

An Introduction to the Coupon System of the United Cigar Stores Company, 1901-1929

by Loren Gatch

Beginning in the late nineteenth century and into the first third of the twentieth, premium coupons became a popular marketing device for both manufacturers and retailers of various consumer goods. Under these coupon plans, businesses would issue coupons accompanying the sale of products which could then be redeemed for selected premium items, typically listed in published catalogs with 'prices' quoted in terms of the number of coupons required for a given item. Coupon savers could either redeem them by mail, or spend them at designated premium stores (often called "stations" or "parlors"). In the marketing language of the time, these programs were styled as "profit sharing" enterprises, implying that, by amassing and redeeming coupons, shoppers were partaking of the producers' or retailers' profits in exchange for the loyalty of their patronage.

Of the various schemes that were afloat during this era, this article introduces the coupon system operated by the United Cigar Stores Company. An early example of chain store retailing, United Cigar attracted notoriety partly because of its association with James B. Duke's American Tobacco Company--the much-vilified "Tobacco Trust" broken up by the Supreme Court in 1911. United Cigar's aggressive expansion strategy across the United States proved disruptive to a retail environment typified by small-scale, independent tobacconists. In particular, United Cigar's early commercial success was often ascribed to its coupon system, whose extent and popularity few tobacconists could match.

Unlike coupons of our time, which usually must be clipped from product packaging, newspaper inserts or magazine ads, and which are otherwise dull and utilitarian in appearance, coupons of this earlier period could be quite ornate. Often manufactured by security printing companies using safety paper, these attractive freestanding coupons came in a variety of sizes, colors, and denominations, and had the appearance of a corporate currency. Indeed,

coupon plans like United Cigar's operated on such a large scale that they did create a kind of premium economy parallel to that based on cash transactions, with millions of coupon savers accumulating the wherewithal to exchange for desirable catalog listings.

Despite the widespread availability of these coupons to modern collectors, little systematic research has been published on the types and varieties of this class of inexpensive ephemera. This article introduces United Cigar's coupon system by surveying its basic history and the denominational structure of its various issues. It does not try to document their many varieties, either in the United States or Canada. Nor does it include the extensive issues of the United Profit-Sharing Company, an affiliate set up by United Cigar in 1914 to sell its premium marketing services to other manufacturers and retailers. Likewise, it does not include the issues of the Mutual-Profit Coupon Corporation, an affiliate of the A. Schulte Cigar Stores, which competed with United Cigars until the two chains formed an alliance in the mid-1920s.



A period advertisement featuring a United Cigar store, with its iconic shield logo

Origins of the United Cigar Stores Company

Founded by George and Charles Whelan, brothers originally from Syracuse who had run a small chain of cigar stores there, the New York City-based United Cigar Stores became affiliated with the Duke interests in 1902 and represented the Tobacco Trust's attempt at forward integration into the retail end of the tobacco industry. Even in their early Syracuse days, the Whelans employed coupons as an inducement for their customers to pay in cash, rather than purchase on credit. From a modest premium list of fifteen items, the Whelans graduated to their first premium catalog by 1901, their first year in New York City. In 1907, United Cigar put out more than a million copies of its first illustrated catalog, and six million by 1915.



An early coupon used by the Whelan brothers, before establishing United Cigar

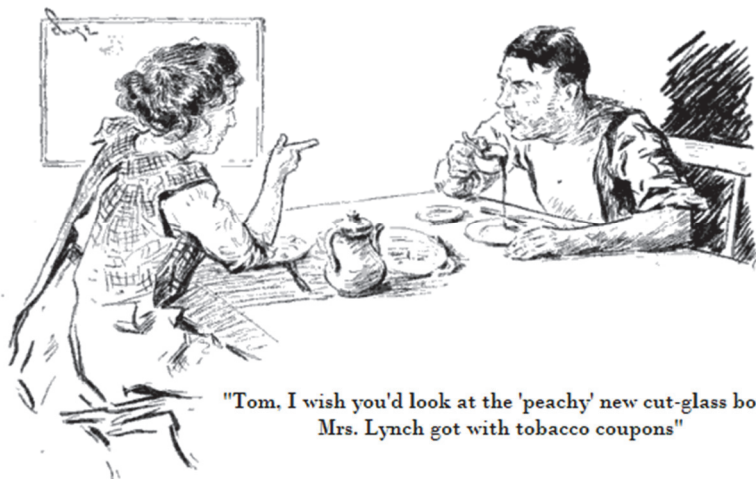


Beyond their aggressive use of coupons, the Whelans' early success was due to their application of chain-store methods to a market that was highly fragmented and hidebound.

Indeed, United Cigar was one of the first examples of a retail enterprise that branded itself by stressing a high and standardized level of customer service across its burgeoning chain of stores. Selling large quantities of tobacco merchandise on low margins required timely and accurate information flows about consumer preferences and store inventories. The brothers also had a canny eye for real estate locations, which, however expensive, would maximize customer traffic.

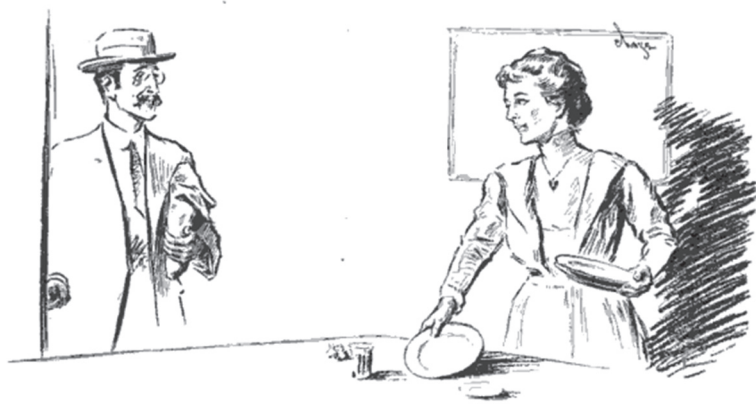
As coupon use throughout American retailing became more widespread, public debate arose over whether or not coupons represented unfair competition. Beginning in the late 19th century, states were beginning to pass legislation that sought to regulate or even suppress premium schemes. Like other coupon issuers, United Cigar had to abide by or adapt to states' restrictions. The Supreme Court's decision to dissolve the Tobacco Trust in May 1911 spun off the United Cigar Stores Company as a separate business. By 1914 United Cigar was the largest chain store in country, notorious for its rapid expansion into cities where independent tobacconists could not match its prices or level of service. "No one can deny", marveled the *Wall Street Journal*, "that the management of United Cigar Stores is of the strictly, up-to-the-newest wrinkle, American commercial type. The thousands of salesmen in the stores are drilled like the soldiers of an army. They are taught politeness, cleanliness, alertness."

United Cigar's monthly in-house magazine, *The United Shield*, ever solicitous of its employees' *esprit de corps*, incessantly admonished them to maintain consistent and high levels of customer service. In the public mind, the fortunes of United Cigar were particularly connected with its coupon program, and indeed with the stereotype that wives would hector their husbands to indulge their tobacco habits in order to get at the coupons. As an early, admiring profile of the company concluded, "premiums... have succeeded, not so much that they have captured the man who smokes, as that they have snared the woman behind him."



"Tom, I wish you'd look at the 'peachy' new cut-glass bowl Mrs. Lynch got with tobacco coupons"

In the popular imagination, women lay behind the coupon craze in both working-class (above) and middle-class (below) American households (Pearson's Magazine, 1909).



"John, where are your coupons to-night?"

United Cigar's Coupon System

At their first issue, United Cigar's coupons originally could be redeemed for a premium list so short that it could be printed on the coupon itself. By the end of the decade, United Cigar's premium list had expanded into a 36-page catalog, divided into men's and women's departments, that offered branded products as premiums for coupons redeemable either at dedicated redemption centers in major cities or by mail at the company's central redemption offices in New York City.

United Cigar's coupon "counting room" at the New York office grew from 6 employees in 1902 to 110 in 1914, and by then that office alone was processing 3 million coupons a day. The scale of United Cigar's premium program was far beyond the capabilities of smaller retailers, who bitterly resented their competitive disadvantage. Opposition to the kind of premium marketing practiced by United Cigar came from retail merchants' associations, chambers of commerce, and newspaper publishers, all of whom objected to premium systems—trading stamps as well as coupons—for the expenses they imposed upon their members (or the advertising outlays that they reduced).

After United Cigar's spinoff from the Tobacco Trust, the Whelans established in early 1914 the United Profit-Sharing Corporation. United Profit-Sharing would issue its own coupons and operate its own redemption parlors. The plan was for United Cigar to transfer its coupon business to the new company, thus shielding itself from some of the opposition to its in-house coupon system. Some United Profit-Sharing coupons do indeed exist with a "United Cigar Stores Co." overprint. However, the tobacco chain continued to issue its own catalogs and coupons, though the two entities did share the same corporate headquarters at 18 West 44th Street in New York City. In the last-published United Cigar catalog of 1928-29, an illustration of the storefront of the company's Main Premium Station at 537 Fifth Avenue between 44th and 45th Streets depicts window lettering that places United Profit-Sharing's redemption offices on the top floor of the same building.

"The Profit-Sharing Girl"

United Cigar's "Profit-Sharing Girl" promoted coupon use by wearing a dress adorned with them (United Shield, Dec. 1914).

Basic Coupon Denominations and Varieties

Like other coupon users of this era, United Cigars issued customers one coupon for each five cents spent. Five coupons were the equivalent of one certificate (for a 25 cent purchase). Since its catalogs quoted premium redemption values in terms of certificates, it is intuitive to array the denominations used by United Cigar above and below this value.

Accordingly, United Cigar's coupon (cash and non-cash) and certificate denominations can be listed in terms of the denomination as printed, their

common equivalent in coupons, and the amount of the cash purchase to which they corresponded. Over the years, United Cigar issued coupons denominated in cents (corresponding to the amount of the original purchase) in "coupons" (for a five cent purchase), and in "certificates" (for a 25 cent purchase, and multiples thereof). Premiums available in the catalogs were always priced in terms of "certificates" (see table). Except for the ½, 1, and 2 coupon denominations, coupons and certificates were serial-numbered. While in the earliest years of coupon issuance no printer imprint appears, later varieties bear the imprint of the American Bank Note Co., M.B. Brown Printing and Binding Co. of New York City, and Eureka Specialty Printing Co., of Scranton, Pennsylvania, in that chronological order.

United Cigar Coupon/Certificate Denominations

Denomination as printed	Equivalent in coupons	Cash purchase equivalent
½ coupon	½ coupon	2 ½ cents
5¢ / 1 coupon	1 coupon	5 cents
¼ certificate	1 ¼ coupons	6 ¼ cents
10¢ / 2 coupons	2 coupons	10 cents
12 ½ ¢ / ½ certificate	2 ½ coupons	12 ½ cents
20¢ / 4 coupons	4 coupons	20 cents
1 certificate	5 coupons	25 cents
2 certificates	10 coupons	50 cents
4 certificates	20 coupons	1 dollar
5 certificates	25 coupons	1 ¼ dollars
8 certificates	40 coupons	2 dollars
10 certificates	50 coupons	2 ½ dollars

Changes in arrangement and wording found on coupons and certificates for the most part reflect the transition from one printer to another. In addition, varieties exist with the overprints "W", "P", and the word "Exchange", mostly in red, for purposes that remain unclear. Yet other varieties of coupons and certificates exist that reflect United Cigar's attempt to comply with laws in several states that required cash redemption in some fashion. As a chain store operating across the United States in multiple jurisdictions, United Cigar was obliged to adjust where it could its premium practices to variations in the law.

A few coupons don't fit into the 5 coupons = 1 certificate = 25¢ cash purchase equivalence. For that reason, they aren't included in the table above. For example, a 12 ½ ¢ cash coupon was issued that simply granted customers a discount towards the purchase of a humidor. Likewise, another exception, a 10-certificate "order" issued on United Cigar Day (printed by M. B. Brown, and with an expiration date of July 31, 1918) entitled the purchaser of a dollar's worth of cigars to a premium value that would otherwise have required a \$2.50 purchase, according the normal certificate valuations.

As America was drawn into World War I, United Cigar threw itself into patriotic efforts on the home front, and accepted coupon donations from its customers to fund shipments of cigarettes to servicemen, with the goal of "smoking out the Kaiser". Some cigar coupons

and certificates even migrated to Europe, where enterprising doughboys took advantage of the color similarity between the one-certificate denomination and certain French banknotes to pass their cigar certificates off as currency to the unwary. Whatever were the other effects of that monumental conflict, it created a generation of nicotine addicts (and, later, lung cancer victims) as American servicemen returned home hooked on smoking.

After the war, and for the next decade, both United Cigar's and United Profit-Sharing's premium businesses operated in parallel, sharing redemption facilities. Throughout the 1920s, the premium catalogs of both companies offered cross-redemption of United Profit-Sharing and United Cigar coupons, as well as those of United Happiness Candy Stores, a chain of confectionary stores within the Whelans' holdings.

A recurrent feature of the tobacco retail business during the postwar years was the price wars between United Cigar and a rival chain, the New York-based A. Schulte Cigar Stores, run by David A. Schulte. Though by far the smaller chain, Schulte represented a scrappy competitor who followed an expansion strategy similar to the Whelans', which included a penchant for real estate dealing and even the establishment of Schulte's own premium marketing affiliate, the Mutual-Profit Coupon Corporation. Despite their rivalry, the Whelan and Schulte interests conducted off-and-on negotiations to reach some

sort of peace, resulting in a merging of their interests in December 1926, followed by the establishment of a joint retail venture, the Schulte-United 5¢ to \$1.00 Stores, in January 1928. After 1926, Schulte Cigars became a client of the United Profit-Sharing premium plan, substituting its coupons for those of the Mutual-Profit Coupon Co. By the end of the decade, the United Cigar chain extended across the country to include over 3000 stores and affiliated agencies.

The onset of Great Depression delivered a body blow to the Whelans' interests, leading to their bankruptcy and the reorganization of the cigar chain by 1932. Even before that, however, competition from other chain stores put an end to United Cigar's coupon activities. Ironically, even as United Cigar had proved such a disruptive competitor to independent tobacconists, the spread of the chain store model into other retail lines led to intense price pressures on tobacco products, which general retailers discounted as loss-leaders. Constant discounting forced United Cigar to abandon its premium coupon program in 1929. The company promised to redeem its outstanding coupons for the next ten years through the offices of its United Profit-Sharing affiliate, which not only survived the downturn of the 1930s but also continued selling its premium marketing services to other businesses until the late 1950s.

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