advertising market could already be observed in 1928 when the American agency McCann Erickson entered the GAI, advising the Adam Opel AG (owned since 1929 by the General Motors Company) as the most important client (Interview 17, 2018). In sharp contrast, the first years of German advertising in the post-war era (1945-1950) were like most of the destroyed parts within Europe: pale and depressing (Geffken, 2003). There was simply no necessity for eye-catching advertising because people were urged to cover their basic needs with the few funds they still possessed. Two interview partners described the situation in the following way:

Shortly after World War II, the German economy was slowly starting to re-construct itself. Nobody was talking about advertising. People tore products directly from the hands of the producers to survive (Interview 14, 2017).

In the 1950s, we had the situation of a total demand-driven economy. There was no need to advertise products or services. But later, at the beginning of the 1960s, it slowly started that companies offered greater varieties of assortments and consumers were more free to choose among different products (Interview 3, 2017).

In such a demand-driven economy, many company leaders claimed that the quality of the products manufactured spoke for itself and advertising was only required by firms, which suffered from sales shortages (Schröter, 1997). In contrast, advertising already played an important role in the American economy and American companies advertised products and services extensively to succeed in the home market (Pouillard, 2005). Yet, the introduction of a new currency (the “Deutsche Mark” (DM)) and an economic stimulus program (the Marshall Plan) in the late 1940s pushed forward a quick expansion of the national economy in Germany (“Wirtschaftswunder” – “economic miracle”). Both developments provided the foundation for a rapid and prosperous proliferation of advertising in Germany in the following decades. Further, this progress later in the 1960s shifted the national market ultimately from a demand-driven towards a supply-driven orientation, which urged German managers to advertise products to persuade the consumer to make a purchase and to differentiate them from the competition (Geffken, 2003).

I(b) definition of Americanization

Since the late 1950s, the GAI has been considered to be one of the most “Americanized” economic sectors in Germany, which can be proved by numerous developments nurtured from the US, such as an enhanced proliferation of communication channels, novel media content as well as increased advertising expenditure (Hilger, 2004). Evoked by this specific development, scholars and practitioners frequently use and discuss the term “Americanization”. From the macroeconomic perspective, the notion of “Americanization” is regarded as a transmission of American economic culture (Schröter, 1997), which can be paraphrased by the terms of modernization, consumerism, and entertainment (Jarausch and Siegrist, 1997). Consequently, the term “Americanization” can also be described as the adoption of values, patterns of behavior or norms, which were introduced by American corporations or institutions in Germany (Schröter, 1997). On the other hand, the transmission of American economic culture to Germany did not represent a complete

adoption of behavior patterns but rather constituted a process of adjustments of foreign ideas and codes of conduct to preexisting working philosophies (Schröter, 1997). From a microeconomic perspective, the term “Americanization” can be referred to the transition of traditional German advertising theory (“Absatzlehre”) towards a modern marketing approach and the corresponding change in mentality, which can be characterized as a “breakthrough”, a “milestone” or a “marketing revolution” in theory and practice (Kleinschmidt, 2002).

I(c) Americanization of the German advertising industry throughout the decades

The American influence on the GAI can be specifically outlined with reference to two “waves” of Americanization (Schröter, 1997). In the first “wave” in the 1950s, private American agencies (e.g. Young&Rubicam, J. Walter Thompson, DDB, and BBDO) and (later) stock exchange listed American network agencies (e.g. Omnicom Group, Inc. and Interpublic Group of Companies, Inc.) increasingly entered the German market (Geffken, 2003). An interview partner described the reason for this entry:

American advertising managers knew that Germany would be a very attractive market in the post-war decades. The economic development evoked desires to participate in such a rapidly rebuilding economy. Germany was home to a large number of potential consumers in a relatively small geographic region with increasing economic productivity as well as a rising living standard (Interview 11, 2017).

Prior to this market entry, private German agencies, which were operated by charismatic owners or founders who successfully applied unconventional and rather unstructured advertising approaches, dominated the GAI. However, such privately owned agencies mostly offered only one kind of advertising service (e.g. advertisement design or advertising mediation). This opened a gap for American network agencies to provide a full range of universal service activities by serving the whole value chain (e.g. from market analysis to campaign planning or campaign evaluation) as it was the case in Belgium and in Italy (Schröter, 1997; Pouillard, 2005; De Iulio and Vinti, 2009). Already in 1949, Hanns W. Brose (1899-1971) was one of the first German agency founders who recognized that the newly introduced American trend of full-service agencies urged German agencies either to grow, in order themselves to be able to offer such a universal service portfolio, or to remain comparatively small and to specialize (Schindelbeck, 1995). Interview partner 11 (2017) outlined another important milestone initiated by American network agencies, which was the generation of intersection points between a client’s different communication channels and the corresponding need of advertising coordination. By coordinating different advertising channels, German clients were for the first time able to target their consumers in a coordinated and holistic manner across diversified communication channels (Schröter, 1997). As a result, full-service agencies were successful, usually “under a central management [where] the holding company could gather independent [. . .] service companies that could represent competing marketers, something that a single, independent agency could not do” (McDonough and Egolf, 2002, p. 806). The concept of holding structures was first introduced in the mid-1950s but finally materialized first in the Interpublic Group of Companies, Inc. in 1964 (McDonough and Egolf, 2002).

The second “wave” of Americanization arrived in the 1960s and established methods for professionalizing and modernizing sales activities within the GAI (Hilger, 2004). In America, advertising was already an integral part of everyday life, as mass consumption in the 1920s and 1930s had demanded a new approach to advertising (Schröter, 1997). Consequently, advertising turned into an applied science by using quantifiable and psychological methods

to sustain the advertising success of clients (Schröter, 1997). As stated by interview partner 11, those methods were also transferred to the GAI. Furthermore, American agencies also introduced new communication styles and innovative terminology such as “marketing”, “product manager” or “USP” to better describe new advertising procedures and business approaches as it happened also in Italy (De Iulio and Vinti, 2009). Moreover, American network agencies were able to present proven track records of previous internationally coordinated advertising efforts. Therefore, American network agencies were urged by American clients (especially international fast-moving consumer goods companies such as Procter and Gamble [P&G]) to enter the German market, to internalize the local market particularities, and consequently to let their clients take part in the rapid economic development of the German economy (Nichifor, 2014). On the other hand, several interview partners outlined that internationally operating American network agencies could prominently state their experience in terms of successful advertising campaigns for international corporations and could promote their insights about prosperous advertising campaigns to interested German clients (Interview 11, 2017; Interview 14, 2017). As a result, German corporations evaluated whether American advertising experiences could be transferred to the German market and which American advertising strategies could be applied to achieve a competitive advantage (Interview 11, 2017). For instance, the German consumer goods corporation Henkel KGaA observed in the late 1950s that competitive American products, especially from P&G, were enjoying increasing popularity in Germany due to increased advertising spending. As a result, Henkel KGaA instructed the American advertising agency McCann Erickson to work on methods to increase sales via advertising as well as to report best practice examples from the American consumer goods industry (Hilger, 2004).

The 1960s revealed the immense cultural differences between German and American advertising styles and agency operations. Whereas German advertising agencies would underline an automobile’s horsepower and maximum speed, American agencies would focus on communicating the comfort and convenience of the vehicle (Hilger, 2004). German corporations often selected an agency based on non-transparent preferences such as recommendation, reputation or even coincidences. An interviewee (who was formerly an agency manager) explained that he got to know a manager of a prospective client during a cruise trip in the holiday season:

Once, I went on a cruise in the Caribbean where I met the business executive of the liquor company Jägermeister. He needed a new agency with fresh ideas and, hence, we met in his headquarters a couple of days later and I was able to sign a new contract with him. At that time it was relatively easy to sign new deals although you needed a certain intuition for such situations (Interview 18, 2018).

In contrast, American agencies used to pitch their preliminary campaign ideas in front of clients, which, from a German agency point of view, was considered an insane waste of time, workforce, and resources. This new form of competitive behavior was usually mastered only by medium-sized or bigger German agencies with sufficient resources to generate those presentations or by American agencies, which were already used to pitching contests (Schröter, 1997).

Whereas in the first two decades (1950s and 1960s) American advertising theories and practices were positively perceived, they received a negative connotation in the 1970s and 1980s by the German society because the GAI evolved to be more objectively verifiable and measurable in terms of advertising success (Hilger, 2004). Therefore, the German society increasingly perceived the GAI as soulless due to the American influence as it was stated by an interviewee (Interview 15, 2017). For instance, the American influence in the

1970s changed traditional patterns of consumption mentality. Before that, German consumers were used to shopping for groceries and detergents in small local corner stores where a salesperson served at the counter, commonly known as “Aunt Emma” stores (Logemann, 2013). Later on, the American concept of self-service outlets was successfully introduced, whereby advertising replaced the personal sales conversation. The concept of self-service shops was also launched in other retail areas such as the do-it-yourself sector (i.e. home improvement craft without professional assistance; Schröter, 1997). Moreover, American market entrants introduced more sophisticated market research methods and more strategic approaches for advertising procedures, enabling a professionalization of the advertising market. Thereby, artistically inspiring campaigns lost importance and American agencies focused first on target groups and not blithely on product sales (Schröter, 1997). However, the process of professionalization of the GAI reduced the reputation of the industry noticeably because German society maintained that such a procedure of “dollarization” (i.e. the professionalized monetarization of the industry at the expense of traditional advertising efforts) would lead to a suppression of traditional German consumption behavior (Schröter, 1997). According to an interview partner, this situation was exacerbated because German clients and consumers were unable to understand the newly introduced terminology such as “marketing” and “art directors”, leading to a general refusal to favor and to accept actual developments within the GAI (Interview 8, 2017). In sum, the introduction of American advertising culture in the GAI represented a constant struggle between the conduct of the “New World” (e.g. salesmanship and professionalization introduced by the American entrants) and the “Old World’s” values (e.g. good taste, craft, and status as German advertising approaches from the 1950s and 1960s; De Grazia, 2005).

In the past decades, there was still a steady flow of ideas and knowledge from the US to the GAI, but most traditional German consumption patterns, like the high degree of individuality and self-esteem, were not affected by the American influence (Schröter, 1997). At a global level, a similar development of declining American significance can be observed. In recent years, the most successful advertising hubs, next to New York (Omnicom Group, Inc., Interpublic Group of Companies, Inc.), could be found in London (WPP plc), Paris (Publicis Group S.A.), and Tokyo (e.g. Dentsu). However, the biggest advertising budgets have already shifted from the US to Shanghai and Mumbai (Schwarzkopf, 2011). This trend reflects that the intensified competition has reduced the relevance of American advertising agencies in a global context as well as in Germany.

I(d) international excursus: other foreign agencies in the German advertising industry

In the 1970s and 1980s, other European advertising agencies – such as Publicis Group S.A. (French) and WPP plc (British) – entered and further internationalized the German market. These network agencies attempted to replicate the same success that American agencies had previously achieved in Germany and tried to grow via acquisitions to secure a profitable position in the market. In addition, Japanese agencies (e.g. Dentsu, Hakuodo and Asatsu) also tried to position themselves in the industry. However, Japanese agencies failed to generate a significant market position. One interview partner attributed this development to the fact that the cultural backgrounds were too diverse to allow Japanese advertising campaigns to succeed in the German market (Interview 11, 2017). In contrast, one interviewee pointed out that German agencies were more likely to succeed in Asian markets over the decades due to the Asian perception of precision and technological expertise derived from the image of the German high-tech manufacturing sector (Interview 22, 2018). Nevertheless, on balance, few established German agencies were performing outstandingly in foreign markets except in the German-speaking neighbor countries, which was mentioned

by several interviewees (Interview 3, 2017; Interview 11, 2018; Interview 21, 2018). An interview partner stated one possible reason:

It was a significant problem with regard to international exposure that German advertising agencies were not considered to be able to communicate in a “lingua franca”, a commonly spoken language which agencies with English or French background could use to succeed in an international business context (Interview 7, 2017).

This possibly deterred clients from handing contracts for international campaign introductions to German agencies. Another reason for the absence of German agencies in the global presence was the lack of international recognition of advertising campaigns because German agencies used to perform chronically poorly at the Cannes Lions Awards (Interview 14, 2017). This situation had been changing since 1984 due to the deregulation of TV advertising in Germany and the corresponding explosion in creative TV adverts, which slowly became eligible for a Cannes Lion (Interview 14, 2017).

Part 2 II: idiosyncratic development of the German advertising industry

II(a) relational composition of advertising agencies: personalities and client relationships

An interview partner described that in the 1950s and 1960s, the success of the advertising campaigns of German privately owned agencies rested on two pillars.

Correct strategic positioning and an extraordinary degree of creativity, especially at a time when advertising outputs became more and more overwhelming for individual consumers, were decisive (Interview 23, 2018).

The owners were usually very talented in writing and design, embodied a high degree of inventiveness and individuality, and maintained a reputable network of client leaders (Interview 7, 2017). An interviewee underlined that these characters considered their profession as a vocation rather than as an ordinary job.

The early founders of agencies in Germany were true fans of the products they advertised. They were convinced of the quality or functionality of the products they advertised. The advertising process was not a commercial action but a higher purpose. It was the ultimate objective to advertise products to consumers to delight them (Interview 15, 2017).

In their founding phase, German advertising agencies were usually equipped with two crucial characters who complemented each other congenially (Geffken, 2003). An interviewee summarized this.

Creative directors were responsible for the constructive and creative design service of the agency. But those personalities were also usually less talented in agency management, operational issues, and leadership challenges. The second role was adopted by a strategic consultant who fulfilled leadership and representative commitments as the main responsibilities and who pitched for bigger budgets in the client’s office (Interview 14, 2017).

Several successfully founded and managed German agencies were established by following this pattern, among others:

- TEAM (Scholz and Vasata);
- Leo Burnett (Lürzer and Conrad);
- GGK (Gredinger and Rogosky);
- Springer and Jacoby Werbeagentur GmbH and Co. KG (Springer and Jacoby); and
- Jung van Matt (Jung and van Matt) (Geffken, 2003).

In the course of the decades, many owners sold their agencies to American networks to retire. This management change usually altered the organizational culture from an intuitive management style to a financial results-driven culture in which employees were subject to performance-oriented directives (Interview 7, 2017). Additionally, an interview partner mentioned that traditional agency operations shifted towards American management methods with regard to predictability, handling, and reporting towards the parent company (Interview 21, 2018). Because of this process, two interviewees stated congruently that the GAI felt the lack of such imprinting founding personalities because constant management changes in network agencies as well as financial pressure from stock exchanges prevented a subsequent emergence of such strong characters (Interview 4, 2017; Interview 17, 2018). Consequently, American network agencies, as new owners, needed a new species of advertising managers for former German agencies. One interview partner mentioned that such managers were sent for several years to the parent agencies in the USA to obtain the desired English and management skills (Interview 5, 2017). Another interview partner described this development as follows:

The new version of agency managers were specially trained to crack prospective clients. After their return to Germany, they were equipped with priorities to strategically convince clients to hand over budgets for global advertising campaigns and they understood the necessity for international leadership across the network (Interview 7, 2017).

This proactive management approach represented a diametric turn in the industry, where former owners of German agencies maintained an extraordinary creative thinking but could not cope with the aggressive initiatives of American network agencies skimming off whole client advertising budgets (Interview 11, 2017). As an appropriate example, Willi Schalk can be named, who first contributed to the development of the medium-sized German agency TEAM (founded by Jürgen Scholz and Vilim Vasata in 1953), which was later acquired by BBDO in 1973 to become Germany's most defining and biggest advertising agency in terms of sales at that time (Geffken, 2003). Schalk was promoted as a network manager for TEAM/BBDO Germany and embodied a new kind of an advertising manager who understood how to win important clients such as Deutsche Post, Kaufhof, Tchibo and Dr Oetker and, thereby, to generate "new business" (Der Spiegel, 1986). An interview partner described him as among the first German agency managers who gained a reputation and popularity that grew beyond industry boundaries in Germany and who was one of the few German agency managers recognized worldwide (Interview 17, 2018).

Until the 2000s, the GAI was considered as a "people's business", a commercial activity that did not solely succeed by producing certain campaigns but by forming bonds of trust between agencies and clients. Two interviewees described this situation:

The advertising industry relied heavily on its leading protagonists similar with the consulting industry or legal services. Such people could not produce any commodities with sophisticated machines in a factory where it is not relevant who is doing the same tasks every day. In the advertising industry, it was people's technical expertise and creative set of skills that made the difference (Interview 26, 2018).

The personalities of the founder or owners of agencies were decisive for business success. Owners usually knew how to treat the relationship with clients. They nurtured a special relationship between owner and client, which was based on mutual respect and appreciation. These relationships were significant for a decent collaboration and long-term companionship (Interview 6, 2017).

Close relationships with leading employees of clients often developed into friendships (Interview 23, 2018). On this basis, the client's manager took sole responsibility for the

agency's work as a leap of faith, but was also capable of selecting suitable advertising partners (Interview 12, 2017). It became apparent that the quality of an advertising campaign used could only be as good as the quality of the advertised product that was finally promised. Hence, both agency and client were almost equally responsible for the effectiveness and the success of advertising campaigns (Interview 26, 2018). Further, a certain degree of proactivity with regard to client relationships characterized successful agencies. An respondent maintained that:

Outstanding agencies did not regard themselves as pure service executors but were also motivated to proactively present ideas on how to improve the client's advertised product, with recommendations on how to change product characteristics or line performance (Interview 21, 2018).

These relationships with clients have changed significantly over the past decade. The traditional advertising agency service performance became less reliant on former personal relationships between agencies and clients and turned out to be disposable and substitutable (Interview 11, 2017; Interview 14, 2017). This development can be highlighted by the altered remuneration structure. In the past, agencies were paid a 15 per cent fixed commission on advertising budgets (Schwarzkopf, 2011), whereas in the recent years this percentage has been individually negotiated down by clients to reduce costs (Interview 14, 2017). Still worse, even less compensation was paid when a campaign was created for a well-known brand. Here, an established client would argue that a specific contract with his reputable brand would increase the public image of the respective agency. Consequently, less compensation could be paid because new clients would be attracted by the agency's previous references (Interview 14, 2017). The enforcement of such bargaining strategies affected both owner-managed agencies and network agencies equally and the formerly emphasized trustful partnership between agency and client turned into a classic service relationship (Interview 14, 2017). Accordingly, advertising agencies were subject to the same problems as any other service provider and the business cycles between a client and an agency turned out to be significantly shorter than before.

II(b) characteristics of ownership structures

Owner-managed agencies and the influence of network agencies. Numerous foundations of owner-managed advertising agencies in the 1950s marked the beginning of a strong entrepreneurial culture within the GAI, which is still dominant today (Interview 26, 2018). One example is Serviceplan Group as the largest independent and owner-managed German agency (Beyer, 2018). An interview partner explained that:

This development of an entrepreneurial culture can also be compared to various other German industries in which the development of small and medium-sized enterprises ("Mittelstand") with a high degree of specialization generated the backbone of whole economic sectors as a part of the German economic DNA (Interview 26, 2018).

According to one interview partner, in the 1960s and 1970s, owner-managed agencies played a vital role within the GAI and were considered to deliver a high degree of creativity via specialized services, whereas American full-service agencies were regarded as generating rather a standard creative performance (Interview 25, 2018). However, this situation changed in the 1970s and a growing number of owner-managed agencies were sold to foreign agencies, especially American network agencies. One reason for a sale mentioned by an interviewee was that owner-managed agencies usually had a life span of approximately 25 years, if there was no suitable successor available (Interview 10, 2017). Hanns W. Brose's

business decline reflects this development. He handed over his agency in 1962 to his son, who failed to successfully manage the generational transition. In 1975, the agency was sold completely to an American network agency (Schindelbeck, 1995). Another reason was that owners aged, wanted to retire or lost interest in their business because they had already extracted sufficient financial funds or they simply received a financially attractive takeover bid.

However, interview partner 9 and 10 characterized the continuous existence of other German owner-managed agencies throughout the decades as a successful example of the development of special leadership cultures with short decision paths and geographic proximity to leaders to enforce their own ideas (Interview 9, 2017; Interview 10, 2017). Interviewee 15 mentioned Serviceplan Group as an example and as one of the few German agencies that beneficially mastered the management succession for the following generation and that developed a strong focus on sustained and long-term relationships between agency management, employees, and clients in the past decades (Interview 15, 2017). Interview partner 9 and 10 further explained that owners of German agencies usually issued minority interests to meritorious employees, which was an essential reason why owner-managed agencies could recruit the most suitable employees as well as why there was usually only a low degree of employee turnover (Interview 9, 2017; Interview 10, 2017). Such a management approach created a spirit of trust and continuity (Interview 10, 2017). However, interviewees 9 and 10 also pointed out weaknesses of owner-managed agencies and elaborated on perceived differences of American network agencies and German owner-managed agencies by clients. Owner-managed agencies were represented only in a few countries, provided less geographical coverage and, consequently, were limited in cross-border campaign launches (Interview 10, 2017). These circumstances represent a drastic contrast with the globally profit-oriented and efficiency-driven business conduct of listed American network agencies, which often engaged in constant management changes to promise analysts better financial figures in the following quarter (Interview 9, 2017). As a result, clients perceived network agencies as an intangible construct with regard to specific key people, whereas owner-managed agencies built on long-lasting interpersonal relationships between owners and clients (Interview 9, 2017).

Imported from overseas in the 1950s and 1960s, especially American advertising networks became defining in the GAI. According to an interviewee, there were two reasons:

The first reason why American networks were decisive was the possibility of raising additional financial funds for agency acquisitions on the capital market. The second motivation was to exploit strong coordinative advantages regarding advertising campaigns as well as to achieve synergistic benefits of collaborative agencies in terms of media buying (Interview 23, 2018).

Several interview partners elaborated on the advantages of American advertising networks. One interviewee stated that by gathering agencies under one central holding, it became possible to create consistent branding campaigns for products and services across whole continents and to cover the clients' global needs with large amounts of information at a time when there was still no digital coordination (Interview 22, 2018). Another interview partner claimed that a broad international positioning enabled coverage and control, meaning that serving several markets enabled a higher degree of control over a single market (Interview 24, 2018). Consequently, network agencies considered themselves and the respective network structure as a strong partner for clients in international campaign launches as stated by another interviewee (Interview 26, 2018). For the acquisition of other agencies to enlarge the service portfolio, network agencies raised funds via stock exchange listings in the 1960s and 1970s (e.g. IPO of Interpublic Group of Companies, Inc. in 1971). However, one

interviewee also explained the dilemma of stock listed advertising agencies. Stock listings urged networks to either grow further organically by generating “new business” (which was rarely the case) or to expand internationally (for instance to Germany) to achieve stable growth rates to satisfy analysts (Interview 14, 2017). Finding additional investors for business expansion outside the stock market was usually a difficult venture, as one interview partner explained:

The general industry characteristics were not alluring and attractive for investors, as traditional tools for improving financial and operational success of an agency - such as relocating production, reducing inventories or cutting research and development expenses (R&D) - were inapplicable due to the intangible nature of the business (Interview 11, 2017).

Since increasing profits could not be guaranteed by acquisitions only and the possibility of raising credits in an intangible industry was limited (Interview 14, 2017), the last viable option to report increased earnings to the stock market was to cut costs, which restricted the potential to generate advertising content with exceptional creativity (Interview 24, 2018). Other problems occurred with the distribution of remuneration. Requests for global campaign rollouts and international coordination were usually managed by central headquarters in New York or Chicago, while campaign planning, execution, and control needed to be managed by German agencies (Interview 5, 2017). Nevertheless, the profit and loss statement (P&L) relevant income generated by national agencies as part of the whole group was directly delivered to networks’ headquarters and not to the agency that had executed the campaign (Interview 14, 2017). Accordingly, subordinate agencies needed to contribute their share of income to the P&L of the parent agency (Interview 5, 2017). This was regarded as financial exploitation and central network managers had to explain why German agencies needed to carry the burden of campaign management with only a minor share of the revenue obtained, whereas the headquarters accumulated income to raise stock prices (Interview 3, 2017).

A special case of the industry: in-house agencies. In the early days of the GAI, several companies, especially in the consumer goods industry, founded own advertising units, which exclusively generated advertising for those companies in the German market. As an example, the German branch of Lintas (Levers International Advertising Service) was founded in 1929 in Berlin to support the advertising efforts of the Dutch/British consumer goods company Unilever N. V in the German market ([Der Spiegel, 1968](#)). Over the decades, Lintas developed into one of the biggest players in the German market. Likewise, Siemens AG also worked with an in-house agency until the end of the 1980s ([Der Spiegel, 1980](#)). Interview partner 12 explained the characteristics of an in-house agency in the following way. In-house agencies usually received all the tasks necessary to advertise products or services across all communication channels, such as print advertisements or TV and radio campaigns. Besides, in-house agencies incorporated expertise from production, warehousing, and distribution into the advertising process (Interview 12, 2017). Furthermore, interview partner 12 described the advantages of this special type of advertising agency. Advertising managers generally understood the technical functionality of products, which enabled more effective USP positioning and user experience articulation to the consumer, meaning that effective standard communication could be ensured for serial products or services. Due to this situation, advertising ideas were already embedded in the product development processes. Moreover, a central in-house agency sufficiently covered the requirement of consistent cross-border communication (Interview 12, 2017).

As a drawback, the operation of these agencies imposed certain threats on the advertising process. In-house agencies could usually not retain the most creative employees

because they were mentally exhausted when constantly creating advertisements for the same products or equal brands. One respondent explained this situation in the following way:

A capable creative team was not able to work all the time on the same advertising topics of a single firm. Over time, there was no innovativeness in the advertising efforts, which became monotonous and tedious. Employees lacked the motivation to think of new ideas because there was no intellectual stimulation and exchange between an in-house agency and the respective parent corporation as client (Interview 14, 2017).

In addition, those formerly creative minds who stayed turned into one-track specialists and generated marketing campaigns via logical and structural analysis rather than via creative energy. In short, there was a process of unsustainable self-consulting (Interview 3, 2017; Interview 10, 2017). Even more significantly, it is doubtful whether the advertising ideas were actually generated independently by the in-house agency (Interview 13, 2017). The parent company occasionally directed advertising efforts in strategically desired directions, leaving little space for independent and creative thinking and, thereby, possibly limited the success of campaigns. One interview partner mentioned:

In-house agencies always had a too close relationship with the ordering party, i.e. the parent corporation. However, to provide excellent communication initiatives and advertisement design, an agency needs a certain distance as well as independence from the contractee (Interview 13, 2017).

Consequently, both German corporations and the GAI recognized that the independence of creative advertising needed to be guaranteed with a clear structural separation and a certain organizational distance between advertiser and advertising agency. This observed development also accounted for the two aforementioned examples. Lintas was sold to Interpublic Group of Companies, Inc. and was integrated in the corresponding network structure in the 1970s. One argument was that Lintas employees felt part of Unilever N. V. rather than part of an independent agency allowing for free creative thinking (Der Spiegel, 1980). In 1988, Siemens AG also removed its in-house agency because most of its creatively skilled employees had left the company since the generation of advertising followed a strict and standardized procedure, which was driven by engineering thinking and not by creative power (Interview 12, 2017).

In recent years, an opposing development took place. Several corporations implemented new in-house agencies by acquiring existing agencies (e.g. antoni Holding GmbH as the lead agency for Mercedes-Benz (Daimler AG) or Redblue Marketing GmbH for MediaMarktSaturn Retail Group; Interview 17, 2018; Interview 24, 2018). Large amounts of market and customer data were a crucial competitive factor, but corporations were reluctant to hand over such data to third parties due to data security concerns and the fear that such data could be used fraudulently (Interview 22, 2018; Interview 24, 2018). Hence, corporations needed a trustworthy advertising partner for the purposes of data protection as well as for establishing short communication paths to motivate decisive and agile decision-making (Interview 27, 2018). Moreover, the digital advances in communication channels and the need to produce content in higher frequencies urged clients to produce more and more creative output in real time (Interview 16, 2017). As a result, a reversed progress occurred. Whereas in the previous decades in-house agencies became obsolete because of inappropriate advertising efforts and limited distance to the parent, in-house agencies were now more favored due to data protection and responsiveness when it came to immediate advertising requirements (Interview 1, 2017).

Going public and consolidating: the role of initial public offerings and mergers and acquisitions. When conducting an IPO, a formerly privately held agency raises capital by turning public through issuing shares to institutional as well as retail investors (Seng, Yang, and Yang, 2017). In the 1960s and 1970s, this procedure was relatively popular for agency networks to raise capital for organic growth, international expansion or the establishment of new service channels (Interview 16, 2017). During this period, over 20 American agencies went public (e.g. Ogilvy and Mather, the Interpublic Group of Companies, Inc., J. Walter Thompson (JWT) or Doyle Dane Bernach (DDB); McDonough and Egolf, 2002). However, an IPO was relatively unsuited for industries in which human artisanship (i.e. creativity) was the decisive competitive differentiation argument. One interviewee explained that advertising excellence was not scalable and the pressure to improve the last quarters' outcomes to satisfy shareholders resulted in an immense burden for a listed network agency (Interview 27, 2018). Since the growth of an agency was limited due to economic boundaries, cost-cutting usually appeared to be one of the last viable management strategies of listed network agencies. Especially costs which could be cut on a short-term basis and which constituted a major share of liabilities in an agency – such as employee wages – were attractive accounts to reduce for reporting increased profits to the stock market (Interview 11, 2017). As a consequence, listed network agencies laid off lower paid jobs (e.g. administrative positions) or dismissed creative employees with significant salaries (Interview 11, 2017). Both measures led to a significant loss in service or creative quality and the reduced share prices caused a lower valuation of the firm's stock. One respondent maintained:

I do not think that advertising agencies and their organizational structures have suitable prerequisites for being listed on stock exchanges. A vicious circle was usually created by going public, which resulted in a fundamental economic downturn of the listed agency. Only improved financial figures could drive the stock's price and satisfy shareholders, but at the expense of creativity and quality service (Interview 11, 2017).

Accordingly, the preference to raise capital via listings decreased noticeably during the late 1970s and 1980s and several of those formerly listed agencies “went out of business, [...] reverted to private status [...], or were acquired by or merged into other companies” (McDonough and Egolf, 2002, p. 816). To prevent these disadvantages, small or medium-sized German agencies strictly avoided participating in the stock market. Due to the strong entrepreneurial culture and long-term thinking within the German agencies, owners or founders rewarded employees with money or ownership fractions and tied them more closely to the respective agency rather than issuing shares to investors and adhering to their instructions (Interview 10, 2017).

Fueled by robust global economic growth in the 1980s and 1990s (McDonough and Egolf, 2002), M&A activities were favorable for American network agencies at home and overseas, because “new business” (i.e. organic growth) by self-operated agencies was relatively predictable and constrained with regard to cyclical and economic volatilities (Interview 15, 2017; Interview 22, 2018). One interviewee explained the benefits of M&A procedures in detail:

M&A processes generated inorganic growth in a short period of time that allowed facilitated market entries and initiated new client attraction. Network agencies usually bought small creative units or other solution providers via acquisitions, which were missing from the traditional portfolio, to provide integrated communication campaigns and to cover the full range of agency services. Additionally, M&A procedures were helpful to circumvent industry competition and, correspondingly, to acquire the respective opponent (Interview 11, 2017).

These consolidation procedures were usually of a friendly nature, whereby buyers and sellers sought mutually agreeable exchange combinations (McDonough and Egolf, 2002). Nevertheless, the overall objective of the M&A processes of network agencies was to grow inorganically to increase the stock price and to gratify shareholders in the short term (Interview 27, 2017). In contrast, German owner-managed advertising agencies rarely engaged in such consolidation procedures due to a certain risk aversion, a lack of financial funds, and a do-it-yourself mentality. In cases where a German agency engaged in M&A procedures, market coverage and financial figures were not satisfactory arguments for M&A decisions, but rather qualitative indicators such as the operational fit or complementary services of both the acquirer and the acquiree (Interview 11, 2017).

II(c) changing the game: the role of new entrants

Since 2010, several non-native-industry firms such as consultancies (e.g. Accenture plc) and technology-oriented firms (e.g. IBM) have tried to enter the GAI, but failed to establish a substantial foothold in the market. At first glance, a market entrance was feasible not only from a strategic point of view but also as a prolongation of the respective value chains, because offering communication and advertising services seemed to open up new sources of income (Interview 11, 2017). Consultancies could merge their expertise in business improvement with the optimization of advertising efforts, while technology companies could enrich digital communication content with better coding and programming efforts (Interview 14, 2017). Then, the question arose whether such non-native-industry companies could manage the essence of any advertising campaign, namely generating creativity to address and to inspire the consumer (Interview 11, 2017). Consequently, new entrants asked themselves whether they would lose their reputation if they moved towards the inscrutable field of advertising and the corresponding need to be creative. Two interview partners stated:

Consultancies were regarded as experts in solving business problems and optimizing complex operational procedures. However, generating creative campaigns without the right staff appeared to be impossible. At this point, consultancies would have a problem with their credibility owing to their core business (Interview 26, 2018).

The structural economic thinking of consultancies would not permit the development of a sound understanding of consumer needs as well as managing successful brands. Moreover, creative employees in the GAI refused to be part of such firms regarded as 'profit maximizers', which would force creative minds into another mind-set, namely the logic of economic thinking (Interview 11, 2017).

Thus, consultancies and technology-oriented firms did not leave room for an adequate creative philosophy and freethinking. As a result, non-native industry firms experienced limitations when it came to creative campaign implementation in recent years (Interview 11, 2017). However, such players attempted to circumvent the shortcomings of their business models by acquiring respective agencies (e.g. IBM bought Aperto, a digital agency, in 2016 and Accenture plc acquired Kolle Rebbe in 2018; Weber, 2018).

II(d) development of agency service offerings and communication channels

Although the American Walter D. Scott (1903) was among the first researchers who gathered insights about advertising in his work "The Theory of Advertising", basic market research efforts and target group definitions were conducted in cooperation with scientists (e.g. Prof Dr Reinhold Bergler) or research institutions (Gesellschaft für Konsumforschung

(GfK) in Germany at the beginning of the 1960s (Interview 12, 2017). By introducing the first technological innovations (e.g. TV) and by applying new American methodologies (e.g. USP communication), the GAI turned away from trivial product location in advertising, avoided dull and simple campaign slogans, and erased old-fashioned stereotypes within society (e.g. the archaic image of obedient housewives) (Interview 14, 2017). In the early 1960s, the advertising manager David Ogilvy recommended that Mercedes-Benz should clearly find out the desires of its customers by investing more in sophisticated consumer research activities as well as expanding market research efforts to have a closer look at the industry competition (Hilger, 2004). Further, advertising campaigns started to become entertaining (Geffken, 2003). An appropriate example is the fictional “Pushkin-Bear” who advertised a Vodka brand and engaged in unpretentious and laconic dialogues demonstrating that tough guys should be left alone when consuming the presented beverage (Geffken, 2003). Testimonials were increasingly used and celebrities, especially actors from Hollywood (e.g. Marilyn Monroe and Liz Taylor advertised cosmetic products in the early 1950s, Hilger, 2004), underlined the benefits of the advertised products (Geffken and Kalka, 2001).

During the early days of the GAI, printed ads, placards, shop window advertising, outdoor advertising and radio were considered the most popular communication channels. However, the decades from the 1950s to the 1980s represent the breakthrough of TV (the first TV show was broadcast in 1952) into modern advertising by the GAI (Geffken and Kalka, 2001). Henkel KGaA initiated the first TV commercial with its detergent “Persil” in late 1956 (Hilger, 2004). Although formerly regulated by the government, which allowed only a few minutes of advertising to be broadcast per day (only two TV stations with only 20 min of commercials, no commercials at all on Sundays), agencies built their campaigns around the TV as the new channel of mass communication (Interview 14, 2017). With the inauguration of color TV in 1967, even more product types became marketable via TV (e.g. groceries, food related products as well as cosmetics) (Interview 14, 2017). At that time, employees who were responsible for media purchasing took a prominent role in advertising agencies as they needed to flatter and to manipulate the expeditors of TV channels to obtain more time slots for TV commercials, which could potentially advertise their clients’ products. Starting from 1984, private TV channels were leading to an exponential increase of time slots for commercials and clients could spend unlimited budgets on TV commercials (Interview 14, 2017).

Initialized by the second “wave” of Americanization, the theory of marketing acquired an increased importance in business academia and caught up with marketing concepts from practice. As one of the first scholars elaborating on marketing (formerly referred to as “Absatzlehre” – “theory of sales”) as a sales instrument in Germany, Professor Dr Heribert Meffert was the founder of the first chair of Marketing at the University of Münster in 1968. He sustainably shaped marketing theory and practice for more than three decades (Bruhn and Kirchgeorg, 2018). In the 1980s, marketing theory became strategic and turned out to be valuable for elaborate decision-making and for the long-term orientation of the firm (Schröter, 1997), whereas in the 1990s, the domain developed into a market-oriented leadership approach with several subcategories such as direct and dialogue marketing (i.e. a two-way communication with the consumer to offer more appropriately targeted products to reduce divergence losses in mailing campaigns) (Interview 25, 2018). Accordingly, the theory of marketing declared a continuous leadership claim in theory and practice throughout the decades (Schröter, 1997).

Starting in 1994 with banner advertising for simple web pages, the digital communication expansion was comparable in significance with the former breakthrough of

TV advertising (Kaye and Medoff, 2001). The internet, as a fast-paced state-of-the-art medium, led to a spectacular increase in advertising material, with both an enormous growth of the amount and frequency of advertising messages to the consumer and an explosion of the communication channels that an agency could use (Interview 5, 2017). Two experts stated critically:

With the advent of the internet, a cultural transition took place in the advertising industry. Formerly premium and elaborate brand campaigns with strong product focus and long-term orientation turned into highly fragmented advertising messages with the aim of achieving short-term sales and click optimization. This development led to a significant reduction of the overall communication quality in online advertising media (Interview 11, 2017).

The introduction of the internet and the corresponding new digital channels enormously increased the complexity of the means of advertising owing to coordination and competition. The end consumer remained the same but could now be targeted not solely via print or TV advertising but also in the web, via mobile applications or social media (Interview 5, 2017).

Many industry experts were convinced that the new digital advertising efforts would mean the death of the classic printed media (Interview 11, 2017). However, the internet proved to embody just an additional channel for communication purposes, not a creative process with more technological and digital possibilities to target consumers more efficiently.

II(e) the role of creativity within advertising agencies

Throughout the decades, the most significant driver of advertising success and an important competitive differentiator for agencies in the market has been creativity (Interview 21, 2018). Advertising creativity is defined as:

[...] the art of establishing new and meaningful relationships between previously unrelated things in a manner that is relevant [and] believable [...] but which somehow presents the product in a fresh new light (El-Murad and West, 2004, p. 190).

In the early phase of the GAI (i.e. the 1950s and 1960s), creativity was assigned to a special area of freedom, because creative employees were usually not subjugated to financial or time pressure imposed by the owner. One respondent portrayed this situation as follows:

One founder offered me a creative position in an agency. He stated three objectives, which I should achieve: First, creating a good working atmosphere within the agency. Second, generating the best creative quality of advertising campaigns in Germany, and third, making a profit should not be the ultimate purpose of business conduct. Therefore, it was even possible to cease business relations with clients who did not demand advertising campaigns with high creative aspirations (Interview 13, 2017).

By implication, creative output was attributed more importance than profitable business conduct (Interview 13, 2017). The same interview partner mentioned:

Such times were the greatest a creative agency employee could ever imagine. We could decide on which projects we could work on and we learned from each other – This period was a paradise for creative thinkers (Interview 13, 2017).

This era is also considered as a process of auto-purification, in which creative agency employees were free to “think the unthinkable” and left behind the rigorous regulations for advertising formerly imposed by the National Socialist regime (Geffken and Kalka, 2001). During this time – also known as the “creative explosion” (Interview 20, 2018) – numerous timeless newspaper ads and posters were generated by creative personalities who produced

seamless connections between visual and textual pieces of advertising and, therefore, high quality and iconic advertising campaigns (Interview 11, 2017). Essential prerequisites for such outstanding creativity were artistically talented employees, the personality and talent of agency founders and/or owners, and a positive atmosphere inside the agency that stimulated creative thinking (Interview 25, 2018).

Starting in the 1970s, the important role of creativity altered due to the market entry of new foreign participants with quickly growing influence. Owner-managed agencies were regarded as more creative than international network agencies due to their smaller size, narrow decision paths, and a high degree of specialization (Interview 9, 2017). Moreover, owner-managed agencies maintained the workforce to generate the necessary quality of advertising to create sustainable and competitive brands. Creative people who were skilled to build up prominent brands were invaluable assets (Interview 5, 2017). In network agencies, on the other hand, creative employees suffered from financial and time pressure to produce creative output on a constant and regular basis, which refers back to the influence of stock exchange listings. But creative thoughts could not be generated by force in a cubicle office, but rather in recreational times without stress and pressure (Interview 6, 2017). An interview partner maintained:

Advertising generation had to be cost-efficient and became much more research-driven. Creative notions did not occur any more at home in the attic but appeared to be hard work directed towards a measurable goal (Interview 6, 2017).

As a result, it soon became apparent that intuitive and creative quality could not be sufficiently developed in agency networks with several thousands of employees around the globe (Interview 24, 2018). Over the decades, network agencies increasingly introduced non-native-industry services and methods, especially from the IT sector, to the advertising process. This enabled network agencies to cover a broader target group more efficiently but concurrently led to an impoverishment of creative potential. Consequently, the skill set of network employees shifted from a specific brand orientation towards an understanding of new technologies and methodologies (Interview 5, 2017). As a result, owner-led agencies were favored because they could fully unleash creative potential by employees, whereas network agencies were regarded more as full solution providers but with less creative power (Interview 27, 2018). Consequently, an interviewee stated in the discussion of whether broad service coverage and IT applications will supersede creative ideas:

Excellence in communication and creative design never was or will be scalable in the future (Interview 24, 2018).

Conclusion

The GAI was subject to a fundamental transformation after World War II, when the old-fashioned German advertising attitude of “quality products promote themselves” became irrelevant (Schröter, 1997). Parallel to the political development, American agencies had a significant and deliberate impact on the GAI, especially on the way advertising was perceived by consumers and generated by agencies (Interview 6, 2017; Interview 11, 2017; Interview 14, 2017; Interview 25, 2018). Even early practitioners like Hanns W. Brose already asserted in 1958 that the development of the GAI is inevitably linked to the influence and the pioneering role of the AAI, and that a profound transmission of American economic culture took place (Brose, 1958). American agencies introduced new terminology and methods to psychologically and quantifiably professionalize advertising efforts to alter the

traditional mass consumption behavior of consumers (De Iulio and Vinti, 2009; Schröter, 1997; Schwarzkopf, 2011).

The Americanization of the GAI took place in two phases: The first “wave”, in which full-service agencies were introduced, was a comparatively isolated stage in the development process. The second “wave” of Americanization, in contrast, was significantly more comprehensive, covering the introduction of marketing theory and new consumption patterns (e.g. self-service stores or do-it-yourself initiatives) or by enforcing new competitive styles like sales pitching contests (Schröter, 1997; De Iulio and Vinti, 2009). Starting from the 1970s, the GAI began to adjust to the American state of development. Nevertheless, there was still a steady flow of American ideas and concepts across the Atlantic due to the further development of the marketing approach and globalization intentions by the Americans (Interview 11, 2017, Interview 14, 2017). Still, the process of Americanization never represented a total replacement of the German advertising philosophy by American practices, but rather an adjustment to preexisting German market conditions (Schröter, 1997).

Despite the strong American influence, the GAI developed several unique industry characteristics, which are still formative today. The GAI established a strong entrepreneurial culture, and owner- or founder-managed agencies are regarded as a reflection of the overall characteristics of the German economy in which small and medium-sized entities (“Mittelstand”) play a vital role in terms of innovativeness, their economic contribution, and sustainable business conduct (Interview 22, 2018; Interview 26, 2018). In addition, as a response to American networks, which usually offered a full-service portfolio in the German market, owner-managed German agencies provided a high degree of specialized advertising services. Thereby, they focused on long-term relationships with clients rather than on short-term financial results to satisfy shareholders. The long-term orientation of German owner-managed agencies is also visible in the intention to maintain leading employees on a continuous basis by issuing minority shares, rather than to self-impose financial pressure from stock exchange listings (Interview 10, 2017). Due to the lack of financial pressure and the long-term orientation, creative minds in German agencies were admittedly regarded as having a more artisanal approach to the creation of advertising. Furthermore, they were also considered to deliver a higher degree of creative performance than American network agencies. In summary, independent German agencies were characterized as more agile on an operational basis, less dependent on organizational structures, and closer to relevant decision-makers than American networks. These arguments have justified the continuous *raison d’être* of German advertising agencies until today (Interview 8, 2017).

Several limitations regarding this analysis need to be mentioned. First, the article deals with the development of the GAI from 1950 to 2018. However, for two thirds of this period, Germany was divided into East and West (1949 – 1990). Therefore, this article is only able to explain the development of and the American influence on the GAI in West Germany. Accordingly, the evolution of the East GAI is not covered. Second, the oral history approach relies heavily on individual memory and is exposed to bias, omission, and inconsistency (Bailey, 2015). Further, some interviewees may not have told the whole truth about certain events or situations, whether due to confidentiality issues or simple unwillingness to disclose certain information (Collins and Bloom, 1991). Third, the interview settings used for obtaining this article may be subject to the elite bias which could overweight “data from articulate, well-informed, [...] high-status informants [by] under-representing data from intractable, less articulate, lower-status ones” (Myers and Newman, 2007, p. 5). Besides, the interview technique relies on human activity, which provides information on a subjective basis. Thus, the technique cannot claim to portray a complete picture of the subject under investigation.

From a methodological point of view, one can recommend for future research projects that researchers visit the corporate archives of relevant companies (e.g. Opel Automobile, Siemens AG, Daimler AG, or Henkel KGaA) which relied on agency services from the first days on. This approach would counter the shortcomings of oral history with regard to problems of inaccuracy and incompleteness and may provide a less subjective view on certain developments. As a further research topic, it would be valuable to investigate the development of the East GAI from the 1950s to 1990. In this regard, it would be interesting to derive how advertising campaigns were introduced and perceived by consumers in a socialist market system, as well as which peculiarities sustainably shaped this industry. A second direction for future research could be to investigate how the former East GAI was influenced and altered by Western economic conduct after unification from 1990 onwards. Regarding this topic, it would be particularly interesting to see how former East German consumers reacted to a professionalized West GAI, which was strongly influenced by American marketing methods. As a final subject for further research efforts, the authors suggest investigating other European advertising markets such as the British, French or Spanish advertising industries to detect specific drivers or developments of such markets that lead to unique industry characteristics like a strong entrepreneurial orientation or sustainable leadership philosophies such as in the German industry case.

Note

1. Appendix provides an overview of the interview partners, their (former) positions and their background.

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Table A1.
Interview overview

Interviewee	(Former) position	(Former) company	Industry	Year of interview	In-text indication
Interviewee 1	Chairman	BBDO Worldwide	Advertising	2017	(Interview 1, 2017)
Interviewee 2	Chairman	DDB Worldwide	Advertising	2017	(Interview 2, 2017)
Interviewee 3	Founder	Scholz and Friends	Advertising	2017	(Interview 3, 2017)
Interviewee 4	CEO Germany	Young and Rubicam	Advertising	2017	(Interview 4, 2017)
Interviewee 5	CEO	Bates, Grey G2 Group Germany	Advertising	2017	(Interview 5, 2017)
Interviewee 6	CEO Germany	Nestlé	Food and beverages	2017	(Interview 6, 2017)
Interviewee 7	CEO	Brandmeyer Markenberatung GmbH and Co. KG	Advertising	2017	(Interview 7, 2017)
Interviewee 8	Spokesperson	Zentralverband der Deutschen Werbewirtschaft	Association	2017	(Interview 8, 2017)
Interviewee 9	CEO	Serviceplan Group	Advertising	2017	(Interview 9, 2017)
Interviewee 10	CEO	Serviceplan Group	Advertising	2017	(Interview 10, 2017)
Interviewee 11	CEO Frankfurt office	Publicis	Advertising	2017	(Interview 11, 2017)
Interviewee 12	Director of advertising and design	Siemens AG	Corporate advertising agency	2017	(Interview 12, 2017)
Interviewee 13	CCO, Managing director	GGK, Schirmer Zang Institute of Art and Media	Creative advertising	2017	(Interview 13, 2017)
Interviewee 14	CEO Europe, Non-Executive Chairman	Young and Rubicam, Saatchi and Saatchi	Advertising	2017	(Interview 14, 2017)
Interviewee 15	Founder	Springer and Jacoby	Advertising	2017	(Interview 15, 2017)
Interviewee 16	Co-Chairman	Hubert Burda Media	Media	2017	(Interview 16, 2017)
Interviewee 17	Chief editor, Director	Werben und Verkaufen, Leipzig School of Media	Publishing, education	2018	(Interview 17, 2018)
Interviewee 18	Chairman and Chief executive	Lintas World Wide	Corporate advertising	2018	(Interview 18, 2018)
Interviewee 19	Managing director	Wirtschaftsverband Deutscher Werbe-agenturen	Association	2018	(Interview 19, 2018)
Interviewee 20	Founder, Chairman, and CEO	R/GA	Advertising	2018	(Interview 20, 2018)
Interviewee 21	Managing director	Gesamtverband Kommunikations-agenturen GWA e. V	Association	2018	(Interview 21, 2018)
Interviewee 22	Chairman	Jung von Matt	Advertising	2018	(Interview 22, 2018)
Interviewee 23	Head of Hamburg and Berlin office	Gruner + Jahr	Publishing	2018	(Interview 23, 2018)

(continued)

Interviewee	(Former) position	(Former) company	Industry	Year of interview	In-text indication
Interviewee 24	Chief Creative Officer	Leo Burnett international, Berlin School of Creative Leadership	Advertising, education	2018	(Interview 24, 2018)
Interviewee 25	Member of the management board, Head of marketing, Chairholder	TEAM/BBDO, Opel Automobile, University of Kassel	Advertising, automotive, education	2018	(Interview 25, 2018)
Interviewee 26	CEO, Board member	antoni, media.net	Advertising	2018	(Interview 26, 2018)
Interviewee 27	President international and COO worldwide, Member of the management board, Chairman and CEO Germany	BBDO Worldwide Inc., Axel Springer AG, McCann Worldgroup	Advertising, publishing	2018	(Interview 27, 2018)

Table AI.

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