

UNITED STATES
DEPARTMENT OF COMMERCE
BUREAU OF FOREIGN AND DOMESTIC COMMERCE

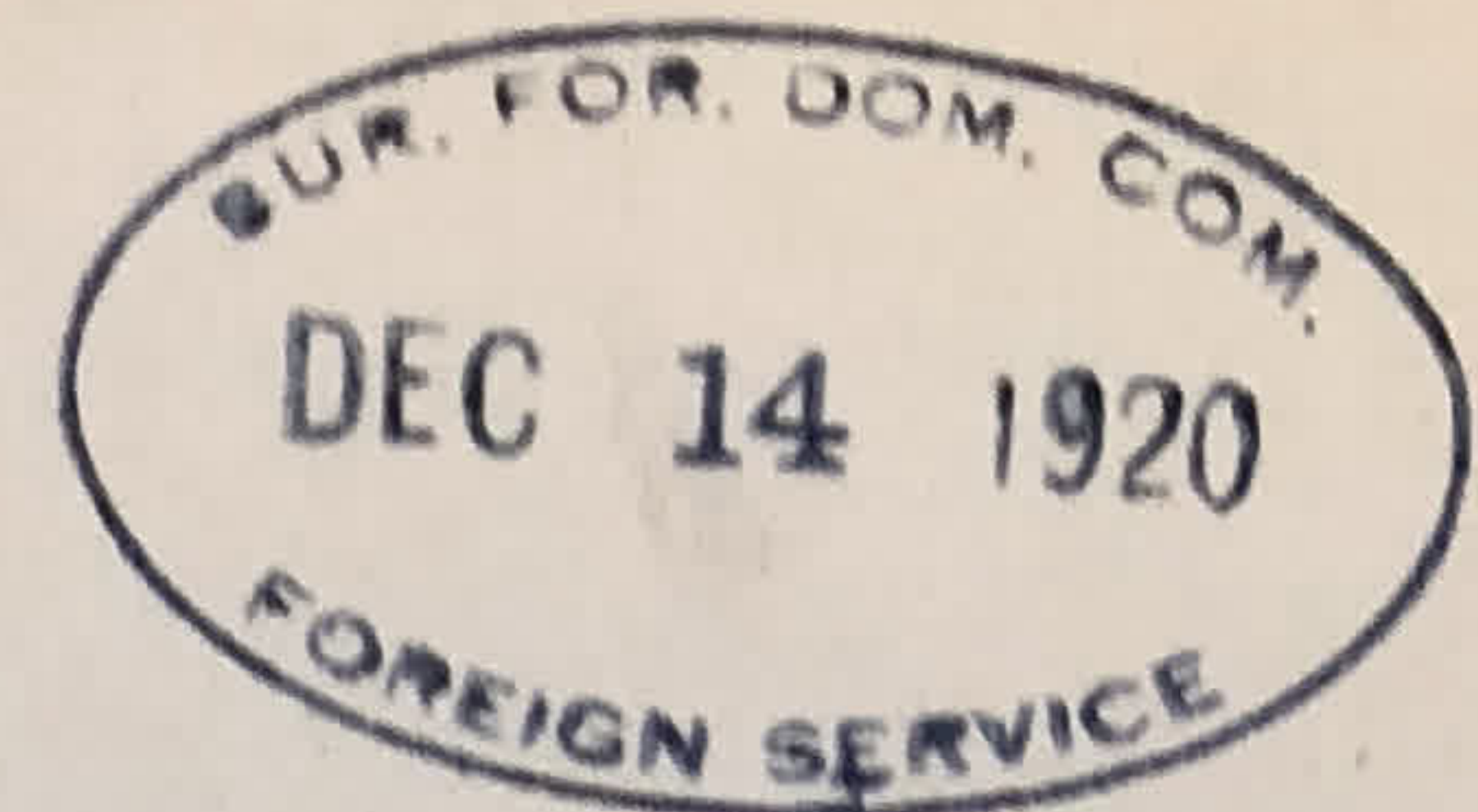
INDEXED
FILE NO. 470

OFFICE OF COMMERCIAL ATTACHÉ
PEKING, CHINA

November 9, 1920.
File 470.

Subject: American Advertising in China.

Director, Bureau of Foreign and Domestic Commerce,
Department of Commerce,
Washington, D.C.



Sir:

It has recently come to the attention of this office that certain American manufacturers and exporters are not receiving the consideration which the money they are spending on advertising in this country should bring them, working as they do through agents or representatives and making allowances to these concerns for advertising of their products in this field.

These agents or representatives are in some cases withholding for their own purposes money intended to be spent for advertising. In some cases it appears that the publications in which they advertise are requested to furnish double rate bills, one of which is sent to the American manufacturer and the other, the true bill, kept by the local agent. In other words a rebate of half of the amount of money appearing on the bill is made by the newspaper to the agent.

In other cases commissions amounting to a considerable percentage are exacted for advertising given by agents to certain newspapers or periodicals. The spending of the manufacturers' money intended for advertising on charity programs, insertions in subsidized papers, with the object of assisting these papers in the purposes for which they are subsidized, are other ways of misappropriating funds intended for strictly advertising purposes.

It has also come to the attention of this office that the funds of American manufacturers whose agents are of other nationality are ^{sometimes} employed to further the interests of newspapers and periodicals antagonistic to American activities in this field.

The subject is one which deserves the close attention of the manufacturers and merchants who make appropriations to agents representing them in this country. This office feels duty bound in calling the attention of American manufacturers to this subject, as the matter is one of considerable importance.

A handwritten signature or set of initials, possibly "J. H. B.", located in the bottom right corner of the page.

There are a number of advertising agencies operating in China which are capable of placing advertising for American manufacturers in a way which will probably conserve their interests and get such results as possible through advertising in this field.

Very truly yours,

Julean Arnold

(JULEAN ARNOLD)
Commercial Attache.

JA/ABC.

CROSS REFERENCE December 23, 1920.

NAME OF SUBJECT

FILE NO 19

Mr. J. W. Sanger,
American Trade Commissioner,
4112 Pasadena Avenue,
Los Angeles, California.

INDEX 478 6234

ADVERTISING IN CHINA

Dear Mr. Sanger:

There is transmitted herewith copy of letter recently received from Commercial Attache Arnold, Peking, China, relative to the manner in which the advertising funds of American manufacturers and exporters are being expended in China. It is thought you might have some information on this subject, and we would appreciate your advice regarding the course recommended by Mr. Arnold.

NAME OF SUBJECT

FILE NO

ADVERTISING IN JAPAN AND CHINA

INDEX 478 JAPAN

Very truly yours,

F. R. Eldridge, Jr.,
Chief, Far Eastern Division.

DATE

12-2-20

EGP-em

Inclosure. 14976.

UNITED STATES
DEPARTMENT OF COMMERCE
BUREAU OF
FOREIGN AND DOMESTIC COMMERCE

INDEXED
FILE NO.

470

*China
copy*

TRADE COMMISSIONER

4112 Pasadena Avenue
Los Angeles

January 3, 1921.

Mr. F. R. Eldridge, Jr.,
Chief, Far Eastern Division,
Bureau of Foreign & Domestic Commerce,
Washington.

JAN 10 1921

1912

Dear Mr. Eldridge:-

Your 19.

Referring to your letter of December 23 enclosing copy of Mr. Arnold's letter of November 9, file 470, relative to American Advertising in China.

There can be little or no doubt that these abuses do exist and Mr. Arnold and I discussed them when I saw him in Peking last August. But, it is much easier to detect the abuse than it is to point to a practical remedy. Not only in China, but in nearly every other country in the world where American advertising is used, this same abuse crops out, so that there is nothing peculiar in this condition in China. The reason for it, both there and elsewhere is, roughly speaking, two-fold: First, that the American manufacturer is not well informed about marketing conditions abroad and consequently authorizes his foreign distributor to take charge of such advertising on a 50-50 basis of cost. This, and since the distributor is paying his share of such expenses and since foreign advertising agencies are notably inefficient, the distributor argues that the expenditure of the advertising money should rest solely with him; Second, the distributor or foreign agent is, in too many cases, a non-American and therefore has a suspicion of or at least an indifference toward advertising per se, frequently regarding such appropriations allowed by his principal as merely an additional source of revenue and using any one of a number of devices to cover it up.

The question which Mr. Arnold raises opens up the whole field of advertising practise in China, and,

Handwritten initials

UNITED STATES
DEPARTMENT OF COMMERCE
BUREAU OF
FOREIGN AND DOMESTIC COMMERCE

TRADE COMMISSIONER

2

while admitting the difficulties, I see no practical solution at this time. Nor will it be even measurably on the way to a remedy until (1) advertising rates in China become standardized (2) American advertisers either directly or through their advertising agencies so acquaint themselves with the field as to automatically end these abuses by bringing to bear American methods by inserting this advertising themselves.

I knew of but one advertising agency in China that is making an intelligent and honest attempt to help American advertisers. I refer to Carl Crow Inc., (formerly known as Chun Mei News Agency) of Shanghai. The others are entirely negligible on grounds either of honesty or ability.

I don't really see in what way the Bureau can assist toward any immediate practical solution. However, a step in the right direction might be taken by issuing a general warning along the lines of Mr. Arnold's letter, modified by the suggestions which I offer in paragraphs 3 and 4 of the foregoing, omitting, I presume, a direct reference to Crow's name.

Yours very truly


American Trade Commissioner.

JWSanger

Difficulties of American Advertising in China.

Attention has been called by Commercial Attache Julean Arnold at Peking to the existing abuses in the present system of advertising practices in China. It is noted that certain American manufacturers and exporters, working as they do through agents or representatives and making allowances to them for advertising their products in this field, are not receiving the consideration which their expenditure on advertising in China should warrant.

In many cases the American manufacturer is not well informed of marketing conditions in China and consequently authorizes the foreign distributor to take charge of the advertising on a half and half basis. The foreign agent, arguing that the methods of procedure should rest solely with him, frequently exacts commissions of considerable percentage, while in other cases periodicals to which advertising matter is given are requested by the agent to furnish double rate bills, one of which is sent to the American manufacturer and the other, and much smaller bill, retained by the local agent, thus securing for him a rebate of about half the amount appearing on the manufacturer's bill. The spending of money intended for advertising purposes on charity programs, ^{and} insertions in subsidized papers, with the object of assisting these papers in the purposes for which they are subsidized, are other ways of misappropriating funds intended for strictly advertising purposes. Again, the foreign agent of the American manufacturer in many cases may be of other nationality, with an indifference toward advertising per se, and sometimes easily persuaded to further the interests of newspapers and periodicals antagonistic to American activities in this field.

The subject is one which deserves the closest attention of manufacturers and merchants advertising in China. Though no immediate practical solution presents itself, it is suggested by Trade Commissioner J. W. Sanger who, together with Commercial Attache Arnold, has investigated the subject in China, that the situation

would be measurably remedied if, first, advertising rates in China were standardized and second, if American advertisers either directly or through their advertising agencies would so acquaint themselves with the field as to automatically end the existing abuses by bringing to bear American methods of advertising. In view of their bearing upon the benefits of advertising in China, the importance of such steps in the right direction is urged by the Trade Commissioner.

RECEIVED DEPARTMENT OF COMMERCE

UNITED STATES
DEPARTMENT OF COMMERCE
BUREAU OF
FOREIGN AND DOMESTIC COMMERCE

INDEXED
FILE NO. 470

China

TRADE COMMISSIONER

4112 Pasadena Avenue
Los Angeles

January 3, 1921.

D.F.D.C. JAN 10 1921 19 12

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Chief, Far Eastern Division,
Bureau of Foreign & Domestic Commerce,
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Dear Mr. Eldridge:-

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article
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CP*

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(Handwritten signature)

UNITED STATES
DEPARTMENT OF COMMERCE
BUREAU OF
FOREIGN AND DOMESTIC COMMERCE

TRADE COMMISSIONER

2

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Yours very truly

JWSanger


American Trade Commissioner.

UNITED STATES
DEPARTMENT OF COMMERCE
BUREAU OF FOREIGN AND DOMESTIC COMMERCE

470
China

OFFICE OF COMMERCIAL ATTACHE

PEKING CHINA

January 11, 1921.

RECEIVED
JAN 13 1921
\$4.70

Carbon in 2's

Mr. J. W. Sanger, *Subject: Advertising medium for American*
American Trade Commissioner, *China.*
4112 Pasadena Avenue,
Director, Los Angeles, California.

19

Director, Bureau of Foreign and Domestic Commerce,
Dear Mr. Sanger: Washington.

This will acknowledge receipt of your letter of January 3d relative to American advertising in China. Your comments on the manner in which Chinese advertising agencies expend the funds of American advertisers are very much appreciated, and we wish to inform you that your suggestion that the Bureau issue a statement of caution to American advertisers will be followed by the insertion of an article in the daily "Commerce Reports".

Very truly yours,

F. R. Eldridge, Jr.,
Chief, Far Eastern Division.

RECORDED
[Handwritten initials]

Checked to _____