

World Marketing as a New Force for Peace

J. PAUL AUSTIN

Something new is going on in the world today. Rather than world trade being dependent on world peace, as in times past, world peace may be influenced and brought nearer reality through burgeoning world trade.

The author, President of The Coca-Cola Company, has developed this theme in several recent speeches. Here he has condensed his remarks into the present article.

He makes a good case to show that trade is crossing borders still closed to diplomats—making greater progress for peace than official conferences.

A MIRACLE of economic growth and change has been taking place throughout the world since the end of World War II. France, Germany, Italy, Japan—nations that were desolate and bankrupt in 1945—have risen to extraordinary prosperity. New nations, formerly no more than colonial outposts, have come to the fore and promise to become even greater industrial-marketing economies. Even the United States, which had been a highly prosperous and sophisticated industrial-marketing society before World War II, has reached unprecedented levels of production and general affluence.

Until recently all this development took place in a nervous atmosphere of a world divided. Armed opponents have faced each other across a hundred borders. The peoples of the world were apparently destined to live forever apart, walled in by inflexible governments.

As a result, nations aligned with either the Eastern or the Western bloc have found themselves subject to the political and economic dictates of those blocs. These conditions still exist in some areas of the world.

But greater opportunities for free trade mean greater assurance of world-wide freedom. That is a strong claim. What have the marketing men of the world done during the last 20 years to prove that they know how to urge the world's people into peaceful commerce, and following that, peaceful existence?

The answer is found in several developments of postwar business action: establishment of the European Common Market, recognition of demands for changes in products, two-way flow in multi-continental trade, increased flexibility in international business methods, and greater appreciation of the importance of consumers.

European Common Market

The most dramatic example of business in action has been the European Common Market. It combined new concepts of government responsibility with new business institutions, and added to them new international trading patterns. Government experts sat at the conference table with business leaders and benefited from their experience and capacities for forward planning.

Jointly, government and business accomplished many important things, especially the ideas of (1) replacing protectionism with free trade; (2) replacing the cartel with open competition; and (3) changing the attitude from that of labor as a commodity to that of labor as a group of independent consumers.

And the ideas of the Common Market have spread to other continents, where other regional markets have been conceived. Many

believe that the free flow of goods, capital, and labor, encouraged and extended by a common market, might accelerate the growth of business around the world.

Some have even hoped for the creation of an Atlantic Community, which would undertake to eliminate all barriers to worldwide trade. Although the Atlantic Community has not become a reality, it can be hoped that an outward-looking European Common Market will become a strong force for the kind of international trade which can stimulate the economies of all free countries.

Some of the most important contributions of the European Common Market, already a part of history are:

1. Over the last decade the growth rate of the Gross National Product of the nations involved was about double that of the United States. Increases in advertising volume have been as high as 25% in some years.
2. An unprecedented flow of capital and labor has stimulated new prosperity. As an example, over half a million Italians have crossed the border to work in Germany since the advent of the Common Market.
3. Europeans have begun to travel for pleasure on an unprecedented scale. Outlays for tourism activities of nationals of the Common Market countries are approximately \$2 billion a year. Expenditures in Spain alone have virtually canceled that country's foreign trade deficit.
4. A new structure of European life has risen, based on the foundation of full employment and rising wages.

Demands for Changes in Products

In the United States, discretionary income on the part of consumers is a dominant influence in the nation's economy. Business had played a leading part in designing this new prosperity, the results of which have brought about new challenges from consumers easily dissatisfied with old products, old brands, old services, and old habits.

In order to survive, marketers have had to recognize the demands for change made by the consumers. Change had always been with the marketing world, but this new swift pace demanded fast action and a new orientation.

People. Populations altered in age groupings as well as economic classifications. A massive younger generation came on the scene with economic power and demands of its own. Women moved increasingly into the labor market. The number of high-school and college graduates increased manifold. Many older people no longer were content or able to live with their children. All of the population became more recreation-minded.

Automation. All these changes in people had to

bring about changes in the way things were done. Automation entered marketing in a variety of ways. Distribution methods changed with the coming of the supermarket, the vending machine, and other new channels from producer to consumer.

Innovation. To meet these altering forces of a society in rapid flux, business methods of competition have been transformed by psychological advances and by searches for marketing superiority. Successful marketers have developed a whole new technique for innovation. Through research, they have devised more sensitive methods of "listening" to the consumer, not only to learn his current wants but to anticipate his future desires.

Advertising and merchandising innovations reflect the psychological as well as the physical appeals of products, and new uses for old brands.

Placing the product wherever the consumer may be has led to other innovations—such as self-service, vending machines, service stations as outlets, and new developments in direct-mail, telephone, and door-to-door selling.

Timing. Marketers have learned to realize the vital importance of timing in drawing up marketing schedules. A product placed on the market either before the public is prepared for it, or after that of a more alert innovator, can be costly. A product that meets a public need at just the right time may rise quickly to prosperous leadership, but even as it triumphs it may have agile competitors on its trail.

For instance, no one has quite understood why the small European cars at first found no acceptance in the American market. Then suddenly they became popular, and American manufacturers had to meet their challenge with compact cars. Now slightly larger cars than before are appearing in the European market.

The textile market, which for centuries dealt in familiar fabrics, was "broken open" by the synthetics. Tooth paste brands that had commanded

• ABOUT THE AUTHOR. J. Paul Austin, the tenth man to be elected president of The Coca-Cola Company, rose to the top post of the worldwide organization in 1962.

His career with The Coca-Cola Company began in 1949 in the Legal Department of The Coca-Cola Company; then followed service as Assistant to the President of The Coca-Cola Export Corporation.

Later elected a Vice President, Mr. Austin was in 1958 made Executive Vice President and a Director of The Coca-Cola Export Corporation. His election to the Export Presidency came in 1959; and in 1961 he was elected to the additional post of Executive Vice President of The Coca-Cola Company.

Mr. Austin graduated from Harvard College in 1937, and from Harvard Law School in 1944. He was then in private law practice in New York City.



consumer loyalty for decades found their position challenged some years ago by the inventiveness of companies offering ammoniated and chlorophyll products. Only then with brand loyalties disrupted could other new brands thrust to the fore of the dentifrice market.

Other changes gave birth to other products. Highways became crowded with cars; and the recreation-loving public took to pleasure boats and to swimming pools. Companies long dedicated to single products or a single line found themselves diversifying, with the invention or acquisition of new lines.

Two-way Flow in Multi-continental Trade

International trade and the flow of capital, not only from country to country but from continent to continent, has become increasingly a part of economic life of the twentieth century. And this has become more and more a two-way proposition.

Even while hopes for an eventual "Free World Common Market" were being raised by the start of the European project, business was moving on its own toward that objective.

Strong national companies became international. Newcomers joined the veterans in foreign lands. Over 700 of the top 1,000 American firms now have facilities abroad. Today one dollar out of every six of U. S. profits is generated abroad.

The same internationalization of business has brought foreign companies into the United States and into every free country; and these foreign companies are making contributions everywhere to rising prosperity.

The U. S. exports of electronic instruments to Europe and imports of small cars to this country are only symbols of the economic influences. The multi-continental traffic is still increasing.

An international American company learns to meet European competition in the Common Market, only to find many of the same European competitors crossing its path in Latin America, Africa, and Asia. And the contacts in these markets often are made sharper by the challenge of Japanese international corporations, or even of national companies developing in the local arena. In the meantime, of course, many American corporations have found their home territory being invaded by the competitors they first encountered overseas.

The Coca-Cola Company is a prime example of this. Some time ago the American manufacturer of Coca-Cola bottling machinery licensed his designs to a Japanese manufacturer. The Japanese improved the plans to the point of making the world's most efficient machinery of this type; furthermore, they negotiated to manufacture the machinery in Brazil. This means that some day Coca-Cola may be bottled in the United States by machinery manufactured in Brazil from a pattern developed in Japan and based on a design originated in the United States.

Multi-continental business of this sort is develop-

ing its own language, personnel, and investments. And a new word has entered the English language, *sourcing*, which means a technique for seeking money, goods, methods, and talents overseas.

Flexibility in International Business

One of the greatest contributions businessmen are making to the flow of world trade is coming about through the flexibility they are showing in their operations. The walls of nationalism and trade protectionism are falling under the new attitudes and methods, which include licensing, the granting of franchises, the formation of joint ventures, and the financing of local business representatives in overseas areas.

Business has proved itself able to meet new and changing conditions. It has not been "frozen" by the complexities of political differences or economic protectionism. It has continuously probed for new approaches to markets, and new channels for international communication to help satisfy growing and changing consumer desires everywhere.

These performances in a period of vast and swift change show that the international businessman is equipped to cope with the world's transformation to polycentrism. The liberation of new and uncommitted nations from a need to join either the Eastern or the Western bloc continues to unleash new diplomatic efforts and open new trade routes.

Businessmen will continue to move with, or perhaps a little ahead of the diplomats, increasing international exchange of goods and services. The hardening of trade arteries, which might have occurred under a permanent East-West standoff, is continuing to be alleviated as the "world-patient" grows stronger with each new injection of trade and investment contact.

In Conclusion

Fortunately most consumers are eager for the new era; and businessmen the world over have been quick to recognize this. In some countries, consumers are even ahead of government *and* business leaders in pushing for world trade.

The wishes of consumers for goods and services, and the desires of businessmen to provide them, must lead to an insistence that governments provide situations encouraging free trade. With this sort of pressure, a "Free World Common Market" or even a world-wide trading system that seemed impossible a short time ago is possible.

Businessmen have learned to originate and initiate in the marketplaces of the world. They are committed to overcoming new problems, as they attempt to bring consumers everywhere the goods and services they need or demand.

This commitment of international business, of world traders headquartered on all the continents, calls for an open interchange of goods, services, communications, and ideas. Increasingly this will mean a dynamic force toward world peace.