



Reigning in “little kingdoms”? The implementation of marketing within the advertising function of the Philips company (1959-1977)

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Purpose

The purpose of this paper is to analyze the introduction of marketing within the advertising function of the Philips company between the late 1950s and the mid 1970s. This company function, along with the organizational changes and integrative efforts it enacted and that it was subjected to, serve as a case study on how marketing as an organizational concept could be implemented within parts of a multinational company in a time of changing market conditions.

Design/Methodology/Approach

This paper is a qualitative historical study of primary sources from the Philips Company Archives (PCA), mainly pertaining to the highest corporate level of Philips’ advertising function. Based on these sources, this research traces the implementation of marketing within that company function. It also investigates the functions’ organizational structure, as well as the measures taken to further integration between the subparts of the companies’ advertising function. Insofar possible, the impact of marketing on the advertising functions’ relation with other company parts is explored as well. In doing so, this research is situated at the junction of marketing history and historical research on advertising.

Findings

Introducing marketing to Philips’ advertising function was a multi-step process involving not only the advertisers of the company but also several other departments implicated in marketing. A large focus within the advertising function was put on furthering the integration between the three major components of the function, as well as the integration between different functions (albeit to a lesser extent). While certain measures aiming towards institutionalizing collaborative processes and facilitating integration were successful, the advertisers working in national branches of Philips nonetheless retained a certain degree of independence.

Originality

Previously unused sources were examined to contribute to the understanding of how marketing – and more specifically, marketing management – was introduced within a multinational European company. Through its focus on the practical implementation of marketing within a company, this research not only adds to our knowledge about integrative processes specific to Philips, but it also improves our understanding of the historical structures of the advertising function within multinational companies and the organizational changes taking place on a practical level after the introduction of marketing.

Keywords

Philips, Marketing History, Advertising History, Marketing Management History

Introduction

“For quite some time now we have been maintaining that Philips advertising men should not only be concerned with our advertising, but that they should be marketing-minded first of all, [...]” (Numann, 1962, non-paginated).

In the market conditions of the 1960s, the leadership of the advertising function of the Dutch multinational electronics company Philips was ambitious to make their employees embrace marketing as the starting point of their deliberations; marketing was to become implemented in their mindset. As will be subsequently shown, the efforts within Philips’ advertising function to focus more strongly on marketing not only aimed towards shifting attitudes and mentalities (of employees), but also introduced organizational changes that concerned the relationship of the different parts of the advertising function as well as the relationships between advertising and several other company functions.

In analyzing the introduction of marketing within the advertising function at company level, this research follows the demands by McFall to investigate “[...] advertising practices at a local, organisational level” (McFall, 2004, p.5) and by Schwarzkopf for historians to “[...] shift their focus away from studying advertisements and instead investigate the ideological structures of the industry itself” (Schwarzkopf, 2011, p.540). A second demand motivating this research has been put forth by Chanier. In his work, he has dealt with the integration processes within Philips in the 1950s and up to the middle of 1960s extensively on a general level. Based on this, he suggested to specifically look at integration processes within Philips during the 1960s and 1970s, and to also approach the topic through a narrower lens of investigation (Chanier, 1990, p.556 Footnote 2). Therefore, beyond addressing a more general topic within advertising and marketing research through a case study, this research also investigates how the concept of marketing was used to further integration processes within a specific company function and – to a lesser extent – between the advertising function and other functions of Philips. The term Philips’ advertising function has been adopted from internal company documents and is used to describe the sum of all parts of Philips involved in advertising.

Primary sources for this research predominantly come from the Philips Company Archive (PCA). More specifically, this paper is mainly based on internal policy papers, letters from the leadership of the General Advertising Department, proceedings from the Philips International Advertising Council, entries for the internal award for the best advertising campaign, an unpublished history of the department, and material from multiple Philips International Advertising Conventions. This research relies on sources relating to the highest corporate level of Philips’ advertising function. Top-level policies and institutions therefore play a comparatively large role, while the concrete implementation of such policies on a country or product group level often remains obscure. This limitation stems from the fact that only such top-level sources on advertising and marketing could be consulted at the PCA.

Through a qualitative analysis of all sources available at the PCA pertaining to Philips’ advertising function at the top level between the late 1950s and the mid 1970s, this research traces the introduction of marketing within this specific part of Philips. It investigates how the concept of marketing influenced the organizational structure of the companies’ advertising function and the integrative processes between its subparts, especially on a transnational scale. Insofar possible based on the available sources, marketing-related connections of Philips’ advertising function to other parts of the company are explored as well. This research focuses on Philips’ advertising function due to the close interrelation of advertising and marketing, which makes it a particularly interesting case study. It may, however, be a fruitful venue for further research to see if other company functions within Philips managed the introduction of marketing in a similar way to the processes described below.

The argument follows a chronological structure discussing the changes introduced between 1959 and 1977. This larger period has been divided into three parts based on findings from the sources. The first part covers the timespan from the late 1950s to 1967, beginning with

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3 integrative efforts within Philips as a whole and the introduction of marketing within Philips'
4 advertising function. Then, in a second part, a series of policy papers which were released in
5 1967 and 1968 following a leadership change in the General Advertising Department is
6 analyzed more in depth, as it aimed to usher in a new period regarding marketing
7 implementation. The measures following the policy papers between 1969 and 1977 are
8 discussed in a third part, ending on another change in leadership. Lastly, comparisons are drawn
9 to marketing in other multinationally active companies, in order to situate and assess the
10 developments within Philips in a broader context.
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13 Marketing and organizational integration within Philips' advertising function (1959-1967) 14

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16 To understand the developments within Philips' advertising function, it is first necessary to
17 consider the overarching organizational structure of Philips, as it was within this larger
18 framework that the structural and organizational changes of the advertising function took place.
19 Philips is a Dutch multinational corporation, which was founded in 1891, initially producing
20 light bulbs. By the late 1950s, Philips had grown into an internationally operating electronics
21 company with industrial production facilities and sales organizations all over Western Europe
22 and beyond (Chanier, 1990, p.16, p. 34). The 1950s and 1960s were a period of dynamic
23 expansion for the company, growing its already significant global workforce from 90.000 in
24 1950 to 252.000 by 1965 and 397.000 by 1975 (Hoeben, 1978, non-paginated). At the time, the
25 companies' organizational structure was mainly based around a division in national
26 organizations (NOs), product departments, and functional departments (van Geel, 1967, p.2;
27 see also the organigram for 1958 depicted by Chanier, 1990, p.40) [1].
28

29 Traditionally, Philips had a federative character, in which the NOs enjoyed a high degree of
30 autonomy. They were mainly responsible for the commercial domain on the respective national
31 level whereas the product departments developed products and technology. The latter also tried
32 to coordinate between national organizations regarding production or marketing. Their
33 influence, however, remained limited (van der Eng, 2017, p.220; Chanier, 1990, p.42, p.49;
34 Concerning the autonomy of Philips' national managers and organizations, see also van der
35 Putten, 2004, p.505; Davids and Verbong, 2006, p.666). The precise functions of the respective
36 NOs (i.e. only sales organization or production capabilities as well) differed according to the
37 size of the NO. Larger NOs, such as the ones in Western Germany or France, did not only have
38 a sizeable sales organization, but also produced goods themselves and would even take part in
39 research and development. The organizational structure of the NOs usually mirrored the central
40 concern structure, albeit on a smaller scale (Chanier, 1990, pp.42-44, p.51).
41

42 Faced with the prospect of a common European market, Philips launched multiple integration
43 committees in 1957 and 1958, which were mainly supposed to further the integration of
44 production in Europe. Additional steps in this direction came through the restructuring plan of
45 1960 and the official statute regarding integration, which came into force in September 1965,
46 and dealt with questions of organization, procedures, and implementation. However, the
47 practical progress of the integration efforts often remained moderate in the 1960s and even in
48 the early 1970s, as the goals of NOs and product departments were often difficult to harmonize.
49 In some cases, national and international goals were even diametrically opposed. According to
50 van der Eng, it was only during the 1970s that the European production and then in a second
51 step in the 1980s the global business was successfully restructured completely, and the
52 autonomy of the NOs was significantly reduced in favor of the product departments (van der
53 Eng, 2017, pp.224-226; Chanier, 1990, pp.519-520, pp.523-524). Of course, this is a rather
54 general overview of integration processes and changing power relations on an organizational
55 level within Philips. In the following, it will be shown how integration was implemented in
56 practice within a specific, specialized company function.
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Philips' advertising function was strongly influenced by the general structure of the company. In the 1950s, advertisers worked within three different contexts, meaning either in the General Advertising Department (G.A.D.), in product advertising, or in one of the NOs. The G.A.D. and its director S.W. Numann not only concerned themselves with the central production of advertising material and with policy decisions, but in certain cases also with the design of advertising campaigns for specific NOs. Numann seemingly even involved himself personally in local personnel decisions. Furthermore, he kept close direct contact with the product departments and the General Sales Promotion Department. In other areas, there was less coordination, such as between different NOs regarding advertising efforts. For product advertising, specialists had developed at the G.A.D. following the increasing importance of product departments for the overall structure of Philips since the Second World War (Hoeben, 1978, pp.2-3).

It thus seemed only consequential to assign these product advertisers directly to the product departments, which was done in 1958. From an organizational point of view, these advertisers technically remained part of the G.A.D., but in practice, their placement within the product departments led to a significant increase in autonomy for those advertisers. At the same time, the NOs also became increasingly detached from the concern center in Eindhoven concerning advertising. Taken together, these developments ushered in a period that would be described as a time of increasing diversity concerning advertising approaches and activities in an internal document on the history of the G.A.D. written in 1978 (Hoeben, 1978, pp.2-3).

The period from the late 1950s onwards can conversely also be characterized by the efforts to tackle the developing divergence in advertising and to a certain extent within the company at large. For those efforts, the concept of marketing was to play the central role: already at the 1959 Philips International Advertising Convention, the idea of furthering integration between departments was discussed extensively by members of the three advertising divisions; meaning the G.A.D., the advertising departments of the product groups, and the advertising departments of the national organizations. In the resolutions of this convention, it was established that further integration was to be achieved through the application of the concept of marketing, which should form "[...] the basis of all our advertising activities" (Resolutions of the Philips International Advertising Convention, 1959, non-paginated). Marketing was defined as "[...] a complete coördination [sic] and integration of all activities aimed at moving the goods from the manufacturer to the consumer, such as research, product design, pricing, direct selling, sales promotion, merchandising, advertising, public relations, etc., and, on the other side, a strong orientation on the wishes and the requirements of the consumer" (Resolutions of the Philips International Advertising Convention, 1959, non-paginated).

This meant that advertisement was to be understood as part of a larger process and advertising managers were therefore encouraged to collaborate more closely with the other departments mentioned. The precise instructions on how to do so remained quite vague and non-committal: "In order to reach this goal [of coordination and integration], it is suggested that in a number of Philips organisations marketing groups or committees be formed of which the advertising manager naturally must be a member" (Resolutions of the Philips International Advertising Convention, 1959, non-paginated). This vagueness also extended to the organization of the advertising departments themselves, for which no new rules were established. Instead, it was made explicit that the precise organizational form of the advertising departments would depend on the individual situation of each country. While the resolutions paved a way towards a more systemic and profound implementation of marketing as a management concept within the advertising function on a vertical and horizontal level, meaning between advertising departments and in relation to other departments, they fell short regarding the execution.

The most tangible outcome of the 1959 convention was the creation of regulations for the Philips International Advertising Council (PIAC) (van Geel, 1959) whose goal was to achieve higher levels of efficiency in advertisement through better coordination within advertising and

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3 with the other divisions involved in marketing according to the head of the G.A.D. and chairman
4 of the council, S.W. Numann (Numann, 1959). The council was composed mainly of
5 advertising managers from across Europe [2], as well as of staff from the concern center in
6 Eindhoven. The latter predominantly came from the G.A.D., but not exclusively so: G.J. Vente,
7 the director of the general sales promotion department, was a member as well. It needs to be
8 mentioned that the specific tasks the PIAC set for itself in the initial regulations were slightly
9 different to the overall goal put forward by Numann, as marketing was not mentioned in the
10 regulation. Instead, the emphasis was put on the need to find internationally valid directives, to
11 further the coordination of advertisement – for instance within the European Common Market
12 – and to generally work towards more unified international advertising and a more pronounced
13 international corporate image (Regulations of the PIAC, 1959, non-paginated). In practice,
14 however, the PIAC was decidedly preoccupied with marketing. Already in 1960, it worked on
15 implementing staff training for marketing and on increasing the coordination between the NOs,
16 the market research department and the G.A.D. Besides this, the coordination of advertisement
17 of course played a role as well, as can be seen by the PIACs efforts to foster the sharing of
18 television advertisements between countries (PIAC, 1960 I, pp.6-8, pp.11-12).

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21 The efforts at Philips may be understood as part of a larger general push within the marketing
22 and advertising profession to increase their efforts to work on a transnational scale (especially
23 in Europe) from the early 1960s onwards, as described by De Iulio (De Iulio, 2002, p.26). But
24 the goals and efforts of the PIAC make it reasonable to presume that its foundation needs to
25 mainly be seen in relation to the broader integrative efforts within Philips from the late 50s
26 onwards. This connection was even more pronounced for the Euro-Advertising Steering
27 Committee. This committee met at least twice in 1960, being comprised largely of the same
28 members as the PIAC, and also dealing with the question of furthering coordination within the
29 European market. Other than the PIAC, it was explicitly conceived as an integration committee,
30 as one of its members was part of the Philips Bureau of European Integration, which itself was
31 an organ of the Philips Central Integration Committee (Philips Euro-Advertising Steering
32 Committee, 1960 I+II). From the sources it cannot be deduced what happened to this committee
33 after its second meeting. But as there were significant overlaps with the PIAC regarding goals,
34 involved personnel, and even the specific topics tackled, it seems plausible to assume that this
35 committee was disbanded due to a certain redundancy [3].

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38 The PIAC on the other hand continued its work. It contemplated the relation of sales promotion
39 and advertising (PIAC, 1960 II, p.13), tried to increase collaboration through an international
40 advertisement research study group (PIAC, 1963, p.3) or discussed the pros and cons of
41 unifying the advertising of Philips internationally (PIAC, 1961, pp.12-13). In the latter case,
42 the advertising manager of Sweden strongly opposed any unification efforts:

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45 “Mr. Ekwall, in his introduction objected to the rather rigid conception, sometimes heard within the
46 concern, that unification in Philips advertising all over the world should be achieved at all cost. He is of
47 the opinion that the fact that each Philips company is able to develop the advertising most suitable to its
48 particular market is one of the great advantages made possible by our international federation. The very
49 important common denominator in these advertising efforts that vary in each market is already there, viz.
50 the Philips logotype and emblem” (PIAC, 1961, p.12).

51
52 Indeed, the idea of national particularism regarding sales and advertising seemed to have been
53 relatively prominent within the NOs in the early to mid-1960s (Chanier, 1990, p.499, pp.529-
54 530). This was by no means exclusive to Philips. The idea of needing to adapt advertising to
55 differing national markets was still quite common amongst European advertising professionals
56 in the mid 1960s and the question if there was a “European consumer” was subject to ongoing
57 discussions within the discipline (For example, cf. Elinder, 1965, pp.7-9). In the case of Philips,
58 this particularism not only influenced the final published advertisements, but it could also be
59 seen when looking at the organization of the advertising departments across Europe.
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3 Through a report compiled in 1963 by the later successor of Numann, C.J. van Geel, it becomes
4 clear that there were substantial distinctions between countries with regards to what the
5 respective national advertising departments did themselves, what other departments handled,
6 and what advertisement agencies did for them. Take Belgium and Sweden for example. In the
7 former, the agency was responsible for any kind of printed matter, while the Swedish
8 department not only had a printing shop, but also their own workshop for carpentry, which they
9 used to build their exhibition stands (van Geel, 1963, p.3, p.9). These marked differences also
10 concerned the size of staff. The whole report had been instigated by an investigation into the
11 staffing of the advertising departments in Austria and Switzerland, as both had roughly the same
12 advertising budget to work with – but while 30 people were employed in the Austrian
13 department, only one man was responsible for the Swiss department (van Geel, 1963, p.1).

14
15 The results of the report point towards the high level of autonomy still enjoyed by the NOs'
16 advertising departments and to how little the integration and coordination had advanced not
17 even between the different parts of the marketing function, but just within the advertising
18 function itself, despite the efforts of the PIAC. The mere fact that this report was deemed
19 necessary implies that this situation was not to continue indefinitely. And indeed, some
20 integration efforts were already beginning to bear fruit: while van Geel had still pointed out the
21 highly different levels of service and billing offered by the different nationally responsible
22 advertising agencies (van Geel, 1963, pp.10-12), by 1966, the Intermarco advertisement agency
23 organization was already employed by Philips in Belgium, France, Spain, Italy, Western
24 Germany, Sweden, and Denmark. This was supposed to further coordination between NOs and
25 render processes more cost-effective. To aid this process, Philips had even played a significant
26 part in developing the Intermarco organization by offering consulting and legal aid among other
27 things (PIAC, 1966, p.3).

28
29 The period between 1960 and 1967 can by and large be characterized by the tension between
30 the diversity in advertising efforts brought forth by the independence of the NOs and the product
31 departments on the one hand and the attempts to implement the marketing concept and the work
32 done to further integration and coordination on the other hand. The founding of the committee
33 for contact between advertisers of the consumer product groups named “Cococo” around the
34 same time as the PIAC needs to also be attributed to the latter group of endeavors. The
35 “Cococo”, which would be called Admark from 1968 onwards, met six times a year under the
36 chairmanship of the G.A.D. department head to work towards the goal of better aligning
37 procedures in advertising between product groups, which would for instance encompass the
38 topic of the relationship with the NOs (an equivalent to Admark for the professional product
39 groups would be established around 1970). Furthermore, regional meetings between the
40 advertising departments of the Scandinavian NOs (“Scanad”), the NOs of countries using a
41 romance-language (“Latinad”) and of the NOs from German-speaking countries (“Germanad”) were
42 started in this timeframe. For the organization of these meetings, the advertisers of some
43 of the consumer-oriented product departments had taken lead roles without involving the
44 G.A.D. These regional meetings especially played a larger role in the coordination of multi-NO
45 advertising when introducing important new products. In some cases, the advertising agencies
46 working for different NOs even competed in developing a pilot campaign for a certain product,
47 and the winner was then engaged by the respective advertisers of the product departments to
48 devise the product campaign (Hoeben, 1978, pp.3-4).

49
50 Despite all these measures, a report by the electro-acoustic product department from June 1967
51 still judged the multi-national integration of advertising to be insufficient and deemed the
52 national deviations in advertising to be too significant when compared to competitors from
53 Western Germany or Japan (Chanier, 1990, p.499). This becomes more understandable when
54 one takes into consideration that the direct influence of the G.A.D. – as the central policy-
55 making institution and as the facilitator of integration and coordination in advertising – had
56 diminished. The employees of the G.A.D. working within the product departments still reported

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3 to the G.A.D. through certain channels, but contact became more mediate overall. Remarkably,
4 the internal G.A.D. history attributes this development not only to the growth in size of the
5 product departments and the NOs, but also in part to the introduction of the marketing
6 philosophy in the product advertising departments and the advertising departments of the NOs
7 (Hoeben, 1978, p.4). While the author of the source gives no explanation as to why he thought
8 this to have been the case, it seems reasonable to surmise that the closer collaboration between
9 different parts of the marketing function and between the advertisers of the product departments
10 and the NOs – as required by the marketing concept – may have somewhat reduced the
11 influence of the G.A.D. in favor of the product departments. But as evidenced by the work of
12 the successor of Numann, C.J. van Geel, this did not necessarily need to be the case.
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15 16 Trying to reign in “little kingdoms” under new leadership (1967-1968) 17

18 The pivotal moment for the implementation of marketing within Philips’ advertising function
19 came after a change in leadership. In 1967, van Geel succeeded Numann as head of the G.A.D.
20 and chairman of the PIAC. One of the first measures of his tenure was to submit a policy paper
21 to the PIAC titled “The advertising function and the advertising policy within the Philips
22 concern”. It was structured in two parts: “The marketing function” and “The advertising
23 function within marketing”. In the first part, van Geel stated that the companies’ departments,
24 be it product departments or NOs, had “[...] grew[n] out to become little kingdoms in their own
25 right” (van Geel, 1967, p.2). This had made coordination highly difficult and – along the
26 ongoing transition to a more competitive buyer’s market – made it necessary to now launch a
27 new phase for the company focused on integration. In this phase, the concept of marketing was
28 to play the key role, which he understood to be more all-encompassing in comparison to the
29 definition put forward at the 1959 convention. He defined marketing as the idea “[...] that
30 profitable sales and satisfactory returns on investment can only be achieved by identifying,
31 anticipating and satisfying consumer needs and desires” (van Geel, 1967, p.1). The marketing
32 function as put forward in this policy paper included research, product development, design,
33 packaging, service, distribution, pricing, purchasing, sales promotion, public relations, and
34 advertising. All other parts of the company, meaning such as finance, legal or manufacturing,
35 were supposed to be subordinate to the marketing function. The different parts of the marketing
36 function should respectively be responsible for the product(s), place, price, and promotional
37 aspects.
38

39 Collaboration between these different parts of the marketing function would in practice be
40 achieved through the creation of marketing teams for certain products or product lines, which
41 were to be led by a marketing manager. Together, those teams were to come up with a marketing
42 plan. Such teams were to be founded in the NOs as well, as marketing within Philips was to be
43 a collaborative effort of the concern center and the NOs, with the marketing teams of the latter
44 being for example more strongly involved in questions of distribution. At the same time,
45 interchange between functions should be fostered as well, meaning that the advertising
46 managers involved in the different marketing teams should regularly exchange amongst
47 themselves (van Geel, 1967, pp.1-4). In this first part, therefore, van Geel defined how vertical
48 integration through marketing was to be implemented in practice and what the precise
49 organizational framework behind it should look like.
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51 The second part of the paper focused more strongly on the roles the G.A.D., the NO advertising
52 departments, and the product advertising departments had to fulfill within marketing. The
53 G.A.D. was to be responsible for general policies and advise the other two. The people working
54 in the product advertising departments should document national campaigns, facilitate
55 exchange between NOs and centrally produce material to save costs. Besides this, they were
56 mainly supposed to work with their marketing team to lay the groundwork for a product on
57 concern level. The team should then relay all necessary information and decisions to the NO
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3 marketing teams. In the NOs, the advertisers were supposed to partake in the national marketing
4 groups and within those, formulate and then execute national advertising plans for products,
5 which would for instance encompass media choices or the advertising approach. They were
6 also responsible for quality control, institutional advertising, and for informing the concern
7 center (van Geel, 1967, pp.8-14), whilst respecting their role within the company at large: “The
8 national advertising department sees to it that all advertising in the different national marketing
9 teams is coördinated [sic] in such a way that one national Philips image is created. This image,
10 of course, must as much as possible be in line with the Philips image worldwide” (van Geel,
11 1967, p.14).

12
13 Based on van Geel’s paper, which was first submitted to the PIAC (PIAC, 1967), a second
14 version was developed which integrated feedback from the three advertising divisions, the
15 central marketing research department, and the general sales promotion department. The second
16 version did not see any far-reaching changes introduced but was shortened in many places and
17 made use of clearer language (the expression “little kingdoms” for example was withdrawn in
18 favor of a more neutrally phrased statement). One of its most important changes concerned the
19 role of non-marketing-functions, which were now clearly stated to *be* serving the marketing
20 function, while a modal verb (should) had been employed in the first version, which had made
21 the phrasing more non-committal. Regarding the organization of marketing teams and the
22 different roles of the advertising divisions, no significant changes were introduced (G.A.D.,
23 1968 I).

24
25 The policy paper precisely established how marketing management was supposed to be
26 implemented within Philips: marketing teams brought together experts for different sub aspects
27 of marketing, like sales promotion managers, market researchers, or even packaging specialists,
28 as well as staff from non-marketing-functions like accounting or legal. Under the coordination
29 of a marketing manager, these teams were responsible for developing marketing plans for a
30 certain product or a product group. This was a form of divisional organization that was to be
31 implemented on two levels, meaning within the product divisions and the NOs. Decisions taken
32 by product marketing teams in Eindhoven were then passed on to the corresponding NO
33 marketing team. Of course, functional coordination remained important as well. Members from
34 different marketing teams which performed the same function, like all advertisers or market
35 researchers, were supposed to meet regularly (G.A.D., 1968 I, pp.3-4, van Geel, 1967, p.12).
36 The aim was to increase collaboration on each of the two levels where marketing teams were
37 implemented, as well as between these levels.

38
39 Its precision regarding responsibilities and organization sets the policy paper apart from earlier
40 efforts such as the 1959 convention resolutions. While the resolutions had assumed that
41 advertisers would “naturally” be part of marketing teams, the policy paper delineated more
42 clearly what their responsibilities within such teams actually were, and how they differed
43 depending on if it the advertiser was part of a marketing team in a product division or in an NO.
44 Not only did the paper more distinctly define the respective tasks of the advertising divisions,
45 which was a need that the 1963 report by van Geel had made abundantly clear, but it also
46 provided the theoretical foundation of the role advertising was to play within marketing. Its
47 practical impact, however, is harder to ascertain.

48
49 Based on the available sources, no estimate can be made how many product divisions and NOs
50 had established marketing teams since the 1959 convention resolutions had called for them.
51 Hoeben only mentions that NOs and product divisions introduced “de marketing-filosofie”
52 between 1960 and 1967, without commenting what exactly that entailed or how widely the
53 philosophy was adopted within the advertising function and beyond (Hoeben, 1978, p.4). It can
54 only be established that at least the Western German NO was definitely using such teams by
55 1965 at the latest: In a procedure closely resembling what would later be mandated by the policy
56 paper, staff from marketing functions like market research, sales organization and advertising
57 coordinated with experts of non-marketing-functions like commercial management and
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3 production to create “an overall marketing strategy”. This implies that the policy paper at least
4 partially built upon existing practices (G.A.D., 1968 III, non-paginated).

5 Even so, considering the apparent particularism of NOs and product divisions, the Western
6 German approach could not yet have been the rule. Otherwise, van Geel would not have felt
7 the need to push his agenda so strongly: Accordingly, the second version of the policy paper
8 was used as a starting point for the next Philips General Advertising Convention. In his opening
9 speech, van Geel emphasized the importance of the policy paper and of the general process of
10 integrating advertising within marketing (van Geel, 1968, pp.1-4). The conference itself also
11 featured a panel titled “You and Marketing or Marketing and You” (Summary of the Philips
12 Advertising Convention, 1968, p.2).

13
14 To better achieve the goals set out by the policy paper, another paper specifically concerned
15 with the implementation of the former was sent out a few months later, dealing with practical
16 questions. Its introductory statement made abundantly clear that the course charted by van Geel
17 was supported by the highest level of corporate governance and that the implementation of the
18 marketing management concept was an already ongoing process, albeit not quite as well
19 advanced as the decision makers would have liked it to be:
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22 Referring to this introduction we would like to stress the necessity to spread the knowledge and
23 philosophy as expressed in the first 2½ pages of above mentioned policypaper, which was not only
24 adhered to by the participants of the last Advertising Convention, but which is also supported in word
25 and action by the Board of Management. Many concrete references could be given as to the actual
26 implementation of the marketing philosophy into working marketing plans and executions. On the other
27 hand it still appears to be a necessity to spread the expressed belief in marketing as a commercial policy
28 making and management phylosophy [sic] (G.A.D., 1968 II, p.1).

29 This statement is significant in two ways. First, the mention of the support of the board of
30 management shows that Philips’ advertising function could not have been the only affected
31 company part. Indeed, marketing teams, as envisioned by the policy paper in its first two and a
32 half pages, involved a range of company functions and multiple organizational levels of Philips.
33 This meant significant changes for the company, which could not have been enacted by the
34 head of the G.A.D. alone. In his internal history, Hoeben also confirms the involvement of the
35 board of management with the policy papers (Hoeben, 1978, p.5) Second, the statement
36 underlines just how disparate approaches to marketing still were within the company. While
37 some company parts, like the West-German NO, already adhered to the new procedure and put
38 it into practice, others were apparently not yet on board even concerning the overall concept.

39 This implementation paper probably gives the most detailed answers on the state of
40 collaboration and integration in the sense of marketing as a management concept within Philips
41 in the late 1960s, at least concerning the G.A.D.’s point of view. This paper emphasized the
42 necessity of the advertising function to follow suit, no matter which precise form of organizing
43 its marketing a product division or NO would choose, implying that this was an undertaking in
44 which those parts of the company still had a certain leeway. Yes, they would need to implement
45 the marketing concept, but it would for example remain up to them which products they grouped
46 together. Beyond this, the paper mainly detailed the responsibilities of each advertising division
47 even more precisely and (especially) provided specifications regarding collaboration, which
48 continued to be lacking according to the G.A.D. Additionally, the paper emphasized that
49 exchanging information, advertising material and documentation must be done in a more
50 systematic manner. Here, there also seemed to still have been some room for improvements.
51 The NOs were asked to better their information flow to Eindhoven, as it was felt insight into
52 their operations was lacking (G.A.D., 1968 II, pp.2-4, p.7. p.14), while the product divisions
53 were urged to send information and material to the NOs in a timely manner “[...] if the support
54 of the Concern centre is to have any effect at all” (G.A.D., 1968 II, p.9).

55 Certain decisions were also not to be taken anymore without the G.A.D.’s blessing, such as
56 choosing an advertising manager or an advertisement agency, with especially the latter
57 curtailing the NOs’ freedom and underlining the ambition of the G.A.D. to exercise more
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3 control (G.A.D., 1968 II, p.4, p.11). The paper also tried to incite further collaboration with
4 other departments, such as the industrial design department, with whom it was planned to come
5 to a common stance regarding the visual design within Philips and to then jointly produce a
6 booklet on corporate identity (G.A.D., 1968 II, p.6). In cooperation with the marketing research
7 departments, it was to be researched “[...] what we should and what we should not investigate,
8 nationally and internationally [sic]” (G.A.D., 1968 II, p.7). The fact that the G.A.D. saw a
9 necessity to include these topics suggests that its members felt that there was still foundational
10 work to be done. This also applied to the advertising divisions: every NO advertising
11 department was to conduct a study on the costs of media buying and of producing advertising
12 materials for instance (G.A.D., 1968 II, p.2).

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14 All these measures and improvements regarding informational flows are a testimony to the fact
15 that the advertising at Philips was to become more conjoined with other areas of marketing and
16 that the efforts within the advertising divisions were to develop into being more concerted. The
17 sometimes quite basic nature of what was to be implemented, however, implies that many areas
18 had seen little progress since 1959 regarding integration. This concerned the advertising
19 divisions themselves, but also other departments that were theoretically supposed to be involved
20 in marketing, some of which were in practice still not permeated by the marketing concept in
21 their thinking and organizational structure: “The actual set up for P.R. and press relations and
22 its organisation within the Philips concern does not seem to fit-in with modern marketing
23 thinking” (G.A.D., 1968 II, p.6). This again shows that the implementation of marketing as a
24 management philosophy did not only affect the advertising function, but rather influenced the
25 organizational structure of Philips as a whole.

26
27 At this point, it may be worth to take a quick step back to situate the ideas put forth by van Geel
28 within a larger historical context of marketing thought and theory. Within marketing theory in
29 the decades after the Second World War, two dominant currents can be discerned: the concept
30 of the 4 P’s (product, place, promotion, and price) and the marketing-management-philosophy,
31 meaning a form of management firmly oriented towards market conditions and demand
32 (Hansen and Bode, 1999, p.72). In the research on marketing theory, the rise in popularity of
33 the marketing-management-concept especially around 1960 is at least partially attributed to
34 changing market conditions which increasingly favored buyers (Hansen and Bode, 1999 p.103,
35 see also Berghoff, 2007, p.37).

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37 These topics were of course ever-present in van Geels deliberations. He cited the shift within
38 the market towards buyers as a reason for the introduction of marketing (van Geel, 1967, p.2),
39 not only following the logic of the marketing-management-concept but also explicitly referring
40 to marketing as a “management phylosophy [sic]” (G.A.D., 1968 II, p.1). He also tried to assign
41 the different parts of the marketing function a responsibility for either price, promotion, place,
42 or product. Van Geels ideas were thus firmly situated within the *Zeitgeist*. This also goes for
43 the general idea of advertising being an integrated part of a larger process of marketing. By this
44 point, this notion had become a commonly shared sentiment within the advertising industry
45 according to a statement made by the president of the International Advertising Association
46 IAA in 1963 (Devine, 1964, p.44).

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48 So, while Rossfeld rightly cautions that the general narrative of a radical change regarding
49 marketing in the 1960s should not be confounded with the importance of marketing within
50 specific enterprises (Rossfeld, 2004, p.20), it can be established that the implementation of the
51 marketing concept within Philips’ advertising function (at least under van Geel) was based on
52 the larger trends within marketing at the time, and marketing seems to have had a discernable
53 influence on how the function structured not only itself but also its relation to the other parts of
54 the company. While the idea of marketing had of course already been present long before van
55 Geel took office (not least because he had already played an important role in the Numann
56 period), his papers point towards a new alacrity regarding the (practical) realization.

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Besides the measures outlined above, this newfound zeal also took the form of putting a large emphasis on the topic of coordination and integration of advertising within the implementation paper. Integrative and coordinative efforts should be strengthened in order to be more cost-efficient, make use of cross-border media flows, better shape the international image of Philips, and pool creativity as well as know-how. This integration of advertising of different NOs was to be applied only for products that had been identified as priorities and in settings where similar market conditions prevailed. The implementation paper detailed a procedure that had been developed for this multinational integration of advertising, which involved the product divisions and several NOs. They were to establish international and national objectives. Then, a competition for the best campaign design should be held, which was to result in the development of an "integrated advertising campaign" (G.A.D., 1968 II, p.6, pp.9-11. See also PIAC 1967, non-paginated).

As per the description, this procedure seems to have been a direct adaptation of the same approach sometimes employed by the regional committees "Scanad", "Latinad" and "Germanad" (Hoeben, 1978, pp.3-4). From the available sources it remains unclear to what extent this procedure was put into practice, be it in a regional frame or beyond that. Its mere conception nonetheless already testifies to the ambition to make advertising efforts more streamlined between the NOs of different countries as well as between NOs and product divisions. The aims of internationalizing job rotation and re-establishing internal training programs on marketing must be understood in the same vein (G.A.D., 1968 II, p.4). The demand for further integration, however, was not absolute in nature, as can be seen from this caveat made concerning the internationality of advertising plans: "National adaptations to specific national circumstances, copy translations and adaptations to the "couleur locale" can be made." (G.A.D., 1968 II, p.8) This specification left the NOs with a sufficient degree of creative freedom to adapt to their respective markets and its peculiarities. It might have been included to dispel the potential argument of national specificities to resist pushes towards greater unification, which was a line of argumentation that had been used by the NOs in the past.

The interplay of the want to further collaboration as well as the exchange of ideas between NOs on the one hand and the persistency of national creative freedom on the other hand can also be observed when examining campaigns conceived by different NOs. This is made possible by a series of books compiled for the purpose of giving internal awards regularly given from the 1960s onwards to the best advertising campaign by an NO. These books contained each campaign sent in by an NO as an entry for the award. This was done with the explicit goal to promote the interchange of ideas and inspire one another, as the introductory statements make clear. In the introduction of the 1962-1963 issue, it was stated that this book was to "[...] give you the chance to compare your advertising with a neighboring country or to study the philosophy of a series of campaigns for one or more Philips products" (G.A.D., 1963, p.3). Similarly, in the introduction for 1971, C.J. van Geel stated the opinion that the campaigns presented might only need "slight alterations" to "be used in any other territory" (van Geel, 1971 I, non-paginated) [4].

But if one looks at some of the campaigns presented [5], transnational collaboration apparently was of no major concern. Instead, the national media landscape, distribution networks, and general market situation seemed to have been paramount, as the campaign explanations focused strongly on such factors. Of course, this does not mean that collaborations between NOs or with the center did not exist at all. The description of the campaign for the introduction of color television in Western Germany began with the assessment that color television would have a "decisive importance for the Philips concern from 1967 onwards", which meant that NOs were not to go at it alone. Rather, all national marketing committees were to work in cooperation with Eindhoven to devise a marketing plan which should encompass "manufacturing, selling, service and promotional activities." Curiously, the French entry of the same year does not mention this collaborative marketing approach, although it concerned itself with the

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3 introduction of color television as well. And if those two campaigns are compared, ~~no~~
4 ~~similarities whatsoever~~ can be discerned in design or approach, again pointing towards the
5 strong autonomy of NOs in marketing and advertising on a practical level, despite collaborative
6 and integrative efforts behind the scenes (G.A.D., 1968 III, non-paginated).
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9 Introducing further organizational change (1969-1977)

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11 It is important to note that the positions detailed in the theoretical papers and the implementation
12 paper mentioned above were supported by the members of the PIAC, which at this point
13 included the advertising managers of several European countries, like France, Spain, Western
14 Germany, and Sweden. This of course meant that the need for further integration was
15 recognized within influential NOs. In the PIACs' first meeting after the implementation paper
16 had been sent out, the main positions of the paper were reiterated in the summary of the
17 procedures. Again, it was stated that the most important products should receive the largest
18 focus regarding international collaboration, that it was necessary to come to a more unified
19 position regarding advertising policy, and that more material should be produced centrally,
20 while leaving room for NOs to adapt to their specific situation, as the aim was decidedly not
21 "[...] to try to achieve a complete unity or uniformity in creative outlook, visualization, copy,
22 lay-out etc" (PIAC, 1969 I, p.6).
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25 Balancing those positions was the central field of tension Philips' advertising function needed
26 to navigate. Regarding the overarching integration of marketing on an international scale, the
27 members of the PIAC remarked a discrepancy of the readiness of the advertising function to
28 work towards this goal compared to other parts of the company (PIAC, 1969 I, p.6). So, despite
29 all the obstacles still needing to be addressed within the advertising function, the advertisers at
30 Philips apparently still felt that they were ahead of the curve compared to other company
31 functions when it came to adhering to the marketing management philosophy on an
32 international scale.
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34 The meetings of the PIAC in the late 1960s and early 1970s can be characterized by efforts to
35 put the goals and ideas of the abovementioned papers into practice. The second meeting of 1969
36 was completely concerned with such matters. It involved updates on the "corporate image
37 policy"/the manual on corporate design, and on the standardization of the channels of
38 information between NOs and product divisions through an "advertising planning kit + reply-
39 card", as well as between NOs and advertising agencies through a checklist (PIAC, 1969 II,
40 p.2, pp.7-8). The topics of job rotation and marketing training courses were also addressed
41 again, with the latter being designated as a component of great importance for marketing
42 integration: "This way 'one concern one language' as far as marketing is concerned will be
43 possible" (PIAC, 1969 II, p.5). This slogan condensed the various ideas brought forward about
44 integrating and coordinating within the advertising function and within the larger context of the
45 company into a concise formula.
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48 According to this vision, the company was to speak with one voice in its outgoing
49 communications, despite its federative character behind the scenes. Several further measures
50 were taken to ensure that this would be the case at least within the advertising function: an
51 internal publication, the "Marketing Interchanger", institutionalized the interchange of
52 marketing practices and ideas (PIAC, 1970, p.5. Hoeben calls it the "Advertising Interchanger",
53 cf. Hoeben, 1978, p.6). And from 1973 onwards, the corporate identity manual was to ensure
54 that all advertising material produced respected certain common standards (PIAC, 1972, p.7)
55 while the "Big Brown Book of Advertising" was to give guidance concerning the sub-aspects
56 of the advertising function (Hoeben, 1978, p.6). Besides the aim for a more uniform company
57 image, costs remained another determining factor when it came to integratory measures.
58 Starting in 1975, advertising costs were to be more closely monitored using a standardized form
59 not only for post-calculations, but also for preparatory planning (PIAC, 1973, p.12), while the
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3 idea of aligning the advertising budgets of the NOs through an internationally active advertising
4 agency was less favorably received by the members of the PIAC (PIAC, 1974, pp.14-15).

5 Naturally, it took a while for all those changes to permeate the collective spirit of the
6 organization. At least by 1971, the process of properly integrating advertising within marketing
7 and increasing collaboration within the advertising function was still ongoing. The opening
8 speech given by van Geel at the 1971 Philips International Advertising Convention stands
9 testament to this. There, he underlined that it was a waste of money to not base advertising
10 planning on marketing plans. The same went for a refusal to use material “only because it was
11 not invented in our country” but by the concern center or another NO instead (van Geel, 1971
12 II, p.1). His concern with actively addressing this kind of behavior in a large forum implies that
13 it had at this point not been completely eradicated.

14 Even by 1975 lacking communication and guideline-implementation was still a concern to the
15 members of the PIAC; while van Geel pointed out that the style manual was still not respected
16 in all cases examined, the head of advertising of Philips France wished to be more well-
17 informed about commercials ahead of time and to then facilitate exchange between NOs, as
18 “[...] time and again it turns out that National Organisations are making roughly the same
19 commercials for the same products” (PIAC, 1975, pp.24-25). Especially this latter complaint
20 showcases the inertia sometimes inherent to the Philips organizational structure at the time, as
21 this was not the first time this issue had been raised. The possibility of interchanging television
22 commercials between NOs had already been discussed by the PIAC back in 1960 (PIAC, 1960
23 I, p.8) and it had again been tried to be implemented in the meantime through Intermarco, which
24 had not worked out satisfactorily either (PIAC, 1973, p.17). Of course, the integrative measures
25 also occasionally stymied horizontal collaboration within the advertising function. This was the
26 case for the regional meetings of the advertising departments (“Scanad”, “Latinad”,
27 “Germanad”), which were first supposed to involve the G.A.D. from late 1970 onwards instead
28 of remaining autonomous (PIAC, 1970, pp.2-3), before then being discontinued shortly after in
29 1971 (PIAC, 1972, p.11).

30 Despite such issues, overall direction had remained relatively steady since the initial policy
31 paper written by van Geel. All measures detailed above inscribed themselves in the logic of
32 trying to further integration and coordination based on the concept of marketing. Firstly, within
33 the parts of Philips’ advertising function, and secondly within the company at large, although
34 to a lesser extent. The steadiness in direction can also be seen when examining the new version
35 of the policy paper, which was presented to the PIAC in late 1974 (PIAC, 1974, p.3) before
36 being distributed in early 1975 (G.A.D., 1975). Around the same time, another policy paper
37 was written by the G.A.D., with additional input coming from the market research department,
38 product divisions and NOs. Its approach was more holistic as it aimed to address “The
39 Marketing Function within the Philips Concern” as a whole (Hoeben, 1974, see also G.A.D.,
40 1974). Together, those papers clearly defined the role of marketing within Philips and situated
41 advertising within marketing and the company at large.

42 As those papers built strongly on the initial 1967/1968 paper in which those topics had already
43 been treated in a very similar manner (albeit through two parts within the same paper instead
44 of separately), no drastic changes were introduced. This absence of substantial change is
45 notable, as it means that the organizational structures and responsibilities established in 1967/68
46 remained valid. It shows the continued importance of the marketing management concept for
47 Philips. Again, the consulted sources do not allow to give a definitive assessment regarding the
48 translation of these measures into practice on an NO or product department level. Besides the
49 aforementioned example of the Western German NO, it can only be said with certainty that the
50 French NO was utilizing marketing managers (and, therefore, marketing teams) for its product
51 advertising by 1973 (PIAC, 1973, p.4). But this should not lead to the conclusion that these two
52 NOs were singular in that regard.
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3 In fact, a widespread adherence by the subparts of Philips' advertising function to marketing as
4 a management philosophy seems relatively probable, based on what has been detailed so far.
5 While it is of course a possibility that the advertising divisions of certain NOs or product
6 departments resisted some or all integrative efforts related to marketing, the available sources
7 do not say much about active resistance. Had this been a widespread phenomenon, it would
8 have certainly been discussed by the PIAC at one point or another – presumably in a similar
9 manner to the concerns raised by the Swedish advertising manager in 1963 regarding
10 international alignment in advertising. The complaints and issues outlined above may be more
11 adequately explained by complacency and the sheer complexity of introducing organizational
12 change to a multinational company of Philips' size.

13
14 After this period of relative continuity since 1967/68, the internal organization of Philips'
15 advertising function became subject to another restructuring process in 1977, during which the
16 G.A.D. was disbanded. It was the same year in which van Geel's reign as chairman of the PIAC
17 and head of the G.A.D. came to an end. The advertisers working in product marketing teams,
18 who up until this point had continued to be part of the G.A.D. administratively speaking, now
19 became assigned to the product divisions in every way. The central office staff on the other
20 hand was integrated into a completely new organizational body, the C.M.S.D., which brought
21 together the G.A.D., the market research department C.V.&P. and the concern marketing
22 services C.M.S. (Hoeben, 1978, p.6).

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24 This was the next logical step in a process that had been ongoing since the late 1950s: the further
25 integration of all parts of the marketing function on an organizational level, in which the
26 advertising function was to play a subordinate role with regards to the larger whole – be it
27 regarding marketing policy, or product marketing. Hoeben unfortunately does not mention if
28 this change in organizational structure also affected the NOs, which had so far been set up to
29 mirror the structure in Eindhoven regarding the division of the advertising department and the
30 product marketing teams. It would merit further investigation to understand how this fits into
31 the overall development of Philips from a federative structure to a more product division-
32 oriented structure in the 1980s as established by Xiudian Dai (Dai, 1996, p.59, p.313).

33 34 35 36 37 Business as usual? Assessing marketing at Philips in comparison to other multinationals

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39 How does the introduction of marketing to Philips and more specifically its advertising function
40 compare to similar processes in other multinationally active companies? Ingo Köhler has
41 explored organizational change and the introduction of marketing management in Western
42 German car companies: at the car manufacturer VW, the department for advertising and sales
43 was transformed into a central marketing department in 1966, remaining subordinated to sales
44 and distribution at first. Its role was reevaluated in 1970/71, when functions of sales and
45 distribution became subordinated to the central marketing department instead. Köhler identifies
46 this development as an important step towards the implementation of the marketing
47 management concept at VW. The company also established decentralized marketing divisions
48 in its foreign subsidiaries and its German sales and distribution department. These decentralized
49 divisions focused on the operational business and were expected to coordinate with the central
50 department (Köhler, 2008, pp.233-236). This mixture of centralized and decentralized decision-
51 making and organization is reminiscent of the structure put in place in Philips' advertising
52 function.

53
54 Yet, there are two marked differences between Philips and VW. First, the marketing for the
55 domestic market was still treated differently from foreign markets at VW on an organizational
56 level. This was also the case at other internationally active companies, like at Braun, a
57 manufacturer of electrical goods and appliances, where discussions were ongoing in 1973 to
58 end the special treatment of its domestic market (Späth I, 1973, p.1). But at Philips, nothing in
59 the sources implies that the Dutch domestic market was treated preferentially regarding the
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3 analyzed organizational set-up; in that regard, it seems to have been but one of many large
4 “little kingdoms” under Philips’ aegis.

5 The second and more important difference concerns the central marketing department. At VW,
6 the advertising department had been transformed into a marketing department and then had
7 gotten more responsibilities concerning marketing in a second step. Other companies managed
8 the introduction of marketing with the help of a central department as well. Telefunken for
9 example, a Western German competitor of Philips, had already introduced a central marketing
10 department in late 1961, which was led by a member of the board, and coordinated functions
11 of marketing like advertising and market research (Heyne, 1961, non-paginated).

12 At Philips on the other hand, more than 15 years passed between the resolutions of the 1959
13 advertising convention, that had declared the concept of marketing and the idea of marketing
14 teams to be of central importance, and the creation of the C.M.S.D., which bundled several
15 marketing-related responsibilities. In the meantime, the G.A.D. played a large role in promoting
16 marketing management and regarding the creation of marketing teams, both with the goal to
17 further integration between the parts of Philips’ advertising function and with other company
18 functions. The policy papers are telling in that regard: they were written by van Geel and the
19 G.A.D., with additional input coming from the board of management and other parts of the
20 company involved in marketing, like the market research department or the general sales
21 promotion department. But there is no mention of input by a central marketing department
22 above the G.A.D.

23 Thus, it seems that marketing was introduced to Philips’ advertising function by members of
24 that same function without a functional marketing department above it driving implementation
25 processes. The key role the G.A.D. played in institutionalizing marketing training underlines
26 this assertion as well. There is an argument to be made that van Geel was pivotal regarding this.
27 As Christian Kleinschmidt has highlighted for VW, individuals could have a decisive influence
28 on shaping company policy on advertising and management in the period in question
29 (Kleinschmidt, 2002, p.256).

30 Such organizational intricacies notwithstanding, Philips was not unique in its aim to further
31 integration and unification in advertising and marketing on a transnational scale at the time:
32 The logic behind a slogan like “one concern one language” at Philips (PIAC, 1969 II, p.5)
33 applied to Braun’s idea of „one sight/ one sound“ as well for example (Späth II, 1973, p.1). In
34 the early 1970s, Braun also concerned itself with finding the right balance between locally taken
35 “specific marketing or advertising decisions” and exerting control from the center on its
36 national subsidiaries (Johnston, 1973, p.1). This, of course, was very similar to the tensions that
37 accompanied the integrative processes within Philips’ advertising function, which hints towards
38 the possibility that such balancing acts may have been a challenge advertisers working in
39 multinational companies commonly faced at the time.

40 Kleinschmidt has linked the organizational restructuring of large Western German companies
41 in the second half of the 1960s to new impulses in marketing and advertising at the time,
42 pointing out intertwinements between the two (Kleinschmidt, 2002, p.260). This observation
43 holds true for the Dutch multinational as well: Philips’ advertising function, especially in the
44 form of the G.A.D., was a driving force in furthering the implementation of the marketing
45 management concept within the company, while also becoming subjected to marketing related
46 organizational restructuring processes it helped precipitate.

47 Conclusion

48 The foundations for the implementation of marketing within Philips’ advertising function had
49 already been laid by Numann from the late 1950s onwards, but it was van Geel who truly
50 brought it to fruition, which was already recognized very shortly after his tenure had ended:
51 “The most important aspect of the van Geel period was the effort to promote a more
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3 fundamental and systematic approach to advertising efforts within marketing” [6] (Hoeben,
4 1978, p.5). The policy papers and the subsequent organizational changes, the training classes,
5 and the other publications all helped in realizing this goal. The implementation of marketing
6 within Philips’ advertising function was done with an emphasis on cross-departmental and
7 transnational collaboration, matching the general integrative efforts within the company. The
8 marketing concept of Philips put the consumer and their wishes in the center of all
9 considerations and measures. It was popularized within the company as a strategy to deal with
10 an environment of changing market conditions. Through marketing, the “little kingdoms”
11 within the federative structure of Philips were supposed to be reined in – at least with regards
12 to advertising.

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14 This, however, did not mean a complete subordination of the NOs to the center, as it was clearly
15 recognized that certain parts of the advertising (and marketing) process needed to be adapted
16 to local market conditions. This effort to implement marketing as a form of management that
17 was to further vertical and horizontal integration and facilitate exchange and collaboration
18 within the advertising function as well as across functions was mainly a top-down process.
19 Nonetheless, NOs still retained a lot of leeway, for example regarding the creative processes of
20 designing adverts. They also were able to give input on the initial drafts of the policy
21 documents, and some of them could exert further influence through their members of the PIAC.
22 The persistent tension between NOs and center as well as the ongoing independency of NOs in
23 advertising is consistent with the overall power relations within Philips at the time as described
24 at the beginning of this paper.

25
26 The push towards marketing seemed to not have been an isolated effort of the G.A.D. and the
27 PIAC but rather part of a larger movement within the company. Therefore, it was not only the
28 collaboration between the three parts of the advertising function (G.A.D., product division
29 advertisers, NOs) that was to be strengthened, but rather interdepartmental collaboration as
30 well. In the long run, the focus on creating integrated marketing teams ironically contributed to
31 the demise of the G.A.D., which had been a pivotal proponent of marketing, at times even
32 boasting to be at the forefront of marketing integration when compared to other parts of the
33 company function.

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35 What of the success of the outlined measures? In practice, not every measure taken as part of
36 this effort to implement a more structured approach to marketing and advertising within
37 marketing was fruitful, which can be seen by the resurgence of certain topics throughout the
38 whole period of investigation, namely the sharing of nationally produced television adverts,
39 marketing training measures, the development of campaigns for transnational use, or even a
40 sometimes-lamented general lack of interest to look beyond one’s national borders. But, of
41 course, such setbacks were to be expected, as far-reaching changes to an international
42 organization, such as the implementation of marketing within Philips’ advertising function and
43 the connected integrative efforts, could not be made lightly and without resistance:

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47 “The marketing demand for co-ordination and linkage of all activities of a firm concerning sales had
48 organizational consequences. The inner structure of such a company had to be changed and part of the
49 responsibilities had to be redistributed. Naturally, numerous obstacles were in the way of such changes.”
50 (Schröter, 1998, p.26)

51
52 In the case of Philips, the leadership of the advertising function was strongly involved in
53 promoting marketing as a management philosophy to increase integration and collaboration
54 within the function and with other company parts. They also used it to more clearly delineate
55 responsibilities. The examined sources do not allow to precisely ascertain the extent to which
56 marketing thought and marketing-based organizational structures were able to permeate
57 specific NOs or product divisions. However, the general steadiness in direction regarding the
58 introduction of marketing in the investigated period makes it reasonable to conclude that the
59 advertisers of Philips’ “little kingdoms” generally became more “marketing-minded” after all.
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Notes

[1] This paper uses the terms employed by van Geel in his paper written in English. In the original Dutch, the product departments were called “Hoofd Industrie Groepen” or H.I.G.s. The national organizations were usually shortened to NOs in Dutch and in English.

[2] One further (but ultimately fruitless) attempt was made in the early 1960s to establish a Committee for Sales Promotion and Advertising (PLASC) to further cooperation and coordination on the South American continent, cf. Hoeben, 1978, p.4.

[3] Chanier also only shortly references the first committee meeting, without mentioning any further meetings or giving notice what became of it, cf. Chanier, 1990, p.455-456.

[4] The internal magazine “sales promotion monitor” pursued a similar goal according to its editorial, describing sales promotion measures by Philips organizations in the whole world. Cf. for example General Sales Promotion Division (1965). Sales Promotion Monitor Volume 11/1. Unpublished Manuscript. *PCA*. 823 Marketing, p.3.

[5] For this research the campaigns entered by the French and West-German NOs were analyzed for the years 1962/63, 1964/1965, 1967/1968, 1968/1969, 1971, 1973. Cf. G.A.D., 1963, G.A.D., 1965, G.A.D., 1968 III, G.A.D., 1969, G.A.D., 1971, G.A.D., 1973.

[6] Translated by the author. The original Dutch reads as follows: “Het belangrijkste aspect van de periode van Geel is het streven een meer fundamentele en systematisch aanpak van de reclame-inspanningen binnen de marketing te bevorderen.”, Hoeben, 1978, p.5.

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