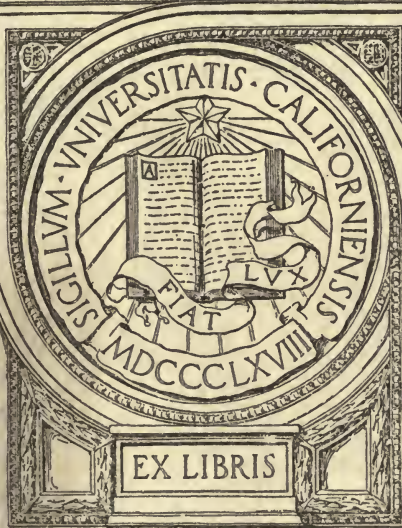


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BY DR. CHARLES E. CHAPMAN

ADDRESS
MR. J. W. SANGER

HELD AT 257 MERCHANTS EXCHANGE BUILDING
SAN FRANCISCO, CALIFORNIA

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A COMMERCIAL SURVEY OF SOUTH AMERICA

By J. W. SANGER

Trade Commissioner of the United States Department of Commerce

An address delivered before the Foreign Trade Club Wednesday evening,
September 11th, 1919.

Now that I have returned from South America, I wish that I might come before you and assure you that our foreign trade problems have been solved by virtue of our enormous increase of trade with our Latin-American neighbors. Imposing arrays of figures have been quoted, and we are told that last year we sold the twenty Latin-American countries the enormous sum of three-quarters of a billion dollars worth of goods, which represents considerably more than doubling of our business with them before the war. It is true that today we are selling them more than fifty per cent of their entire imports, which means that our total is greater than that of all the other exporting countries combined. This is an excellent showing and one on which we are to be congratulated when one realizes the disadvantages under which we were and are laboring. However, this increase should not lull us into the belief that we are going to retain even a good share of this increase without the hardest kind of intelligent work. The bald and uncomfortable fact is that we secured this business very largely because the European sources of supply were closed and the South American merchants had their choice of buying from us or not at all. Before we pass on to the advertising survey that took me to South America, suppose we look into the advantages that the European countries possessed before the war and which gave them

a predominating share of this trade. First of all were their heavy investments in railroads and other enterprises. In Argentina, for example, English capital controls sixty-five per cent of the railways, and French capital twenty-five per cent. Their own people are in active charge, and it is only natural that purchases of equipment should be made in the mother country. Outside of mining investments on the west coast and meat packing plants on the east coast, American investments in South America are negligible. It is to be hoped that some of the immense surplus capital we have at present will go into South American enterprises, because trade follows investment just as surely as water seeks its own level.

Secondly, we need fast and regular lines of ships to all important Latin-American ports. Before the war many of the European lines ran almost on train schedule, so the importer knew almost to a day when his goods would arrive. In banking facilities we have improved more than in any other one thing since 1914, and today three large American banks have branches established in many of the most important Latin-American countries. It is to be hoped that they will continue to extend their facilities.

Another important feature is that of direct and aggressive sales representation on the ground, to which the European countries owe so much of their success. Branch houses are, of course, the best if the amount of business justifies it. If not that, then let us have American representation in all the important cities; or, if that is impossible, then native houses as representatives.

We have been entirely too content with sending our catalogues to interested inquirers and appointing them as our agents without finding out whether they represent competing lines or handle such a diversity of lines as to make it impossible for them to properly represent us at all. Many of such houses are merely order takers and not sales representatives at all.

Another advantage that the European countries had was lower manufacturing costs and an industrial system better adapted to manufacturing especially for export. If that advantage continues, and the relative manufacturing costs of American and European goods remains the same, we can, in the better class of goods, overcome partially this difficulty through better salesmanship and through advertising. Generally speaking, American goods have the reputation abroad of being good but high priced.

The question of credits is another important feature. The whole business fabric of South America is built on a basis of longer terms than we are accustomed to. All the European countries recognized this and adjusted themselves accordingly, but Germany more than any other extended it until it sometimes reached the point of being little better than money lending and not merchandising at all. No one can safely predict exactly what credit extension Latin-America will require in the future, but certainly we shall have to be more liberal than we have been during the past four years. This is a matter that will very largely have to be left to our sales representative in South America, which is all the more reason for using only fully equipped and high class men for this purpose.

We are thinking in terms of foreign trade now as never before, but we don't always remember that it is not merely an opportunity but an obligation as well.

The huge industrial equipment which we have built up during the war will either be scrapped and become an economic loss, or turned to the uses of manufacturing for export.

We have doubled our manufacturing capacity so that today it totals annually seventy billion dollars. While we have increased our export trade, even today it represents something less than ten per cent of this total, whereas other exporting nations send abroad from twenty to forty per cent of their total production. Other countries, notably Great Britain, largely through necessity, were compelled to regard their foreign trade as no less important than their domestic business, whereas with us it has always been a mere incident and a side issue. While necessity may have been the compelling force with them, in learning to meet its needs they came to have an international outlook on things. It is said that it was the English boy's love of running away to sea that at bottom was responsible for building up the British merchant marine. It was the need for going to the far corners of the earth, and buying the raw materials that they could not produce at home, that gave these people their world-wide viewpoint.

Most of us Americans are still somewhat in the position of Bobby, whose teacher asked him, "Who was the first man?" and Bobby promptly answered, "George Washington." "You know better than that," said the teacher, "you know it was Adam," "Oh, well," was Bobby's answer, "I wasn't countin' foreigners."

A good many of us, unfortunately, still feel like Bobby, and that attitude does not build foreign business which is, in its fundamentals, no different from domestic business. It re-

quires its own forms of specialized knowledge, the same as for business at home, and what we Americans need to give to it more than anything else is the same degree of intelligence that we apply to the solution of domestic marketing problems. Now that we have set ourselves to the job of grappling with these problems, I believe we will solve them, because if there is one thing we have developed to a greater degree than anybody else, it is the genius for adaptability.

When one is abroad, I think it is a pretty good policy to defend his own countrymen and explain their mistakes, but when he comes back home then is the time for him to tell the plain unvarnished facts when the foreign neighbors are not around to hear the gossip.

ADVERTISING

Now to come to the advertising phase of the problem, because it was that that took me to South America. It is only after you get out of your own country that you realize that modern advertising as we have developed it is largely an American idea. Not but that it is used everywhere, and in South America very generously, but that no other country than our own has given to it and to the larger problem of merchandising the same degree of care and skill. It is to our ability in marketing, in adapting these things we have learned to do so well at home to the conditions as we find them abroad, that we must turn, to offset, at least temporarily, our other disadvantages.

Only time will furnish us with the advantages of huge foreign investments, adequate shipping facilities, full and complete American foreign representation, and such changes in manufacturing as may become necessary. These are permanent factors for which there is no complete substitute. But, in the meantime, our skill as merchandisers and in advertising will pave the way, and will enable us to develop our own peculiarly effective means of holding our own in these markets. We have spent many years and many millions of dollars learning how to do it at home, and it now remains for us to fit this ability to foreign markets.

Latin-America is made up of twenty different countries, no two of which are precisely alike, and many of them are widely different, the only thing they have in common being their Latin blood. South America alone is made up of ten different countries. One of these countries alone, Brazil, is as large as the entire United States. Another of them, Argentina, is as large as all of our states east of the Mississippi River, with Texas thrown in for good measure.

The language common to them all is Spanish, except in Brazil, where Portuguese is the language, and Spanish will not serve there, no matter if people do tell you so and even if the two languages look and are alike. French is the second best language to use in Brazil.

Then take the question of patriotism. Each of these countries has its own highly developed feeling of patriotism, and whether right or wrong, thinks that the sun rises and sets within the boundaries of his country. We must not blame them for that because that is what we honestly think of our own country. They don't call us "Americans," but "North Americans," or sometimes "Yankees." And it would be well for us to get into the habit of thinking of them, not under the term of South Americans, but as Chileans, Argentines, Brazilians, etc. I can assure you that you never forget that when you are in their countries.

Another thing to remember is that their customs and traditions are quite as important to them as ours are to us, and that they are radically different from ours. They are not a mechanical or inventive people and they are not as a rule business men if they can avoid it. They prefer to be doctors, lawyers, in politics or to be gentlemen farmers.

Advertising is widely used throughout South America, but its development is rather primitive and is about where ours was just after the Civil War. Differences in customs in the different countries, poor transportation facilities, two languages (Spanish and Portuguese), make very wide circulations of newspapers and magazines impossible. Generally speaking the publications of each country do not go outside of it, and in some cases, as in Brazil, there is little or no circulation of a newspaper outside of the city or state where it appears.

Buenos Aires publications circulate more widely throughout Argentina than do other South American publications in their respective countries.

South America is primarily a newspaper rather than a magazine field, and most of its best papers are morning rather than evening papers. Outside of the newspapers there are no widely circulating media except the illustrated weeklies. Their trade journals are not important, and our export trade papers printed in New York in Spanish and Portuguese, together with catalogs and other means that have been found successful, will be used to reinforce direct salesmanship among the trade.

The best of the daily newspapers are very good, and some of them, particularly those of Buenos Aires, would rank as great newspapers. The individual circulations are not as large as

ours. For example, Buenos Aires has about the same population as Philadelphia and its largest daily has an average circulation of 165,000.

However, there are more newspapers published than with us, and what is more important to advertisers, they are much more thoroughly read. Instead of buying four papers, a man will buy one and read it from the first page to the last. The habit of skimming through a paper is not common there, and their leisurely habits are extended to their reading as to everything else.

Outside of the newspapers, the weekly reviews are widely read, particularly by women. They are rather cheaply gotten up, being printed usually on news stock and not on calendared paper, so that the fine effects seen in our magazines are not to be found in these "revistas" or weekly reviews. They cost only from five to ten cents, and one of them has a circulation of over 100,000.

There are no audited circulations, and except for the leading publications, the publishers' statements must be discounted on the ground of enthusiasm, or suspicion of his fellow publishers. My own estimates of their actual circulations will appear in my reports, and are based upon a very careful checking and re-checking secured from a great many unusual sources to which I had access.

Local advertising rates are usually much lower than foreign rates. The South American publisher's experience with American advertisers has been that so many either do not pay their bills or pay them slowly, that he simply tacked on enough so that we would pay for the losses and delays. During my calls on hundreds of these publishers, I realized that their viewpoint could not be changed unless some better arrangement for prompt payment could be affected.

I therefore made arrangements with all the important publishers whereby American advertisers can secure local rates by paying their bills promptly through the local branches of American banks in South America.

As regards other forms of advertising such as street cars, painted walls, bill boards, etc., which are widely used in many of the large South American cities, in their present shape I doubt if they are readily usable by an American advertiser. In the principal Brazilian cities the street car advertising is controlled by an American and is consequently better handled than elsewhere. In Buenos Aires all forms of outdoor advertising are better developed than in other cities. However, all in all, the uncertain prices, the loosely organized methods of

handling them, and, above all, the very bad display methods in vogue, render them of very much less consequence there than here, where they are properly handled.

There is need for more activity on the part of American advertising agencies in South America. None of our agencies have more than the barest nominal representation there, and while they have done some good work and are well thought of by the publishers, they have not regarded the field as sufficiently promising or profitable to establish capable local points of contact. However, the last two years have produced a tremendously greater interest in all foreign sales problems, and with it the manufacturer is asking his advertising agency for specific marketing and merchandising information about South America. As a result of this, the American advertising agent is setting about the task of securing information that will eventually enable him to render somewhat the same service abroad as at home.

At present there are no advertising agencies anywhere in South America except in Buenos Aires, where their work is purely local in character. They have neither the training nor the ability to render the intensive and highly complex services required of a modern American advertising agency. They have partially met the demands that have been made on them but these demands were very simple ones. We have passed the point for employing advertising in a perfunctory way in Latin-America, and the advertising agency that will render a foreign service at all commensurate with his domestic service will be a highly important factor. He will be one of the indispensable links in the merchandising chain that will uncover the markets, determine the media, and devise the copy appeal to use.

What kind of copy shall we use in reaching the Latin-Americans? is a common question. It seems to me that we have been floundering between two extremes. On the one hand are the advertisers who attempt to transmit or translate their American copy literally by merely putting it into Spanish or Portuguese. On the other hand are those who tell us that South Americans have no point in common with us and that therefore an entirely new type of advertising must be devised for them, just as though they came from Mars and saw everything upside down. Personally, I don't think the job is either as simple or as difficult as these two extremes make it out to be. A literal translation of American advertising into Spanish or Portuguese is nearly always ineffective and sometimes actually misleading, because it is impossible to render our idioms exactly into another language and make them understood as the writer

understood them. Even if idioms are not used to any great extent, an exact translation is unfortunate, because all the flavor of the original is lost and in translation it becomes weak and unnatural. Taking the other extremist—the one who thinks Latin-Americans walk on their heads instead of their feet—the “bogey” he uses is the phrase “they are different.” He is right, they are different. But, *how* different, and in what way? That’s what we want to know.

Here are a few suggestions I would make with the idea that on them we can adapt and modify our American copy appeals so as to be effective with Latin-Americans. Their language is different, and whether we use Spanish or Portuguese, it should, if possible, be written by one of their own people. By that, I mean that a Brazilian should write for Brazilians, an Argentine for Argentines, a Cuban for Cubans, and so on. He should be given as much latitude as the man who conceived the original idea in English, because his is the task of adapting that idea into the language of his own people so as to have it reach them in the easiest and most effective way. He should have a sufficient knowledge of the English language, and of our habits of thought, to be able to grasp the basic idea that lies behind the advertising as it is originally presented in English, and then he should be left as free as possible to “put it over” with his own people. He knows the customs, the habits of thought, and the little every-day habits of his own people just as we know ours. He knows the little-big differences that climate produces in people, and he knows these things automatically and without consciously thinking about them at all. If he is writing to an Argentine, he will know that neither languid *senoritas* nor moth-eaten bull fighters will make any personal appeal to them, while if he is writing to Peruvians he is aware that the *toreador* and the bull ring are still national features. He will never under any circumstances encourage a campaign to sell overcoats along the coast of Brazil, nor breakfast foods in Peru, lawn mowers in Chile, or Palm Beach clothes in Buenos Aires in July, which is the middle of the winter there.

We need to educate the dealer more, and supply him with helps which are not provided by European exporters. This is an American idea also, just as are practical demonstrations of merchandise, and showing a dealer how to conduct his store along more modern and profitable lines. The South American retailer won’t take to these things over night because his training and traditions are all against it, but if he can see that these things will bring him more business, the idea will win with him, provided it is presented persistently and tactfully. The South

American importer and merchant, by the way, is seldom if ever a native South American, but nearly always a Spaniard, Italian, Englishman, German or other European.

Regarding trademarks, register your trademark *before* you enter South American markets, not afterwards, and have it registered in your own name and not in the name of your agent or representative. Long continued use of a mark has nothing whatever to do with the ownership of it anywhere in South America. The man who registers it first, owns it, and can prevent you from using your own mark. In some Latin-American countries it is not even necessary for the one registering it to ever make any use of it, and it is not an uncommon practice to make a business of registering foreign trade marks with the sole purpose of "holding up" the owner later on. Even if you have no representation, and think you never will have, if you send any goods there through commission houses, register your mark just the same. The day may come when you will need it, and when it may cost you \$50,000 to buy it back, instead of the \$50 it may cost you today.

Just a word about the attitude of South America toward us, and I'm through. All in all, it is one of distinct friendliness toward us, and in certain countries, notably Brazil and Uruguay, the feeling of friendliness toward us is particularly marked. There is no suspicion of us as the great Colossus of the north ready to take advantage of them and gobble them up when opportunity offers. Generally speaking their people are not any better acquainted with us and our country than we are with them. However, the last five years has seen increased travel between the two continents, and the better acquaintance that travel provokes will have its results in better trade relations and better understanding between the two peoples. Our entrance into the war was something that brought us to their notice as something more than a geographical spot, and the second event of significance was the coming into the South American field of the Associated Press and the United Press. Previous to their arrival we were best known as the country that had lynchings, train robberies, scandals in high life, and municipal graft. Bad news travels fast, and that was all they heard about us.

When these two great press associations arrived in the field, they proceeded to put us on the front pages every day with the real news, and not merely the sensational occurrences of the day.

All this has happened in two years, and today an American can pick up his paper nearly anywhere in South America, and

if he can read Spanish or Portuguese, he will find there all the important news items of his own country, side by side with those of England, France, Spain and Italy.

It isn't until one has been in strange countries speaking strange tongues that one realizes what splendid makers of good will these two press associations have been. They deserve the gratitude of every American who is proud of his country and wants to have the truth about it known.



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**Pamphlet
Binder**
Gaylord Bros.
Makers
Stockton, Calif.
PAT. JAN 21, 1908

