POP GOES THE BOTTLER! THE AUSTRALIAN SOFT-DRINK INDUSTRY, 1945-65:

A Study in Management, Marketing and Monopolisers.

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The soft-drink industry provides a case study of the transformation of the Australian economy in the post-war decades as affluence and mass marketing permeated everyday life. As the judges of the annual Hoover Marketing Award recognised in 1970:

> The soft drink industry is typical of many Australian industries in that, over the past ten years, the structure of the industry has changed from one consisting largely of small, family owned, bottling companies to one which is increasingly dominated by overseas corporations, and in the process it has become sophisticated and highly competitive. (*AMP*, 1971: 25)

This article looks at the industry between 1945 and 1965 when the first wave of transformation occurred. The investigation begins with a summary of the scale and scope of the industry before its overhaul. The local responses are illustrated by sketches of four of the larger bottlers as a comparison with the principal entrant, the Coca-Cola Export Corporation. The discussion then turns to Australian managers and an evaluation of their marketing. A final part traverses how bottlers responded to chain stores, supermarkets and vending machines. A coda ties these restructurings into the debate over corporatisation and concentration.

Scale and Scope

In 1955-56, the average number of hands in each soft-drink factory was still only nine, the same as in 1945-6. In the mid-1950s, 320 of the 587 firms employed between one and four workers, about the same as sandwich shops. Only one plant in six had more than ten, and only five had more than 100. Victoria's Minister for State Development exaggerated in December 1961 by declaring that soft-drink manufacture was no longer a 'backyard business'. (*ASDJ*, Dec. 1961: 35) The smaller operators faced challenges throughout the 1950s but retained a significant place into the 1960s. By 1968, 492 plants employed 5982 workers, an average of twelve per site. The largest firm by then had 600 on staff. (*ADSJ*, Feb. 1957: iii-iv, & Sept. 1969: 4)

Under-capitalisation remained an impediment to independence. Before the 1939-45 war, few family concerns had invested in equipment, management or marketing, those three essentials for the modern business enterprise. (Chandler, 1977) Trading banks did not lend to small or middling manufacturers who could not raise capital on the stock-market, an instance of the 'Macmillan gap'. (Cochrane, 1980: 59-61; Merret, 1998)

A 1965 survey gave a snapshot of the sprawl of operations in south-east Queensland towns with around 2000 people. The Goondiwindi bottler had just been bought out by a firm in Horsham, Victoria. In Quilpie, the publican ran a cordial plant to supply his three hotels. The owners at Miles were selling up to retire to Toowoomba. At Roma, booming from its natural gas, one firm had a franchise from Coca-Cola and another from Tristrams while the fruiterer brought in cans of Golden Circle pineapple juice. (*ASDJ*, Jan. 1965: 15-17; Gough *et al.*, 1964)

On top of the weaknesses deriving from parochialism, the soft-drink industry was split between four overlapping vectors: country and metropolitan (*ASDJ*, April 1963: 16 & 21); wholesalers versus home-deliverers; franchise-holders and independents; the Australian-owned versus the overseas-controlled. While the foreign corporations threatened all the Australian-owned, the latter were divided by the other three issues and had difficulty in coordinating a defensive strategy. Resentments flared inside the Australian Council of Soft Drink Manufacturers because New South Wales and Victoria contributed two-thirds of the finances but held only one-third of the votes.

Even if these divisions could have been overcome, the Council would have remained moribund because its constitution forbade debate on price-fixing and discounting, which were the only sales methods that many members understood. No matter how much the bottlers preached against price-cutting, they were as addicted to it as they were opposed to price-fixing by governments. When Tooths upgraded its Sydney Blue Bow factory in 1937 to produce 10 000 soft drink bottles per hour, the soft-drink independents moaned that the brewer's lower unit costs threatened their own discounting. (*AC-M*, Oct. 1937: 15-18; Stubbs, 2000) The smart operator was the one who cut the agreed price before his competitor.

The trade's inability to promote its interests became obvious in its non-response to allegations that lolly water increased dental caries. In 1951, the industry's 'brilliant mind', Colonel Garnet Adcock, counselled that it would not be 'wise to deal with this. After all, it is not a vital matter with the public and is, in fact, largely faddism with some dentists'. (*AC-M*, Sept. 1951: 7) Ten years later, the company that Adcock had founded, Jusfrute, reiterated that because combating such claims 'could react against us', it was safer to 'let sleeping dogs lie'. (*ADSJ*, July 1961: 2) No funds were available in 1966 to rebut renewal of these allegations. Nor could the industry sustain a public relations campaign. Despite a 1965 report which found that public opinion of soft-drink 'ranged from hostile to apathetic', delegates to the annual conference resisted expanding their industry's publicity because of the increased levies involved. (*ASDJ*, Aug. 1965: 3) The essence suppliers saved the campaign by offering one dollar for every three from the bottlers.

With some 600 unincorporated operations obtaining their supplies from monopolisers, only the largest bottlers had the purchasing power to arrange deals with these majors. Sugar came from CSR (*AC-M*, June 1951: 3-4) and glass from Australian Glass Manufacturers (AGM), a subsidiary of ACI. (Hunter, 1963) Periodic shortages of both those essentials provoked little more than whingeing. (*AC-M*, Aug. 1948: 24a; December 1953: 33) Essences came either from two British companies,

W. J. Bush and A. Boake Roberts, which merged in 1962, or from the locally-owned Keith Harris & Co. Ltd, which, between 1957 and 1968, acquired manufacturers of fruit juices, perfumery and flavourings.

Four Firms

From among the 600 or so soft-drink makers in 1950s Australia, this investigation will now sketch Marchants, Cottees, Tarax, and Helidon-Gardiner. These four companies sample the medium to larger firms, not the majority confined within small towns or to a couple of suburbs. The future for those tiny undertakings was decided by concentration among the major brands.

Marchants suffered from over-hasty expansion. The Pepsi Cola Company bought this Melbourne bottler for £87,000 in 1957, only to face debts of £75,000 by the middle of 1958. Two years later, Shelleys took over Marchants for £73,000 after Pepsi had accumulated losses of £98,000. Guided by a Hong Kong investor, the restructured company borrowed nearly £300,000 at high rates of interest from a hire purchase firm during the 1960 credit squeeze. Those funds paid for a new factory at Clayton (Vic.), acquisition of the Rivella lines, and expansion into Sydney under the brand-name of Zyp. The leap to Sydney had not been well planned: 'An abnormal amount of breakage of bottles had occurred, frequently dislocating production, the plant was not of very good standard and the building unsuited to the operation'. (*ASDJ*, Feb. 1965: 44) A share issue of £261,000 in February 1963 could not rebalance the books before the appointment of receivers to deal with a loss of £238,630 for 1963-4. In September 1964, British Tobacco absorbed Marchants which continued as a brand name in Victoria where it had remained profitable. (*ASDJ*, July 1964: 31)

Cottees ventured down a high road to the same terminus. The Cottee family had been orchardists in the 1920s, turning to soft-drinks to dispose of surplus crops. In 1950-51, they established Passiona Bottling Co. which became the largest all-Australian franchiser with 100 participating distributors, half outside the capital cities. Early in the 1950s, management passed to Harold S. Cottee, born in 1927, who introduced the family-size, 32-oz. screw-top bottle and welcomed vending machines. He responded to overseas competitors by offering non-metropolitan bottlers 'the backing and support of a national organisation'. To the delight of one bottler: 'The sales potential uncovered by the campaign was unbelievable'. (*ASDJ*, June 1961: 43) With youth as the target market, and with slogans such as 'Who put the flavour back in lemonade?', sales by the Cottees network defied industry trends by growing 50 per cent in the three years to 1963. Cottee initiated a Public Relations Committee for the Soft Drink Association, serving as its first chairman. (*ASDJ*, Jan. 1970: 7) Success led to Cottees being taken over in 1966 by General Foods, a US conglomerate which had promoted Maxwell House coffee in Australia from 1961.

Tarax deserved multiple marketing awards for its efforts in Victoria: 'Until 1962 the company had been responsible for the innovations which had taken place in the soft-drink industry, including the introduction of ceramic soft drink bottles and of cans. In addition, Tarax had become the country's largest exporter of soft drinks'. (*AMP*, 1971: 26) This adventurousness extended into packaging, its tall bottles requiring a longer straw. Tarax began its 'Happy Show' for children on GTV 9 in Melbourne in February 1957 when receiver licences were fewer than 16,000; a year later, as the number of viewing households passed the 100,000 mark, the program launched a Tarax Happy Club. The 'Happy Show' held its place as the most popular children's program through Gerry Gee, a ventriloquist's dummy. (*B&T*, 4 July 1963: 25) Tarax bought Tee Vee bottlers in Geelong 'to gain immediate benefit from its Geelong television coverage'. (Bushnell, 1961: 196) Tarax plants worked double-shifts.

After Tarax's listing on the Stock Exchange early in 1959, it expanded through take-overs to secure twenty-two subsidiaries in Victoria and New South Wales by the close of 1963. The move interstate started at Parramatta in June 1961 and soon extended to takeovers of Ecks and Sharpes. To introduce Tarax to New South Wales, the company booked 6,000 commercials on TV, radio and press, including the sponsorship of half-hour programs for children on both commercial channels. (*ASDJ*, Oct. 1961: 49-50) As with other local manufacturers, Tarax was undercapitalised so that, when sales plateaued, the annual dividend had to be halved in April 1963. By December, the directors were selling off factories in Leichhardt and Parramatta. From then on, the annual reports alternated between slight improvements and significant downturns. During the 1966-67 trading year, net current assets fell from $610,000 to $385,000 while the secured bank overdraft quadrupled to $381,000 and trade debtors doubled to $394, 000. (*ASDJ*, Nov. 1967: 29)

The surprise was that Tarax fought back instead of selling out to one of the food or beverage giants. After 1966, Tarax in Victoria 'was the only all-Australian company operating as a major soft drink marketer'. Yet, Tarax had not been an uninterrupted success and received its 1970 Hoover Award for Marketing because it had taken 'serious steps to completely revitalise both its overall marketing approach and its product range', rising to market leadership with Dixie Cola promoted as 'One of the family'. (*AMP*, 1971: 25-6)

Helidon- Gardiner in Brisbane resulted from a 1959 merger to finance a new factory. Two years later it supplied 30 percent of the metropolitan market. (*ASDJ*, June 1959: 32) Its owner-manager, Brian Sweeney, was alive to contemporary marketing from his visits to the US. In 1965, the firm was bought out by British Tobacco, which by then controlled Shelleys, Marchants and Mynor. (*ASDJ*, Jan. 1965: 22) The Brisbane deal included a Pepsi franchise which British Tobacco shed when it secured the Coca-Cola dealership in Perth. (*ASDJ*, July 1965: 3)

Coca-Cola

The Coca-Cola Export Corporation did not go on a buying spree here until the 1990s. With the exception of Sydney, Coca-Cola continued externalising the capital costs of expansion through the allocation of franchises to existing bottlers. By 1962, twenty-nine firms had obtained franchises which necessitated investments which banks were prepared to finance on the surety of an income-flow from the 'essence of capitalism'. Reed Brothers in Bendigo, for instance, invested £60,000 when it obtained Australia's twentieth Coke franchise. (*ASDJ*, April 1959: 35) Credit worthiness was measured not just in the volumes sold but in the expectation of further growth. This distribution network of franchisees required larger bottling plants in Melbourne, Adelaide and Perth between 1960 and 1963, and a new regional headquarters for the South Pacific and Far East in Crows Nest in 1964. (*ASDJ*, May 1964: 15)

When Coca-Cola had arrived in 1937, the trade journal declared it to be 'more welcome than feared, for it will certainly have no truck with price-cutting, and will operate on the most modern merchandising lines, raising the standard of the whole industry'. (*AC-M*, Dec. 1937: 6) The company insisted that its over-the-counter price be 3d, instead of the 4d for most other lines. Resistance to this lower margin intensified because the retailers had to pay 4d up front, half for bottle deposit. Only after its return could they realise their penny profit. When the company refused to supply outlets that would not conform to its set price, the Confectionary Shopkeepers Association sought legal advice about a possible restraint of trade but were told that their only remedy was a refusal to stock. (*AC&SFJ*, May 1939: 16) Throughout this dispute, Coca-Cola introduced the Australian trade to the benefits of extending the cost savings from standardised manufacture to every detail of marketing. Its company secretary, a Mr Rainwater, had assured US bottlers in 1924 of 'a wonderful effect in the uniformity of things'. (Watters, 1978: 71)

Coca-Cola stuck to its single-coin policy throughout the 1940s because of its ease for customers, and because it matched the price of an ice cream in the tussle for a child's pocket money. Coca-Cola's insistence on threepence for seven ounces upset milk-bar and confectionary store owners because mixed businesses and delicatessens were 'picking the eyes out of the milk-bar and candy-shop business'. Moan as loudly as they could, the latter knew they 'were "not in the race" in trying to curb the sales of the midgets', as they disparaged the Coke six-ounce bottle. (AC-M, April 1950: 23) In September 1950, inflation forced Coca-Cola to lift its over-the-counter price to fourpence, with a higher margin for retailers. The rest of the industry resented the tardiness of the increases by Coca-Cola which it saw as a species of price-cutting.

The soft-drink industry accused grocers of 'extortionate prices' by charging five pence a glass - often poured flat and warm from a large bottle. (*AC-M*, Feb. 1950: 22) These malpractices and surcharges had increased the popularity of Coca-Cola, which had been sold cold at 3d. Pepsi made inroads after it arrived in 1951 by allowing shopkeepers to charge a penny for service, putting its price at five pence for a ten-ounce bottle, which was still volume for money since Coca-Cola had increased its price to match the inflation of the early 1950s. Queensland shopkeepers in 1954 demanded the right to add a halfpenny for refrigerating Coca-Cola bottles, their Association objecting to advertisements of an 'icy cold' Coke for five pence. The company again responded by threatening to cut off supplies. (*AC-M*, March 1954: 29)

Also in 1954, Coca-Cola reverted to giving product away to attract customers, and supplied cartons of six bottles to Brisbane Cash & Carry chain stores at a farthing a bottle retail. The regional manager of Coca-Cola explained that the 'object was to create in every household, by advertising, sampling and service, a taste for and familiarity with Coca-Cola'. (*AC-M*, April 1954: 29) Small shopkeepers were so outraged that they ceased stocking Coke, for which they had been charging 5 1/2d. The Company later sought to win back milk-bars by promoting 'Float with Coke'. (*ASDJ*, Aug. 1961: 17) In 1964, it repeated a give-away promotion through ESSO service stations, after which it restored relations with shopkeepers by offering them holidays as prizes. (*ASDJ*, May 1964: 31, & Aug. 1964: 18)

Well before Pepsi claimed its Generation (Hollander & Germain, 1992), Coca-Cola was targeting the young with school tours of its plants, fifteen-minute television programs with Patti Page in 1956, 'Time for a Coke' with Johnny Ray in 1959, and the sponsorship of a junior citizens month on radio in 1958, coinciding with a revival of yo-yo contests. Coke's main thrust was its HiFi Club for teenagers on both radio and TV: 'Its purpose is to provide wholesome activities and good clean fun of the kind that helps young people develop a social and community spirit'. (*ASDJ*, Nov. 1959: 31) That the club competed with Tarax's was taken for granted.

Management

The small scale of soft-drink production compounded the problems from poor management, although soft-drink manufacturers were no less competent than the run of Australian business people. The Chairman of the Commonwealth Banking Corporation, Warren D. McDonald, recognised in 1962:

> we missed a generation in management ... Our industrial growth was so rapid that many firms moved from being backyard operations to complex national organisations in a few years. Father, who often started in shirtsleeves and with perhaps a limited education, had to cope with immense problems and back-breaking work. Instead of his better educated, better trained sons taking over in the natural course and being able to handle the new problems, as in older industrial societies, he had to do everything himself in a few years or he failed to survive. He often did not possess either the background or, most important of all, the time to be concerned with things like marketing research and scientific management techniques. (*AMP*, 1962: vi)

All industries included a spread of competencies among their managers, from the well-prepared and forward-looking to the lucky, the second-rate, and those executives whom Donald Horne accused of glorying in 'a look-no-brains attitude'. (Horne, 1964: 239)

Australian weaknesses deserve to be seen against conditions elsewhere. In the early 1950s, Peter Drucker complained that 'ignorance of the function of management, of its work, of its standards and of its responsibilities is one of the most serious weaknesses of an industrial society - and it is almost universal'. (Drucker, 1955: 7) US-based corporations were in the forefront of the managerial revolution. (Chandler, 1990; Rolfe, 1999) For instance, within a year of Coca-Cola's opening in Australia in 1937, the company had recruited an economics graduate from Shell Oil. After the war, it imported managers from the USA or sent Australians there to train. (*ASDJ*, April 1963: 8)

Most managers in the soft-drink industry had earned their positions by long service. In 1950, four members of a Newcastle family retired after an average of forty-eight years service. The manager at Starkeys in Sydney had worked with that firm for fifty years by 1950 and had never taken a day's leave; his purchase of a 'motor-mower is the only concession ... made to the passing of time'. (*AC-M*, Feb. 1950: 26) One executive had been with his firm for fifty-five years; another had forty-seven years employment, and several more had been around for thirty to thirty-five years. Age was not in itself the problem. The trouble arose because their length of service in a small concern had left them ill-equipped to cope with the acceleration of changes in merchandising, packaging and communications. As Horne put it: 'The kind of man in his fifties or early sixties who is now on top matured at a time that was so different from the present that his early experience may cripple him in facing new problems'. (Horne, 1964: 147) To redress such weaknesses, the Commonwealth government in 1955 inaugurated the Administrative Staff College to train managers for medium to large undertakings, such as Cottees' Managing-Director, Harold S. Cottee, who attended in 1964.

The amateurism prevalent among small businesses was blatant in their accounting practices. In April 1937, the *Australasian Grocer* reprinted an article from twenty years earlier on the 'Calculation of Profits' which spelt out that profit was not 'the difference between the price paid to the merchant and the price received from the consumer'. (p. 963) From that sum had to be deducted the cost of one's own labour. Two years later, the *Australasian Confectioner and Soda-Fountain Journal* advised owner-operators that their imputed profits had to be reduced by their outlays on interest and rent. Also in 1939, grocers were reminded of 'The Necessity of Stocktaking' more frequently than required for taxation purposes, since profits depended on 'the number of times the stock is turned over in a given period'. (*AG*, 20 Feb. 1939: 911) Although shopkeepers had been introduced to cost accounting before the Second World War, they still needed drilling in 1955 on the difference between their absolute profit and the rate of profit on turnover. (*AG*, Aug. 1955: 393-5) They also needed tips on the use of their cash registers. That such rules of thumb had to be spelt out, let alone repeated, highlighted the incompetence that contributed to the failure of many businesses during the post-war boom. (*ChAA*, Aug. 1957: 51)

Between 1947 and 1951, the rush to transform family concerns into private limited companies to secure tax advantages bequeathed management structures inimical to the conduct of the business. The accountant who concentrated on tax-evasion or auditing requirements did not install financial systems suited to efficiencies. The penalties of this disjuncture became apparent during the 1957 credit squeeze. (*ChAA*, Nov. 1954: 260ff, & Aug. 1957: 51) Under-valuation of profitability and assets encouraged unscrupulous directors and speculative takeovers, leading to bankruptcies. (Mathews & Harcourt, 1964: 410)

The Production of Consumption

War-time shortages had spawned a sellers' market which lingered into the 1950s, leaving Australian managers unprepared for 'The Production of Customers'. Manufacturers lent on import controls and tariffs to keep up their sales, retreating into an intellectual ghetto. (Fitzgerald, 1971) In consequence, few Australian managers were prepared for the tumult that flowed through shopping, packaging and entertainment. While individual firms had to expand their market shares, entire industries needed to grow their total volumes. This necessity required innovations in every aspect of the sales effort, discarding the habits of two or more generations. Executives had to learn how to teach consumers to spend beyond their current earnings. (Blackburn, 1992; Reekie, 1991)

Because the Australian soft-drink industry had relied on the UK for its essences and equipment, it judged standards in terms of product quality more than the promotion of sales. The *Australasian Soft-Drink Journal* in 1965 published its 306th newsletter from a British manufacturing expert. After Adelaide bottler Perc Woodroofe returned from a world tour in 1959, he claimed that Australians had nothing to learn, yet acknowledged that they 'were not sufficiently aggressive' in selling as the Americans. (*ASDJ*, May 1959: 33)

After several years in the USA, one manager, N. V. Nixon, identified marketing as 'the backward area in Australian commerce':

> Many companies make too many products, and many others pack too many sizes. Few have adequate distribution in any given area, while many have spotty and wasteful coverage. In many cases there is virtually no relation between production timing and selling opportunities. Few products are consumer tested before being released, and a majority are merely imitative of successful competitors. Market potentials are seldom measured before production is commenced. Who will actually be the purchaser is almost never considered. (*ChAA*, Feb. 1957: 462-3)

The rudiments of marketing were unknown as often than they were ignored. The first Market Research journal appeared in 1956 as a gestetnered quarterly. To encourage this aspect of management, Hoover (Australia) Pty Ltd sponsored national Marketing Awards in 1961 in 'the conviction ... that progress in marketing comparable to that in production techniques and organisation is vital to the development of the Australian, as of all free economies'. (*AMP*, 1961: 1) By 1965, prime minister Menzies had accepted 'that the entire solvency of this country in the long run depends not only on production ... but on salesmanship'. (*AMP*, 1966: ix)

Like farmers, soft-drink makers looked to the weather to stave off ruin. With nearly half of their sales made in sixteen weeks over summer, bottlers prayed for a long hot and dry season to flush cash through their system. (*AG*, Oct. 1957: 20-21) Sun worship encouraged sponsorship of beach radio. (*B&T*, 2 Feb. 1961: 18) Much less effort went into sustaining sales in the colder months, although Tarax tried. In an extreme case, a Wangaratta bottler would cease production during winter in favour of crumpets and snowball confections. (*AC-M*, Jan. 1950: 26)

During the 1940s, consumption of aerated waters in Australia had merely doubled while that of cordials and fruit juices had grown by more than 500 per cent. From a base of 100 units for 1945-6, the high point of 147 had been reached in 1951-2 before declining to 141 by 1956-7. In April 1959, the Vice-President of the New South Wales Soft-Drink Association warned: 'The clearest index of the prosperity or otherwise of the soft drink industry is to be found in the number of gallons consumed per head, and the trend in the Australian trade, which has never recovered the peak 1951-52 consumption, is not indicative of a progressive industry'. (*ASDJ*, May 1959: 1-2) In 1963, the President of the Australian Council of Soft-Drink Manufacturers lamented:

> The 5 per cent increase in Australian production of aerated waters over the past three years had only been as a result of the rise in population of about 200 000 a year, and not because of any increased demand. This leaves us with the sobering thought that despite a marked increase in capital outlay our industry has remained fairly static over the past three years and is certainly not making the progress of which it is capable.

Per capita consumption between 1952 and 1962 had increased by 28 per cent. During each of the last three of those years, however, the rise had been only 1 per cent, half the growth in population. (*ASDJ*, Sept. 1963: 3) The slowdown during the recession of 1960-62 showed the extent to which lolly water was still a discretionary expenditure.

Half-a-dozen firms led the effort to increase volume per capita. Most doubted that their total market could be expanded by new outlets or additonal lines. They had to be convinced that product innovation and marketing would increase turnover by bringing 'Plus sales', and not just shift demand from one brand to another. After Coca-Cola had lifted its per capita sales in Melbourne from eight 6-oz. bottles in 1948-49 to thirty-seven bottles ten years later, its rivals suspected that such success would always be at their expense. Australia's per capita consumption of 8-ounce bottles in 1963 was 167 units compared with 227 in the USA, where the rate had risen from 200 in 1959. (*ASDJ*, April 1965: 2) The potential for a comparable growth here was demonstrated after per capita consumption did expand from eight to ten gallons in the six years to 1968.

The locally-owned manufacturers recognised that they would never be able 'to control the retail prices of their own products without huge advertising expenditure which they could not afford'. (*AC-M*, Nov. 1950, p. 5) They faced a variation on the barrier to entry that oligopolies impose through their marketing power. The obstacle in this case was in moving up to the next stage of growth, from backyards to factories, from ice-chests to automats, from horse-drawn deliveries to motorised distribution. Not until 1957 did Woodroofe's in Adelaide switch from horses. (*AC-M*, April 1957: 8) During the previous ten years, Coca-Cola in Melbourne had grown from twelve to eighty-four trucks. Better roads also allowed city bottlers to encroach on country districts. (*ASDJ*, April 1963: 7 & 16)

Point of Sale

Self-service chains, supermarkets, drive-in centres and vending machines transformed the marketing of soft-drinks. Haphazard price-fixing and price-cutting among hundreds of bottlers was marginalised.

The sale of soft-drinks had been in the hands of very small businesses, the corner shops, conducted by mums and dads. In 1962, a supplier of essences and flavours lamented the disarray of the grocer:

> Time and motion study might just as well be Greek philosophy for all he understands of it. How often do we see him with a case of drinks in his arms pushing doors open with his shoulder as he struggles in from some back storeroom? How often do we also see him carrying loose empties in his hands back to the same storeroom? How often do we find that after scratching around for several minutes he finds that he hasn't the required flavour in his refrigerator anyway. (*ASDJ*, Aug. 1962: 10)

Similar charges could have been made against proprietors of milk-bars and confectionery shops.

Efficiency was the trademark of the self-service stores, which had begun in Australia as Brisbane Cash & Carry in the 1920s. The shopper's need for credit and home delivery retarded their acceptance, yet their price advantages helped them survive the depressed 1930s. In 1937, one self-service in Bankstown (NSW) sparked a price war over soft-drinks. The pressure on counter-service shops to refit intensified in the early 1950s, so that by 1956-57 self-service outlets in Melbourne accounted for 11 percent of shops but 47 per cent of sales, rising to 16 and 70 per cent respectively by 1961-2. (Johnston & Rimer, 1969: 42) Victoria's grocers were torn between the pride they took in providing 'Complete Service' and their admission that, while self-service was not a 'Cure-All', it did present a way to fight back against the chains. (*AG*, Feb. 1956: 1171ff.) Less than three years later, their Association equated survival with joining a chain and ditching the counter in favour of a check-out by the door. (*AG*, Dec. 1959: 52) In Perth, the number of grocers declined from 965 to 658 in the five years to 1961-62 as Tom ('The Cheap') Wardle built the largest chain in the State. (Briggs & Smyth, 1965) By 1968, grocery chains represented a tenth of the outlets in Australia, but held half the sales, garnering more than two-thirds of turnover in Sydney. (*B&T*, 18 April 1968: 5)

Although all super-markets were self-service, not every self-service outlet was a super-market. Before the war, family grocers had defended themselves through cooperative purchasing. In the 1950s, they set up chains of independents - Foodlands or Four Square – which combined the cheaper prices from bulk purchases with the shared costs of promotion. Foodlands' 500 stores in Victoria were all painted to look the same, using the boomerang symbol and taking advertisements every fortnight in the *Herald* and *Sun*. Many participants had to be convinced that outlays on advertising added to their profits. (*Nation*, 28 March 1959: 12)

After Australia's first shopping centre opened in 1957 at Chermside, Brisbane, their numbers grew to eighty-six by 1966. The purpose-built shopping centres chose the larger chains to run their grocery outlets. Their success accelerated two redirections of the geography of shopping. Both changes depended on the automobile and suburban sprawl, making 'the car today's shopping basket'. (*Nation*, 16 Jan. 1960: 17) The first shift was the decline of trade in the central business districts, with inner Sydney's share of total retail revenue falling from 32 to 19 per cent between 1947-48 and 1961-62. The second aspect was the drift away from the local shops. When Myers Chadstone opened in October 1960, its supermarket drew on customers within a five-mile radius. Families now tended to shop only once a week. (*CAB*, 1967: 22)

Householders at first divided their purchases between securing the specials from chain stores or supermarkets and leaving the heavier and inexpensive items, such as potatoes and bottled drinks, to the corner-store. Bottled drinks cost little in proportion to their weight. Home deliveries from backyard bottlers resurged, especially on Sundays when most shops were closed and customers were at home and thirsty. These door-to-door suppliers were selling at 1/- a large bottle against 1/3d from the local shops. (*ASDJ*, April 1962: 43)

Soft-drink firms spent much of their skills in retrieving and cleaning bottles. Before the war, 600 bottle-ohs collected Sydney's twelve million glass containers. (*AC-M*, Jan. 1938: 5) A ten- or twelve-ounce bottle could survive between twenty-five and forty trips, keeping their collection profitable into the 1960s. One disadvantage was that a returnable bottle weighed about twice as much as a single-trip one, which added to handling costs. Grocers had always considered the retrieval of bottles a 'bugbear'. Supermarkets could never be bothered. (*AG*, May 1956: 49) A decline in community organisations such as Boy Scouts to conduct bottle-drives added to the attraction of no-deposit no-return containers. From the mid-1960s, when only 2 per cent of sales were in one-way no-deposit bottles, Supermarkets started to make soft-drinks a major item, often as a loss leader. At the same time, bottlers promoted cluster-packs to assist chain stores to stock their shelves, speed check-outs and help customers carry the bottles home. (*ASDJ*, Dec. 1966: 9)

Coin-operated vending machines were the acme of self-service when they arrived in 1953. Smaller bottlers opposed them because the capital investment on their purchase would further advantage the bigger firms. Shopkeepers could conceive of no response other than to appeal to State and municipal authorities to ban their installation. (*AC-M*, March 1954: 34) In the 1950s, the machines were not usually the upright versions familiar today. The simplest models had the bottles stand in iced water. Cottees offered two top-opening types as well as its vertical model. Coca-Cola extended its range in 1965 by adding can vendors, which cost between £70 and £342, plus freight, and could be paid for on hire purchase. A different kind of automatic dispenser filled a paper cup. To accommodate shops that could not fit in more than one machine, engineers designed models which stored the greatest number of bottles on the smallest floor-space. The 1966 change-over to decimal currency required only minor adjustments. The biggest problem during the transitional years, when both currencies remained legal tender, was in giving back pennies or cents when a drink did not cost sixpence or a shilling, that is, five or ten cents. (*ASDJ*, Aug. 1963: 9)

The monopoly of Australian Glass Manufacturers (AGM) was broken, not by a rival glass manufacturer, but by alternative products, at first tin, later aluminium, and finally plastics. AGM fought back with a campaign 'Good things come in glass'. (*B&T*, 19 Dec. 1963: 36) Canning of soft-drinks reached Australia in 1961, eight years after the process had commenced in the USA. The percentage of soft-drinks in cans touched 8 per cent in 1965-6, progressing to 20 per cent at the decade's end. (*ASDJ*, May 1970: 22) Firms with the newest machinery had an advantage when adjusting production lines to handle cans instead of bottles, but even then the change-over took longer and was more expensive than switching between bottle sizes. Bottlers also had to refit their machines when abandoning the crown-seal for the replaceable screw-tops, essential to prevent the popular family-size containers going flat. Polyethylene flagons for cordials and syrups became common from the mid-1960s but PVC containers for soft-drinks did not arrive until later. In 1961, an economist discussing the prospects for plastics did not mention bottles. (Prowse, 1963: 354) Innovation, however, was accelerating at such a pace that a 1964 report by W. D. Scott & Co. warned that 95 percent of the products that would be on sale in 1971 did not yet exist. (*PN*, 24 Oct. 1964: 2)

Merchandising spurred the restructuring of the production of consumer goods from a multiplicity of small business towards a fistful of corporations. The sales effort became central to the contest between these oligopolies with the resources to marginalise price-cutting to one tactic within a strategy for growing effective demand. The advertising director at the *Australian Women's Weekly* explained to New South Wales grocers at their inaugural Convention in 1957 how his publication's dominance of magazine readership had helped nationally-advertised brands lift their share of sales from 70.9 to 75.2 per cent in the previous twelve months. For fruit juice cordials, the five leaders had 77 per cent of sales, with the top two holding half of the market. Shopkeepers, he warned, tied up 'lots of capital, waste shelf space and extra labour in handling if they stocked the "also-rans".' (*AG*, June 1957: 109)

Coda

The extension of the monopolising of capitals[1] into the sphere of consumer goods presented obstacles and opportunities for Australian business. The achievements of Tarax and Cottees demonstrated that Australian owner-managers could be innovative. Yet such successes made those firms prime targets for take-over. Hence, in the twenty years after the war, the structure of the Australian soft-drink industry became concentrated as overseas leadership drifted from indirect British controls towards outright US American ownership, resulting in the current duopoly of Coca-Cola Amatil and PepsiCo.

Why did this concentration come about? According to Chandler's efficiency thesis, the 'modern multi-unit business enterprises replaced small traditional enterprise when administrative coordination permitted greater productivity, lower costs, and higher profits than coordination by market mechanisms'. (1977: 6) The impress of those elements in Australia's soft-drink industry has been documented in the sections on management and marketing. Evidence for Tedlow's claim that 'Business ... became big when it delivered value to the customer' (1996: 215) was found in Coca-Cola's standardisation of price and quality. Against Chandler and Tedlow, Roy has emphasised that the seemingly neutral concepts of efficiency and consumer sovereignty prevail only when practised by firms with financial resources and marketing networks. (Roy, 1997) For instance, few bottlers could afford vending machines or the delivery systems needed by supermarkets.

Alternatives to absorption by a transnational were either state protection or collaboration among local producers. The kinds of government intervention acceptable during the Menzies years were of little help. Tariffs could not prevent the expansion of a foreign firm which produced here. The Commonwealth Development Bank could not prod bottlers to integrate their capital or operations. (Hirst, 1964: 311-21) Such indicative planning was abhorrent to Treasury which convinced Menzies to reject

1 'Monopolising capitals' is more apt than 'monopoly capital' because the former points to on-going processes and to an intensification of competition between oligopolies.

even the tame recommendations of the Vernon Committee's 1965 *Report* to smooth growth. (McFarlane, 1968: 177-8) The locals might have hung on by a merger with a wholesale grocer or retail chain, avoiding horizontal integration only by vertical integration.

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Abbreviations

AC-M	Australian Cordial-Maker
ACS-FJ	Australasian Confectioner and Soda-Fountain Journal
AG	Australasian Grocer
AMP	Australian Marketing Projects
ASDJ	Australian Soft Drink Journal
B&T	Broadcasting & Television
CAB	Current Affairs Bulletin
ChAA	The Chartered Accountant in Australia
PN	Printers News