

# **Pricing the Eyes of Passersby: The Commodification of Audience Attention in U.S. Public Spaces, 1890-1920**

Zoe Sherman

Merrimack College

## **1. Introduction**

In the late nineteenth and early twentieth centuries, advertisers and the advertising professionals<sup>1</sup> who served them successfully pushed the transformation of audience attention into a form of tradable property. At the beginning of this period, getting advertisements before the eyes of the public was a haphazard affair. By the end of the period, advertising in periodical media, outdoor advertising such as billboards, and direct mail marketing had all gone through a process of standardization, allowing advertisers to, with a reasonably high degree of specificity and confidence, purchase access to the attention of desired audiences. The standardization emerged from the interaction of advertisers' and advertising professionals' desires. Advertisers wanted reliable access to audience attention for use in their own competitive strategies. While providing reliable access to audiences, advertising professionals wanted to capture a healthy share of advertisers' selling costs. In the outdoor advertising field in particular, the billposters' aggressive pursuit of monopoly contributed to achieving both ends.

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<sup>1</sup> A note on terminology: Advertisers are the sellers of advertised goods. I am using the term "advertising professionals" to refer to the array of people involved in providing advertising services, including characters such as advertising agents, copywriters and illustrators, billposters, lithographers, and distributors.

The ability to buy and sell attention depends on establishing property rights in attention so that there is *something* to be traded, and on establishing rules for market engagement so that there is some *way* to carry out the trade. Advertisers and the suppliers of attention both enlisted the state in the definition and defense of the necessary new property rights. They struggled over how to carry out the exchanges and a new market infrastructure was forged in the heat of their battles. Given the necessary property rights and market infrastructure, attention can be traded. It can be attracted or intercepted for the purpose of trade, but it cannot be newly produced to meet demand. It is in this sense like a privatized natural resource.

In what follows, I establish the characteristics of audience attention as a fictitious commodity in the sense defined by Karl Polanyi. I then outline the historical development of the outdoor advertising sector of what became a nationally integrated market in audience attention with a focus on the contribution of monopoly to the modernization of the market.

## **2. Audience attention as a fictitious commodity**

Markets are always embedded in a society that also includes non-market realms; what happens within the market depends in part on what happens without (and vice versa). Karl Polanyi argued that ours is a market society in which the market realm has a tendency to expand into more and more areas of social life, but this process of market expansion runs into contradictions. The self-regulating market ideal requires that every element of industry must be treated as a commodity, “subject to the supply-and-demand mechanism interacting with price.” However, industry’s needs include land and labor,

which are “no other than the human beings themselves of which every society consists and the natural surroundings in which it exists.” That is, they are not produced for the purpose of market exchange and yet they become subject to market exchange. Polanyi calls such items, those that are traded in markets although they are not produced specifically for sale on the market, “fictitious commodities.” He identified three: land, labor, and money (Polanyi 1957, p.71-73).

Audience attention is not produced for the purpose of market exchange – like labor, it is inherent in the existence of a human population. Unlike labor, which is sold by those laboring, attention was not (and is not) sold by those attending; it was (and is) sold by third parties. In their horizontal fight for market share and their vertical fight for a cut of the surplus, sellers’ strategies leaned more and more heavily on access to audience attention. This created a pressure for audience attention to take on a commodity form and the advertising industry was born to profit from the situation. A new market in audience attention arose, interconnected with all other markets in the larger market economy. In short, audience attention became a fictitious commodity.

### **3. The Outdoor Advertising Supply Chain**

To serve advertisers’ pursuit of eyeballs in public spaces, the outdoor advertising industry professionalized in the late nineteenth century. What had been an arena of lawless, no-guarantees attempts to grab attention developed into a much more standardized, predictable mode of doing business. The earlier state of affairs had advertisers order broadsides from a printer and then hire a billposter to paste them up. The billposter was equipped with a bucket of paste and a brush, but neither owned nor

leased nor otherwise secured exclusive rights to any display space. Rather, he (billposters were so far as we know all men) pasted the broadsides on any convenient surface, at which point his obligation to the advertiser had been fulfilled. The owner of the fence or wall might tear the poster down, or another billposter might paste over it, but that was of no concern to the billposter. Alternatively, he could paste a few posters where the advertiser would be likely to see them, dump the rest in the river, and claim to have fulfilled his obligation. It would be hard for the advertiser to know the difference.

Beginning in a small way in the 1870s and in a large way by the 1890s, billposters took on responsibility not only for applying the advertisers' posters to vertical surfaces, but for supplying the surfaces and maintaining the display for an agreed-upon period of time. The billposter's obligation no longer began with the receipt of the broadsides and ended when the last sheet was affixed to fence, wall, or earlier poster. Instead, the billposter's work began with leasing space (land, walls, or rooftops) from landowners and erecting a billboard on that space. Billposters referred to their collection of billboards as their "plant" and sought to entice advertisers by touting the size and quality of their plant. The advertiser could then contract with the billposter for the posters to be displayed in particular locations for a specified period of time. Following the long-familiar paste and brush portion of the process,<sup>2</sup> the billposter took responsibility for inspecting the displays

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<sup>2</sup> As billposting businesses grew, billposters no longer actually posted bills – their employees did. As proprietors of billposting plants absented themselves from the physical work of posting bills, a handful of women, most often the widows of the previous proprietors, entered the field. See, for example, the death notice in the February 1902

regularly, repairing any that were damaged, and neither pasting over nor allowing others to paste over the poster until the length of display in the contract was fulfilled. This was known as listed and protected service – listed because the billposter supplied to the advertiser a list of locations where the posters had been hung which made verification far easier, and protected because the display was protected for the length of the contract (*Display Advertising* Sept. 1897, pp.10-11). The fee an advertiser paid to a billposter had in an earlier era been a payment for a task – the task of hanging posters. With listed and protected service, it became a payment for access to audience attention. Audience attention had always been the aim and the hope, but now there was something far closer to a guarantee.

#### **4. Monopoly**

Monopoly was critical to the modernization of the outdoor advertising industry. For billposters, establishing and sustaining a local monopoly as the sole seller of billboard space in a particular geographic range was an indispensable component of converting access to attention into salable property. In fact, until it was successfully suppressed, competition among billposters slowed innovation. The development of the billposting industry provides a case study in Joseph Schumpeter’s theory of monopoly as a facilitator of dynamic innovation.

Schumpeter vigorously dissented from the economic orthodoxy that gives highly competitive markets all the credit for fostering efficiency. That analysis, he charged, was

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issue of *The Billposter-Display Advertising*: Mr. Lodwick of Portsmouth, Ohio died, but “Mrs. Lodwick has announced her determination to continue the business” (p.7).

a static analysis. At any given moment using existing technology, price competition will indeed force producers to adopt the lowest-cost methods of production. But in a dynamic analysis, intense price competition ceases to look so conducive to productivity gains. Producers facing intense price competition are compelled to cut all costs not associated with short-term survival. They do not have the luxury of investing in product or process innovation. New product development and efficiency gains resulting from new technology are best developed over time when price competition is muted either by outright monopoly or by an oligopolistic accord amongst producers. Far from being an enemy of modernization and progress, monopoly can facilitate innovation. In Schumpeter's model, market competition disciplines producers not through competitors' incremental increases in productivity but through the ever-present threat of a product or process innovation that will shake the market to its foundations (Schumpeter 1942). Sclerotic monopolies can and do exist, but survive only as long as they retain sufficient power to suppress the threat of new entries or product substitutes. The market discipline driving outdoor advertising innovation came from the presence of media advertising space as a substitute for billposting rather than from competition among billposters.

Competition among billposters hampered the transformation of billposting from a service with uncertain outcomes to the sale of access to attention in two ways. Both of the obstacles resulting from competition had to do not as much with the rules of competition as they had to do with the ease of breaking the rules and the pressure to do so. Competing billposters had no reason to respect one another's postings. In the early stages of the business none of them had property rights in the surfaces on which they posted and they freely and frequently posted over one another's posters, if the property owners did not

tear the poster down first. The lack of property rights in surfaces left postings unprotected while the lack of respect for postings did nothing to encourage a willingness to invest in specially designated poster surfaces. Just as competition gave billposters little regard for one another, competitive pressures also strained trust and respect between billposter and advertiser. Billposting presents a classic principal agent conflict. It was difficult for advertisers to know whether billposters really had pasted up all the posters and where they were hung. “It used to be that quite a large proportion of paper given to billposters to post found its way into sewers and furnaces,” admitted *Display Advertising*. Since they had so little confidence in the service, advertisers’ willingness to pay was low, and the lower the price the less willing and able billposters were to provide meticulous service consistent with the interests of the advertiser (December 1897, pp.20-21).

Monopoly provided an opportunity to overcome both of these problems. A monopolist billposter could charge higher prices and use the higher revenues for investment in product and process improvements, as Schumpeter’s model predicts. With a monopolist’s financial wherewithal and absence of competitors, the sole billposter in town could invest in billposting surfaces without worrying too much about theft of space or vandalism by a competitor. Or, if investment in space came first, the quality-of-service-based competitive advantage of having a large plant helped to secure a larger share of local business, leading to monopoly. Monopoly clearly eliminated conflicts among billposters by eliminating all but one billposter in a given geographic area. Monopoly also made it possible to ease principle-agent conflicts. Property rights in display spaces enabled billposters to guarantee unobstructed display for a contracted period of time. Advertisers and billposters could agree in advance on locations of display,

making it easier for advertisers to inspect the work. Without competitors posting over the posters, billposters had to worry then only about defacement by weather and teenagers and their more capacious operating budgets allowed them to regularly inspect and repair the posters they hung until the end of the display contract.

Billposting is intrinsically a very place-bound business, but billposters found regional and national organization to be a useful tool in sustaining local monopoly. This was the impetus behind the formation of the Associated Billposters' Association of the U.S. and Canada.<sup>3</sup> The Association was formed in 1891 in a reorganization of the earlier International Billposters' Association of North America, which had been in existence since 1872 and was subsequently renamed and reorganized several more times (Fisk undated). Local monopoly was an ironclad principle. The Association would admit only one member per town. If two billposters from the same town sought membership, the Association would assess both their applications and accept only one – if, indeed, they accepted either.

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<sup>3</sup> As the scale of billposting enterprises increased from a sole operator with a paste bucket and brush to an entrepreneur employing dozens of men with paste buckets and brushes, intraindustry conflict became class conflict rather than market competition. Members of the Billposters' Association looked very favorably on their own organization to defend their interests, but far less favorably on their employees' organization. The Association's journal occasionally carried accounts of strikes or other labor unrest, and the actions of organized workers were always reported in a mocking, dismissive tone. (See, for example, May 1899, p.12, January 1900, p.26, December 1902, p.6)



Protecting the shared interests of Association members generally required the Association to strictly police members' behavior. The Association held members to nationally set pricing standards and quality of service standards – at least until a Federal Court ruled in 1916 that the price-fixing policy was illegal (*Printers' Ink* April 6, 1922). The two were inseparable: quality service could not be provided at cut rates and high rates could not be justified without quality service. The Association was strict with members and ruthless toward competitors. An Association member typically put his membership at risk if he engaged in price-cutting. However, the national office was willing to grant special dispensation for temporary rate cuts to meet competitors' prices until the competitors were driven out of business (Associated Billposters and Distributors 1906, p.19).

The Association was so confident in the justification for monopoly that they made no effort to dissemble about their purposes. Until 1909, the same journal that functioned as the main avenue of national-level internal communications doubled as a piece of promotional literature designed to persuade advertisers to use billboards (see, e.g. *The Billposter* September 1900 p.13). There were as many articles concerned with touting the benefits of outdoor advertising as there were articles dealing with organization politics or technical issues of running a billposting business. This meant that the sales pitch to potential clients came bound between the same covers as diatribes against rate-cutters. In effect, Association members promised potential customers that they would charge them more. The promise also, of course, included the clause that the higher price was worth it because the quality of the product was higher.

Their shamelessness was notable as the Association's regulation of prices was clearly an instance of price-fixing in violation of the Sherman Anti-Trust Act. Yet for years they got away with it. The Association was finally called to task in 1916 when Judge Landis of the United States district court in Chicago decreed that their price agreements and limitations on the number of entrants into the industry were illegal and the Association was enjoined from persisting in such practices. The (now renamed) Poster Advertising Association argued that the organization was necessary for the welfare of the industry, and even as he ruled against them, Landis admitted that this had been the case (*Printers' Ink* April 6, 1922). Price regulation had been central to the Association's mission, so Landis's decree prompted some rethinking of the Association's mission and justification. By this time their activities were sufficiently diverse that the organization survived the blow and continued to exist as a professional development, promotional, lobbying and legal aid organization (Poster Advertising Association 1919; see *The Poster* August 1910, p.29 for evidence of intensified lobbying and legal aid work before the decision).

The usefulness of outdoor advertising to the advertiser was entirely tied to the number of gazes. In the absence of price competition driving prices down to the cost of providing the service, Association billposting rates were based primarily on that number of intercepted gazes, not cost. By attaining a capitalist monopoly of the billposting business, billposters made attention sufficiently excludable that they were able to collect a monopoly rent from advertisers for access to the eyes of passersby. In 1906, for example, Association rates started at 7¢ per sheet for four weeks' display in the smallest cities and towns and increased with population (see table 1). In the more populous cities,

more people would pass by a given display, and billposters could charge more for those additional eyes. (Outdoor advertisers talked about the circulation value of specific locations within a city, but reliable independent audits at that fine-grained level of detail were not consistently performed until the Traffic Audit Bureau was established in 1933.) The minimum rate for a single week's initial display or for "chance may offer" postings, meaning the posters would be hung if billboard space were available with no guaranteed start date or length of display and no inspection or repairs, was 4¢ per sheet. Member billposters were allowed to charge more than the Association minimum for a town of their size, but not less. Members quoting or working for rates lower than the Association minimum could be fined, suspended, or expelled from the organization (Associated Billposters and Distributors 1906, pp.15-17).

The chance may offer minimum gives a reasonable approximation of the cost of the initial poster hanging. Small town minimum rates, which appeared ample to some small town billposters and insufficient to others, would seem on average to make a fair approximation of the billposters' cost per sheet for four weeks' display, including the regular inspections and possible repairs required after the initial hanging (*The Billposter-Display Advertising* April 1899, p.10; October 1903, p.21). Price increments in excess of minimum rates are monopoly rents charged for access to a larger (or for some reason more desirable) audience. The billposters' costs were highest at the beginning of the period of display when posters had to be pasted to the boards. In smaller cities, the rate for a one-week display cost at least half as much as the full four-week rate. In large cities, however, the monopoly rent was such a large component of the total price that even the

second and third weeks of display, when the billposter incurred few additional costs, cost the advertiser as much as the first week.

[table 1 about here]

## **5. Conclusion**

The audience attention market required property rights in attention. Property rights in attention, are meaningful only if excludability is feasible in practice. The billposting sector of the advertising industry achieved excludability through the Associated Billposters' aggressive pursuit of monopoly. They went to great lengths to suppress competition and secure a high degree of price setting power. When they were able to exclude others' posters from their billboards and offer advertisers credible guarantees of display at agreed-upon locations for an agreed-upon period of time, the nature of the transaction between advertiser and billposter changed; rather than an exchange of money for the service of gluing posters to visible surfaces, it became an exchange of money for access to the eyes of passersby. The price was proportional to the number of intercepted gazes, not the cost of providing the service. Under this monopoly pricing regime, billposters, especially in large cities, were positioned to secure large rents. They were monopolists in the Schumpeterian mold, however. The constant threat posed by the advertisers' ability to substitute other advertising methods compelled billposters to keep innovating if they were to keep claiming a share of the surplus.

The audience attention market also required mechanisms for the exchange of attention. The Associated Billposters and billposting solicitors acted to generate a more

streamlined and centralized (but highly skewed) flow of information about available billboard advertising. The “Big List” of member billposters, official solicitors’ intermediation, and the Promotion Bureau’s pamphlets increased advertisers’ ease of communication with billposters – at least, with billposters belonging to the Association. By standardizing the range of services offered and price scales, the Association limited the scope of negotiations with advertising clients. This was, of course, to their own benefit, though, ultimately, advertisers had to be satisfied enough with the service to keep buying.

This all had repercussions for the legions of consumers whose attention was so eagerly sought and actively traded. The users of branded goods were never passive in the process of meaning-making in their material culture, and manufacturers’ best efforts to stoke demand did not always work as intended. Still, Strasser notes, “[a]s participants in the branded mass market, consumers entered mutually dependent but unequal relationships with large corporations.” Especially when paired with rising purchasing power, consumer sovereignty looks like a kind of freedom but unequal power relations remain. Strasser is not the only one to note that identifying as a member of the “class” of consumers pushes considerations of class in the workplace to the background (Strasser 1989, pp.25-26). But people now had a third economic role – not just producers and consumers but also, in part, products. Power was unequally distributed in the audience attention market, just as in the labor and goods markets. The economic value of audience attention was growing, but that value was realized by the suppliers of advertising, not by audiences. For advertisers, access to audiences was a weapon in their horizontal and vertical competitive struggles. For advertising professionals, access to audiences was the

basis of profitability. For both, achieving their ends depended on securing a degree of monopoly control over audience attention. No matter how difficult advertisers found it to get their messages heard, that was nothing compared to the difficulty of being heard without the ability to buy the attention of an audience.

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Table 1. Associated Billposters and Distributors of the United States and Canada minimum billposting rates, 1906.

Population	price per sheet for four weeks	rates for less than four weeks: if the four-week rate is	the first week costs	second week	third week	fourth week
< 50,000	7¢	7¢	4	2	1	0
		8¢	4	2	1	1
50,000 - 100,000	9¢	9¢	4	3	1	1
		10¢	4	3	2	1
100,000 - 500,000	12¢	12¢	4	4	3	1
500,000 - 2,000,000	14¢	14¢	4	4	4	2
> 2,000,000	16¢	16¢	5	4	4	3

source: Associated Billposters and Distributors of the United States and Canada, 1906, Constitution and By-Laws.