

# Deployment of the American Marketing Methods in Germany after World War II

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## Abstract

As other European countries and Japan did after World War II, Germany developed enterprises, industries, and its economy by deploying and adapting technology and management methods from the United States. One of the major American management methods implemented in Germany was marketing technique as a representative measure for mass market adaptation. However, there were many factors that influenced on the introduction of American marketing methods. The purpose of this paper is to describe the deployment of American marketing methods in Germany after World War II from the perspective of structural analysis. We consider the problems stemming from the German method of conforming to the American method, impacted by traditional and cultural factors in business management as well as institutional factors, and its relationship to the structural characteristics of German capitalism such as structure of productive forces, industrial structure, and market structure.

**Keywords:** marketing, business management, Americanization, Productivity movement, Germany

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## I Research Problems

As other European countries and Japan did after World War II, Germany developed enterprises, industries, and its economy by deploying and adapting technology and management methods from the United States. American management methods were introduced and implemented under the US-led Productivity Movement. The major American management methods implemented in these countries were (1) management and production systems (Industrial Engineering, Statistical Quality Control, Human Relations, and Ford System), (2) management education, (3) methods for adjusting to a mass market (Marketing, Public Relations, and Operations Research) and (4) divisional structure.

Introduction of the American management system post WWII constituted a fundamental condition for the development of full-scale mass production. Eventually in the 1950s and 1960s, the mass production system was established in Germany. This was accompanied by an increase in the importance of adapting to the market. Under these circumstances, marketing and public relations became very significant as a means for supporting sales and adapting to the market. In addition, from the perspective of the entire enterprise, operations research techniques became extremely significant as a method for optimizing day-to-day operational decision making. Application of these techniques to areas such as production, sales, inventory, and transport facilitates a method for optimizing operational activities tailored to market changes. These techniques have also become an important method for supporting mass production systems.

Under these conditions, the introduction of the American approach to marketing, PR, and OR was also promoted in Germany. Marketing, along with business management education and divisional structure, was one of the core American management concepts that Europe began to adopt in the 1960s<sup>1)</sup>. However, in Germany there were many factors that influenced on the introduction of American marketing methods. The main influences were the characteristics of the domestic and European market, which was the main recipient of exports, as well as the production- and technology-oriented management values, which were reflected in the composition of top management. Therefore, even in the introduction of the various measures that form the important components of marketing, Germany pursued distinctive methods. Overall, because of the differences in corporate

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1) H. G. Schröter, *Americanization of the European Economy: A Compact Survey of American Economic Influence in Europe since the 1880s*, Dordrecht, 2005, p.121.

management values, the structure of the market and competition, and the introduction of American-style marketing, the introduction in Germany was not as extensive as for example in Japan<sup>2)</sup>; on the other hand, there was a special evolution in terms of the scope of the introduction and extent of its prevalence.

Therefore, in this paper, while considering the connection with the changes in the post-war German market and social structure, we will discuss the deployment of marketing methods as a representative measure for mass market adaptation.

Many studies approach this theme from the perspective of economic and business histories<sup>3)</sup>. However, these studies do not always identify which elements of American and German management methods were combined, how they were hybridized, and which factors determined the hybridization. It is very important to elucidate how German-style business management and its particular characteristics, conforming to European conditions while still bearing on the German management style, surfaced during the deployment of the American management method from the perspective of structural analysis. We will consider the problems stemming from the German method of conforming to the American method, impacted by traditional and cultural factors in business management as well as institutional factors, and its relationship to the structural characteristics of German capitalism. Among the structural characteristics of German

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2) K. Shimokawa, *Maketingu (Marketing)*, Tokyo, 1991, pp.124-7, pp.139-41 (Japanese), K. Noda (ed.), *Nihon Keieishi. Gendai Keieishi (Business History in Japan. Modern Business History)*, Tokyo, 1969, pp.211-4 (Japanese), H. Sato, *Nihon no Ryutsu Kiko (Japanese Distribution System)*, Tokyo, 1983, p.168 (Japanese), Y. Wakabayashi, *Nihon no Maketingshi Kenkyu no Igi to Kennkyu Wakugumi (Significance and Framework of Study in History of Marketing in Japan)*, F. Kondo, Y. Wakabayashi (eds.), *Nihonkigyo no Masu-Maketingushi (History of Mass Marketing in Japan)*, Tokyo, 1999, p.21 (Japanese).

3) C. Kleinschmidt, *Der produktive Blick. Wahrnehmung amerikanischer und japanischer Management- und Produktionsmethoden durch deutsche Unternehmer 1950-1985*, Berlin, 2002, C. Kleinschmidt, *Driving the West German Consumer Society: The Introduction of US Style Production and Marketing at Volkswagen, 1945-70*, A. Kudo, M. Kipping, H. G. Schröter (eds.), *German and Japanese Business in the Boom Years. Transforming American Management and Technology Models*, London, New York, 2004, S. Hilger, „Amerikanisierung“ deutscher Unternehmen. Wettbewerbsstrategien und Unternehmenspolitik bei Henkel, Siemens und Daimler-Benz (1945/47-1975), Stuttgart, 2004, H. G. Schröter, Die Amerikanisierung der Werbung in der Bundesrepublik Deutschland, *Jahrbuch für Wirtschaftsgeschichte*, 1/1997, H. G. Schröter, Advertising in West Germany after World War II. A Case of an Americanization, H. G. Schröter, E. Moen (eds.), *Une Americanisation des Entreprises?* Paris, 1998, pp.28-9, H. G. Schröter, *Americanization of the European Economy*, D. Schindelbeck, „Asbach Uralt“ und „Soziale Marktwirtschaft“. Zur Kulturgeschichte der Werbeagentur in Deutschland am Beispiel von Hannes W. Brose (1899-1971), *Zeitschrift für Unternehmensgeschichte*, 40.Jg, Heft 4, 1995, K.Linne, « [...] bisher nur Sonnentage [...] ». Der Aufbau der Volkswagen-Händlerorganisation 1948 bis 1967, *Zeitschrift für Unternehmensgeschichte*, 53.Jg, Heft 1, 2008, I. Köhler, Marketingmanagement als Strukturmodell. Der organisatorische Wandel in der deutschen Automobilindustrie der 1960er bis 1980er Jahre, *Zeitschrift für Unternehmensgeschichte*, 53.Jg, Heft 2, 2008,.

capitalism that influenced Germany's independent development of business management systems, 1) structure of productive forces, 2) industrial structure, and 3) market structure are the most important factors.

Hence, from the perspective of structural analysis, the introduction of marketing methods in Germany is discussed below. In Section II, the influence of American marketing in Germany is reviewed followed by a discussion of the channels through which marketing methods were learned and introduced in Section III. In Section IV, the general conditions of the introduction of marketing methods are considered. In Section V, the introduction of marketing techniques in the main industries and their representative companies are analyzed. In Section VI, we clarify the various German characteristics of the introduction of marketing methods.

## II Influence of American Marketing in Germany

First, regarding the impact of American marketing, Harm G. Schröter argued that in relation to the Americanization of the European economy, changes such as marketing research and publicity were a logical consequence of the U.S. direct investment, mass production, and mass distribution<sup>4)</sup>. In the 1950s, many Europeans perceived mass-produced products as standardized, and mass production as something that is contrary to individualism. However, the American viewpoint is that mass production promotes individualism because it enables an individual to purchase a wider variety of goods. With further integration among the European national markets and increase in consumer purchasing power, this perception started to take hold in Europe as well<sup>5)</sup>.

We investigate the response to sales issues in Germany and the influence of American marketing. In Europe, there was a greater lag in distribution than in production, and thus, the latent potential for learning and transfer in the former was much greater<sup>6)</sup>. Germany traditionally had strong production and technology orientations. Therefore, it was assumed that a demand for a marketing "revolution" in German companies would require a change in behavior that must be accompanied by a radical reform of mental attitude and

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4) H. G. Schröter, *Americanization of the European Economy*, p.97.

5) *Ibid.*, p.122.

6) *Ibid.*, p.78.

traditional management<sup>7)</sup>. Under the post-war boom conditions, rationalization efforts were completely focused upon the area of production, and there was no indication of any problem in the sale of products<sup>8)</sup>. From the American viewpoint at that time, Germany was greatly lagging in market research even in the mid-1950s<sup>9)</sup>. Not much attention had been paid to the skills of sales personnel in European companies at that time, and the same could be said about Germany<sup>10)</sup>.

In these circumstances, in the many programs supported by the U.S. Technical and Productivity Program (USTA&P) on the topic of marketing and sales, it became clear that in Germany, knowledge of modern sales economics and various methods was insufficient. Thus, interest in American marketing methods became stronger and the negative evaluation toward American sales and market research methods began to decrease<sup>11)</sup>. Until the 1960s especially, the situation of emphasizing rationalization efforts in only the production area faced a decisive change. Moreover, diverse consumer needs once again enhanced sales function to the true theme<sup>12)</sup>.

### **III Channels through which Marketing Methods were Learned and Introduced in Germany**

Next, let us analyze the channels through which American marketing techniques were learned and introduced. The main channels consisted of study trips to America sponsored by the USTA&P, inviting experts from the U.S. to Germany and involving them in various events, learning through books and other published materials, involvement of advertising agencies, and direct investment by American companies.

First, the efforts of USTA&P were the most successful of the efforts made by the

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7) C. Kleinschmidt, *a. a. O.*, S.226.

8) H. Remele, Rationalisierungsreserven in Klein- und Mittelbetrieben. Ergebnisse einer Analyse des RKW-Betriebsbegehungsdienstes, *Rationalisierung*, 14.Jg, Heft 5, Mai 1963, S.113.

9) *Rheinisch-Westfälisches Wirtschaftsarchiv zu Köln*, Abt 1,517.6, Stand der Rationalisierung in Deutschland, S.14.

10) OEEC, *Problems of Business Management. American Option, European Option* (Technical Assistance Mission, No.129), Paris, 1954, p.16.

11) C. Kleinschmidt, An Americanized Company in Germany, M. Kipping, O. Bjarnar (eds.), *The Americanization of European Business. The Marshall Plan and the Transfer of US Management Models*, London, 1998, p.181.

12) H. Remele, *a. a. O.*, S.114.

U.S. in the area of marketing<sup>13)</sup>. Numerous businessmen who travelled to the U.S. on trips sponsored by Mutual Security Agency, Foreign Administration Organization, and Rationalisierungs-Kuratorium der Deutschen Wirtschaft (RKW) began to request to learn about the latest marketing and advertising methods<sup>14)</sup>. In the 1950s, on a trip to the U.S. as part of a delegation of the productivity missions, German entrepreneurs and engineers studied sales and marketing issues to the same extent that they observed the latest technology and production methods<sup>15)</sup>. Even in the programs at the European Productivity Agency, marketing and distribution issues were discussed<sup>16)</sup>.

Furthermore, inviting experts from the U.S. was one of the channels. In *B-Project* of the Technical Assistance Plan, exchange programs for studying American PR and marketing techniques were planned and conducted<sup>17)</sup>. For example, a management seminar was held in Berlin in 1953 in which the person in charge of marketing at Westinghouse's Electric Appliance Division was invited. In the seminar, there were group discussions about marketing research, product planning, sales planning, advertising/distribution, PR, publicity, distribution methods for consumer goods, product service, factory organization, and personnel development of marketing personnel<sup>18)</sup>.

In the 1950s, events such as conferences and lectures also played a central role. In the mid-1950s, the Federation of German Industries, RKW, and the Foreign Operations Administration used the Baden-Baden seminar to stage an event called "New Methods of Sales Economy," in which there were 140 participants. The challenge was to transfer new methods of marketing, sales, and publicity under the transition from a seller's market to a buyer's market. These events indicate that the relationship between the American and German experts was the same as that between a teacher and a student<sup>19)</sup>.

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13) *National Archives*, RG469, Productivity and Technical Assistance Division, Office of the Director, Technical Assistance Country Subject Files, 1949-52, German-General, A letter to the Economic Cooperation Administration from Dr.C. Kapfner (20.9.1950).

14) C. Kleinschmidt, *Driving the West German Consumer Society*, p.83.

15) C. Kleinschmidt, *An Americanized Company in Germany*, p.181.

16) *National Archives*, RG469, Productivity & Technical Assist Division Labor Advisor Subject Files 1952-54, TA-Work, Program Suggestions of PTAD/FOA for the EPA second annual Program.

17) *National Archives*, RG469, Productivity & Technical Assist Division Labor Advisor Subject Files 1952-54, TA-Work, TA-B-Project Berlin 09-215 — Marketing and Public Relations Team Berlin (24.11.1953).

18) *National Archives*, RG469, Mission to Germany, Productivity and Technical Assistance Division, Subject Files of the Chief, 1953-1956, Report on Experiences German-American Management Seminars in Berlin (2.11.1953).

19) C. Kleinschmidt, *a. a. O.*, S.225.

Further, in the case of commercial magazines and books, almost all of the German commercial publications dealing with distribution referred to the American model of selling styles, salesmanship, or organization. In addition, in many cases, related books were translated and published under the editorship of well-known Germans in the business world<sup>20)</sup>.

German companies also gained knowledge about the practice of American marketing by working with advertising agencies and consulting companies<sup>21)</sup>, and this method played a very important role. In the 1950s, it was revealed that American-type advertising agencies offering full service represented an economically more successful model. Under these circumstances, German companies increasingly began to utilize the wide-ranging services offered by such advertising agencies<sup>22)</sup>. For example, in the case of Henkel brand products, the Stanford Research Institute (SRI) and McCann-Erickson advertising agency were the most important facilitators of American know-how. In contrast to American competitive companies such as GM, at first Daimler-Benz was critical of questionnaire surveys. However, after being in contact with Ogilvy, a specialist in American advertising, in early 1960s, they changed their evaluation method and with the cooperation of the country's experts, unlocked new marketing know-how<sup>23)</sup>.

In Europe, the appearance of advertising agencies that provide full service, ranging from marketing research to the organization and realization of advertising campaigns, including the evaluation of the research results, signified Americanization of this industry. The experience of European employees at American advertising agencies also contributed to the transfer of American methods and attitudes<sup>24)</sup>.

The method of direct investment by American companies was also an important channel for transferring knowledge. The marketing activities in the area of consumer goods of American subsidiaries in Germany often had a very strong direct impact on the adoption of similar methods by German companies<sup>25)</sup>. In some American subsidiaries and branches surveyed by Hartmann et al., the independent position of marketing director,

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20) H. G. Schröter, *Americanization of the European Economy*, p.82.

21) S. Hilger, *a. a. O.*, S.203.

22) H. G. Schröter, *a. a. O.*, S.98-99.

23) S. Hilger, *a. a. O.*, S.187-8.

24) H. G. Schröter, *Americanization of the European Economy*, pp.118-9.

25) G. P. Dyas, H. T. Thanheiser, *The Emerging European Enterprise. Strategy and Structure in French and German Industry*, The Macmillan Press, 1976, p.112.

which had jurisdiction over sales and publicity, was created. In other subsidiaries and branch offices, it can be said that although both sales and advertising functions were relatively independent, they were integrated in the form of work teams such as marketing groups and committees<sup>26)</sup>. Particularly in the late 1960s, many advertising agencies were established with their headquarters in the United States capital. To better adapt to the market, many of the agencies accepted German partners or formed liaison with existing local agencies<sup>27)</sup>. This also contributed to the promotion of the introduction and transfer of American know-how.

#### **IV General Conditions of the Deployment of Marketing Techniques in Germany**

Next, analysis of the overall situation of the introduction of marketing techniques reveals that in the 1950s, their introduction was an extensive movement that impacted many businesses simultaneously. For example, the motto “From Sales to Marketing” at the first Sales and Marketing Conference held in Germany in 1958 summarized the events happening all around Europe at that time. However, the management of the European manufacturing industry was skeptical of the new methods and their significance. According to the directors who focused on issues of production, marketing not only required a thorough transformation of their way of thinking but also represented loss of authority within their enterprises. In light of these circumstances, a wide acceptance of American marketing and related management methods did not occur until a generational change of managers in the early 1960s<sup>28)</sup>.

In German companies, until the late 1950s, with the exception of some of the departments that were in charge of sales, advertising, and publicity, the sales policy activities were generally carried out individually without a master plan and run independently<sup>29)</sup>. In the 1950s, many European managers established a small section in the sales department as the marketing unit. In the U.S., in contrast to the sales department being in charge of short-term strategies, the marketing department developed

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26) H. Hartmann, *Amerikanische Firmen in Deutschland. Beobachtung über Kontakte und Kontraste zwischen Industriegesellschaften*, Köln, Opladen, 1963, S.109.

27) H. G. Schröter, *a. a. O.*, S.107.

28) H. G. Schröter, *Americanization of the European Economy*, p.106.

29) S. Hilger, *a. a. O.*, S.186.



the company's long-term strategy. In Germany, such a division did not occur until the late 1960s. By 1968, 79% of German businesses created a clear division between the two departments within the organization<sup>30)</sup>.

Thus, from the beginning of the 1960s, the introduction of American marketing techniques had proceeded earnestly. We will now analyze the main techniques below.

**Advertising and Publicity:** In 1945, there was a significant difference between the U.S. and Europe in terms of advertising and publicity, the most important one being the attitude toward advertising. For example, American advertisers used far more sophisticated techniques that adopted modern scientific methods, and advertising was seen everywhere. For many years, American advertising had been organized on a scale considerably larger than in Europe. Full-service advertising agencies were common in the U.S., but rare in Europe<sup>31)</sup>. Advertising agencies of this type were established in Germany in 1947 based on the American model<sup>32)</sup>. In the 1950s, advertising under the influence of the American model was increasingly regarded as a part of the marketing sphere<sup>33)</sup>.

Two waves of Americanization were seen in the area of advertising and publicity. The role of American-type advertising agencies that provide full service was a characteristic of the first wave in the 1950s. However, at this stage, there was considerable social antipathy toward the American advertising being seen in Germany. Measures such as publicity campaigns based on planned obsolescence had not been introduced in Germany then. As for the 1950s, it has been pointed out that the degree of the catalytic effect of the American model and Americanization should not be overestimated. The American influence was modest in the organization form of German advertising companies as well. This type of faltering in the Americanization process was due to economic factors such as the existence of the seller's market as well as the much more powerful development of the traditional producer goods industry compared with that of the consumer goods industry. On the other hand, the second wave of Americanization can be seen from the 1960s, and at this stage, the introduction of American marketing concepts and techniques progressed<sup>34)</sup>.

Even in the middle of the 1960s, the administrators of publicity were in middle or

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30) H. G. Schröter, *Americanization of the European Economy*, p.107.

31) *Ibid.*, p.118.

32) D. Schindelbeck, *a. a. O.*, S.247.

33) C. Kleinschmidt, *a. a. O.*, S.224.

34) H. G. Schröter, *a. a. O.*, S.98-103.

lower management<sup>35)</sup>. It was very different from the situation in the U. S., where the person in charge of the advertising department in many cases reported directly to the vice president of marketing<sup>36)</sup>. The American system was followed by the subsidiaries and branch offices of American businesses in Germany. In such subsidiaries and branch offices, the administrators in charge of advertising played a role different from that often would be the case in a German company, commonly directors. This point is the most noticeable difference between these businesses and business of German capital<sup>37)</sup>. Many German businesses underwent reorganization based on the American model, particularly in the early 1970s. Previously, there had been a lack of trust and conflict between advertising agencies and the departments in charge of publicity. However, this situation fundamentally improved in the new generation of management. Marketing department along with management determined the corporate goals, decisions about publicity goals, concepts, publicity planning, and to a certain extent, the budget, carrying them out primarily in cooperation with the agencies<sup>38)</sup>.

In this way, publicity of sales was one area in the German economy from the 1960s that was most strongly "Americanized"<sup>39)</sup>. This is seen in the fact that in the mid-1960s, the American-type advertising agency took control<sup>40)</sup>. In 1960, the per capita expenditure on advertising in Germany was about one-third that in the U.S., but by 1970, it had increased to about 72% of the U.S. This was about 3.1 times greater than the amount in England, 3.8 times greater than that in France, and the largest in Europe<sup>41)</sup>.

However, in the 1960s, the domination of the U.S. in the selection of advertising media was still observed, which was most conspicuous in television advertising<sup>42)</sup>. For example, in 1960, P&G was already spending 90% of its publicity budget in the U.S. on television advertising. Henkel's delegation to the U.S. also showed a strong interest in such

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35) Vgl. H. Hölzer, Werbung ist Führungsaufgabe, *Der Volkswirt*, 18.Jg, Beiheft zu Nr.39 vom 25 September 1964, "Werbung ist Führungsaufgabe", S.1, F. H. Korte, Der Werbeleiter in der Unternehmens-Hierarchie, *Der Volkswirt*, 18.Jg, Beiheft zu Nr.39 vom 25.September 1964, S.26, S.30.

36) K. Hallig, *Amerikanische Erfahrungen auf dem Gebiet der Wirtschaftswerbung im Hinblick auf ihre Anwendung im westeuropäischen Raum*, Berlin, 1965, S.64.

37) H. Hartmann, *a. a. O.*, S.111.

38) H. G. Schröter, *a. a. O.*, S.105, S.107.

39) S. Hilger, *a. a. O.*, S.202.

40) D. Schindelbeck, *a. a. O.*, S.235.

41) H. G. Schröter, Advertising in West Germany after World War II, pp.28-9, H. G. Schröter, *Americanization of the European Economy*, p.120.

42) H. G. Schröter, *a. a. O.*, S.108.

advertising efforts<sup>43)</sup>. Thereafter, in Germany, with the spread of the television, this new advertising medium came to play a greater role in publicity, though slightly later than in the U.S.

**Marketing Research:** Next, regarding marketing research, we see that even in 1960, the increase in the diversity and increasing demands of consumers often hampered the various efforts toward large-lot rationalized production. Under these circumstances, product testing and long-term sales forecasting methods used in modern market research facilitated the use of basic data necessary for determining the type of products that promised optimum sales<sup>44)</sup>.

Even in Europe, activities related to marketing research had already been seen before 1945. However, the U.S.'s leading position in this area was not only a result of combining scientific techniques such as OR and office equipment technology, but also the result of innovative application of new statistical techniques with polling methods. The most important technique among them was consumer panels, which was introduced in Germany after the mid-1950s.

Furthermore, from the early 1950s, American marketing research companies also established subsidiaries and offices in Germany, which played a certain role in the spread of these techniques. However, the demand for these companies majorly originated from American subsidiaries or businesses planning to expand into the European market. Thus, the major part of the expansion of marketing research was from American direct investment. During the establishment of marketing research in Europe, the American model had been so outstanding that it was common to see precise imitations of the model<sup>45)</sup>.

**Product Policy and Pricing Policy:** Examining further product and pricing policies, we first see that there was often a tendency for German suppliers, in contrast to American businesses, to give priority to product policies with an emphasis on traditional brand awareness. This was particularly applicable to companies that focused on brand strength

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43) S. Hilger, Reluctant Americanization? The Reaction of Henkel to the Influences and Competition from the United States, A. Kudo, M. Kipping, H.G. Schröter (eds.), *op. cit.*, p.202.

44) K-H. Strotmann, Marktforschung als Voraussetzung für Typenbeschränkung, *Rationalisierung*, 11.Jg, Heft 1, Januar 1960, S.12.

45) H. G. Schröter, *Americanization of the European Economy*, pp.111-4, p.117.

gained through high quality, such as the case with Daimler-Benz. Hilger characterized this trend as a “model policy that is not constrained by the stream of the times.” Since the late 1950s, Daimler-Benz followed a product strategy that sought variation in the appearance of its vehicles at the lowest cost possible by making only slight changes to the bodies of the cars. The company, by facilitating such concession to the market, suppressed American customs, and thus prevented further shortening of model change cycles in the European market. However, even in this case, there was a tendency in Europe to regard high development costs associated with the sales technique of frequent model changes as a wasteful policy and to criticize it as “planned obsolescence.” Accordingly, this trend was not limited to Germany and should instead be considered a European characteristic<sup>46)</sup>. With Germany’s high dependence on the European market, this market characteristic provided the conditions for Germany’s product policy to be effective in this region.

Regarding the pricing policy, it is seen that American pricing policies closely followed the influences of free market forces. In contrast, in Germany, there were influences such as price-fixing for brand products, and the regulation of national policies such as the gift regulations and the rebates act. In addition, German companies that gave priority before the war to the traditional mild competition policy that was part of the market agreement were not so able to follow American business practices. After the war, American suppliers coped with the disturbance of the European market with low prices and discounts. In contrast, German suppliers, in the face of slow growth in the late 1960s, sought to maintain normal, high prices. However, under the conditions of increased price competition, there was an even greater change in the stubborn attitude of Henkel because of the exceptional price cuts and ceaseless discounting in the detergent and cleaner business from the late 1960s. Subsequently, as a result of competition with P&G, Henkel’s strongest competitor, it came to a compromise solution, which was a middle path between American competition policies and the traditional pricing policies. Big brands such as Persil only implemented discounts and sales to the extent that was absolutely necessary, and for other products, they protected their overall market share by adjusting their supply to meet the state of competition<sup>47)</sup>.

In this way, American marketing strategy, from an overall view, had a lasting effect on the concept of German companies’ sales policies. American companies’ techniques and

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46) S. Hilger, *a. a. O.*, S.190, S.192-3.

47) Vgl. *Ebenda*, S.195-7, S.201.

know-how were introduced in, for example, product policies and publicity, but the degree of acceptance depended on the intensity of competition. Not considering the content of advertising, from the late 1950s, there was considerably more powerful systemization of sales policies depending on the new techniques of market research and opinion surveys. However, in relation to German producers' price and terms policies that were also impacted by competition policies, it was clearly difficult for the companies to distance themselves from their existing tradition<sup>48)</sup>.

Even given the above circumstances, there were intercompany differences in the shift to market-oriented management in the 1950s and 1960s. Moreover, in terms of the change in conditions represented by the transition from a seller's market to buyer's market after the war, there was a difference between the raw materials and consumer goods industries. In addition, the perceptions about issues related to sales, marketing, publicity, and consumers differed among industries and even within individual businesses. Here, individual experiences, perceptions, and attitudes played important roles. In the heavy industry, because of historical reasons such as the existence of cartels, until the mid-1960s, sales, publicity, and marketing were considered of only secondary significance. In contrast, in the chemical and artificial fiber industries, top management paid considerably greater attention to marketing, and the introduction of marketing techniques had already started at quite an early stage<sup>49)</sup>. In addition, according to the Booz Allen & Hamilton report that was released in the early 1970s, the American marketing concept had been understood and introduced particularly in progressive companies in the consumer goods industry, and the function consisting of marketing such as market research, sales and sales promotion, and advertising had somewhat developed. In contrast, in many companies in the producer goods industry, the focus was not on market needs, but production as it had been before<sup>50)</sup>. Hence, next we will analyze the introduction of marketing techniques in the main industries and their representative companies.

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48) Vgl. *Ebenda*, S.211-2.

49) C. Kleinschmidt, *a. a. O.*, S.226-7, C. Kleinschmidt, *Driving the West German Consumer Society*, pp.83-4.

50) Booz-Allen & Hamilton, *Herausforderungen des deutschen Managements und ihre Bewältigung*, Göttingen, 1973, S.35.

## V Deployment of Marketing Techniques in the Main Industrial Sectors

### 1 Chemical Industry

The chemical industry is one of the sectors in which marketing became an important issue during the expansion of consumer goods and products after WWII. Here, we will examine this industry through the examples of certain individual companies.

First, consider the case of **Glanzstoff**. The company pursued a rigorous market-oriented sales strategy, which indicated a departure from the traditional sales concept. The American marketing and publicity techniques offered a completely new concept, and DuPont was the model for both. Increase in the significance of marketing also impacted the organization. In 1954, the advertising department was separated from the sales department and placed under the direct control of the board of directors. A publicity committee responsible for decisions related to publicity methods was simultaneously established. The committee conducted local research on American advertising and publicity techniques, visited American companies and organizations, and examined publications and magazines. From the late 1950s to the early 1960s, the large-scale publicity of the polyester fiber Diolen was implemented; in 1959, a new sales promotion section and team were established for this product. American orientation was also introduced and was seen in television advertisements<sup>51)</sup>. Glanzstoff is a representative example of a company that more directly introduced American marketing techniques. Diffusion of such techniques is reflected in the adoption of American terminology by German management teams, and also reflects the transfer of corporate culture<sup>52)</sup>.

Next consider the case of **Hüls**. We see that the concept of marketing did not play a role immediately after the war<sup>53)</sup>. However, in the early 1950s, with the increase in the proportion of exports, separation of the advertising budget for domestic and foreign purposes became an issue, and the type of advertising media to be used became a concern<sup>54)</sup>. Nonetheless, at this stage, they still lagged behind the U. S.<sup>55)</sup>. Unlike Glanzstoff, there was lack of personnel pursuing an appropriate marketing concept, and even in the late 1950s, from an overall perspective, there was barely any attention

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51) C. Kleinschmidt, *a. a. O.*, S.229-31, C. Kleinschmidt, An Americanized Company in Germany, p.182.

52) *Ibid.*, p.183.

53) C. Kleinschmidt, *a. a. O.*, S.233.

54) *Hüls Archiv*, VII-7-1/1, CWH-Werbung im Jahr 1952.

55) *Hüls Archiv*, VII-7, Neugestaltung der Industrierwerbung (7.6.1951).

directed toward the American model. However, with the introduction of Vestan polyester fiber in the early 1960s, the situation changed. Under the conditions of competition with other manufacturers and their brand products, along with a greater necessity to adapt accordingly to various market needs, a large-scale marketing campaign for Vestan, similar to Glanzstoff's Diolen campaign, was initiated. This campaign, however, was carried out without accepting American marketing sales policies based on direct human contact or the terminology of American management methods<sup>56)</sup>.

With regard to **Henkel**, the post-war publicity activities for Persil began in 1950<sup>57)</sup>. However, according to internal documents from September 1953, advertising was not seen as a modern method, and the competition's publicity was always better<sup>58)</sup>. In the fall of 1956, Henkel introduced its television publicity of Persil, thus becoming the first West German company to start television advertising. The advertising was a defensive measure against P&G's extraordinary publicity efforts in the growing all-temperature detergent and cleaner market. However, as a traditional German brand product company, Henkel's management team, even after this, remained distant from such content<sup>59)</sup>.

In such circumstances, from the second half to the end of the 1950s, given the increasing demand for advertising, external experts such as market research organizations and advertising agencies became involved. In 1959, for the first time, the advertising agency Troost-Campbell-Ewald GmbH was entrusted with the Persil campaign. In the same year, a marketing department in charge of product planning and advertising was established, and the advertising and publicity center became responsible for the conception and implementation of all advertising and publicity activities<sup>60)</sup>. However, until the early 1960s, due to lack of capital, the management team was almost completely unable to consider implementing a strategy for pricing and advertising policies similar to that of the competition<sup>61)</sup>.

Under the increasing strength of competitive pressures from their American competitors, an analysis of market research data and their competitors provided impetus to sales

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56) C. Kleinschmidt, *a. a. O.*, S.234-5.

57) *Siemens Archiv Akten (SAA)*, 49/Lb457, R. Gömmel, Werbeverhalten im Konsum und Investitionsgüterbereich von 1945 bis 1980, gezeigt an frei gewählten Beispielen, S.16.

58) *Henkel Archiv*, 153/9, Niederschrift über die Postbesprechung vom 18.9. 1953 (19.9.1953), S.7.

59) S. Hilger, *a. a. O.*, S.208-9.

60) *SAA*, 49/Lb457, R. Gömmel, *a. a. O.*, S.39.

61) S. Hilger, *op. cit.*, p.211.

policies. In the early 1960s, a central department responsible for the collection of materials related to the introduction of new American brand products and the transfer of such materials to the section in charge was established inside the marketing department<sup>62)</sup>. To train personnel with expertise in market research, in 1961 and 1962, Henkel participated in the productivity subsidiary program offered by the Ministry of Economic Affairs<sup>63)</sup>. In addition, with the cooperation of representative producers of American brand products, merchandisers, and sales companies, they aimed at acquiring information about new trends in sales methods and marketing<sup>64)</sup>. Henkel had already, since the late 1950s, introduced a wide variety of products in cooperation with German advertising agencies, but in 1963, they entrusted the advertising campaign for the new detergent “Amba” to an American advertising agency<sup>65)</sup>.

Thereafter, the competition in the European market became a competition between two companies, Henkel and P&G. As a result, a detailed analysis of P&G’s management policies was undertaken since the mid-1960s<sup>66)</sup>. It was thereby proposed that Henkel should seek a smooth and consistent treatment of all marketing factors comparable to that of their rival P&G<sup>67)</sup>. To prepare for future competition, it was necessary for Henkel to have a detailed analysis of P&G’s methods, goals, and organization; in the late 1960s, a committee was organized to study P&G’s sales<sup>68)</sup>. Around that time, there was a decline in brand value because of intensification of competition, and from the prediction that the differentiation between brands will be even weaker, countermeasures to thoroughly reduce the number of product items were implemented<sup>69)</sup>. Under these conditions, in 1968 the American consulting company SRI suggested that there should be separate cost centers for each unit and group within the marketing organization, and also that existing

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62) S. Hilger, *a. a. O.*, S.188-9.

63) *Henkel Archiv*, 153/20, Niederschrift über die Postbesprechung Henkel vom 31.Juli 1962 (2.8.1962), S.3.

64) S. Hilger, *op. cit.*, p.200.

65) S. Hilger, *a. a. O.*, S.203.

66) *Ebenda*, S.189.

67) *Henkel Archiv*, 451/55, Auszug aus dem Protokoll Nr.3/1968 über die Sitzung des Verwaltungsrates der Persil GmbH am 4.April 1968, *Henkel Archiv*, 153/42, Niederschrift über die gemeinsame Post PERSIL/ HENKEL/Böhme/Hi vom 9.1.1968 (10.1.1968), S.7.

68) *Henkel Archiv*, 451/55, Auszug aus dem Protokoll Nr.1/68 über die gemeinsame Post vom 9.Januar 1968, S.2, *Henkel Archiv*, 153/42, Niederschrift über die gemeinsame Post PERSIL/ HENKEL/Böhme/Hi vom 9.1.1968 (10.1.1968), S.7.

69) *Henkel Archiv*, 451/55, Auszug aus dem Protokoll Nr.1/68 über die gemeinsame Post vom 9.Januar 1968, S.1.



sales-oriented activities should be transformed into a comprehensive customer-oriented marketing program<sup>70)</sup>.

Thus, in the chemical industry, the intensified competition that resulted from progress in mass production in the consumer goods products industries and America's export stance made responding to the marketing techniques an even more important theme. However, in this situation, along with companies that addressed these issues by having close contact with America, including the use of advertising agencies, there were also companies that addressed these issues from a certain distance.

## 2 Electrical Industry

In the electrical industry, we see that **Siemens**, with the currency reform of 1948, shifted the focus of activities of its advertising center, established in 1938 to support publicity of sales. In the 1950s, publicity research made it possible to empirically analyze the various factors impacting the effectiveness of publicity<sup>71)</sup>. For Siemens to demonstrate their technological nature and to create trust in their products, there was a unified style created in the formation of the advertising media. In response to the fierce competition in the consumer goods market, illustrative advertising to the masses was initiated in 1954. In the investment goods sector, because of numerous new developments in technology, it was necessary for sales staff to have excellent information measures to support the development of human relations. In this, there was an emphasis on publicity brochures, printed materials, and advertising in media such as newspapers<sup>72)</sup>. The company's 1961 internal documents indicate that the challenges of sales promotion, marketing research, sales planning, and production planning surfaced under the intensification of competition<sup>73)</sup>.

In particular due to the general economic breakthrough, an increase in the dynamism of the market combined with the introduction of more powerful advertising led to a movement towards modern American marketing in terms of product and sales policies oriented toward market conditions and customer needs. In relation to the organization

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70) *Henkel Archiv*, 251/2, Stanford Research Institute, Langfristigen Planung für Persil/Henkel, Phase II: Strategische Plaung, 2.Bd, Juli 1968, S.339, S.344-6.

71) SAA, 9871, O. Schwabenthan, Unternehmenskommunikation für Siemens 1847 bis 1989, München, 1995 (Selbstverlag), S.62-3, SAA, 49/Lb457, R. Gömmel, *a. a. O.*, S.6, S.8.

72) *Ebenda*, S.7-9.

73) SAA, 37/Lk975, H. Illmer, Warum materialorientierter Vertrieb?, S.30.

of advertising activities beginning in 1962, specialized units other than advertising and publicity groups were formed to ensure effective generation of necessary publicity techniques and to maintain Siemens advertising style<sup>74)</sup>.

In the 1960s, the results of image analysis began to provide the basis for the formation of a modern advertising style of a corporate identity strategy. In Germany, scientific analysis was first used for advertising goals in the 1950s<sup>75)</sup>, but in the 1960s, scientific research in relation to Siemens corporate image was implemented by a neutral institution. In addition, activities such as research related to the corporate brand and its symbolic characteristics, analysis of the popularity of the company and its products compared with its competitors, and comparison of advertising expenditures of Siemens and AEG were carried out. Moreover, market research, market observations, and publicity research served as supplementary measures for the improved planning<sup>76)</sup>. In the late 1960s, GfK Nürnberg, a research company for consumption, marketing, and sales, was entrusted with a survey related to the concept of "Siemens' product series." They obtained survey results on three aspects: visibility, information, and image<sup>77)</sup>. In addition, Siemens' electrothermal equipment company, which manufactured and sold household electric products, conducted a research trip to the U.S. in 1968 with the objective of applying the knowledge they gained from analysis of the American small electric products market to the conditions of the European market and demonstrating the possibility of expanding their business. There, they conducted a questionnaire survey dealing with six points: (1) market conditions, (2) product characteristics, (3) product planning and product development, (4) production, (5) sales, and (6) advertising and sales promotion. Besides meeting with top management at the SMEs, they visited larger enterprises and held discussions with the people responsible for small electrical products, and investigated topics such as sales and organization methods by visiting companies such as Westinghouse<sup>78)</sup>.

In this way, in the 1960s, the company's advertising activities had developed into an important part of marketing and were able to adapt to the market conditions according to

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74) SAA, 9871, O. Schwabenthan, *a. a. O.*, S.85, S.87, S.92.

75) W. Feldenkirchen, *The Americanization of the German Electrical Industry after 1945*, A. Kudo, M. Kipping, H. G. Schröter (eds.), *op. cit.*, p.130.

76) SAA, 49/Lb457, R. Gömmel, *a. a. O.*, S.25.

77) Vgl. SAA, 37/Lk975, *Siemens-Serienfabrikate. Eine Untersuchung bei ausgewählten Abnehmerkreisen von Siemens-Erzeugnissen* (März 1967).

78) Vgl. SAA, 68/Li137, *Analyse des USA-Kleingerätenmarktes. Reise der Herren Fromm, Prahl und Dr. Rumswinkel vom 15.5. bis 29.6.1968.*

the times. However, at the beginning of the 1970s, advertising went beyond its function as part of marketing mix in sales issues, as it had been in the 1960s, and began to function as part of communication mix which is an enterprise-wide issue<sup>79)</sup>.

### 3 Automotive Industry

Next, we look at the automotive industry. **Volkswagen** was one of the most advanced companies in its various marketing policies, in that it had a strong customer and sales orientation. American know-how gave Heinrich Nordhoff impetus, and the company thoroughly undertook the planning of a wide-range and large-scale sales organization in as early as 1948–1950<sup>80)</sup>. Thereafter, the building of a national and international sales network was actively promoted. In 1947, the company's sales network merely consisted of 10 core distributors and 14 dealers, and factory-authorized repair shops did not exist. However, two years later, the sales organization consisted of 16 core representative agents, 31 wholesale distributors, 103 dealers, and 84 authorized repair shops<sup>81)</sup>. In contrast to other German automotive companies, Volkswagen could not rely on their existing dealership network after the war, and the development of a sales network became an important issue. After the currency reform of 1948, the number of sales locations greatly increased, and in addition to developing a system of independent retailers that also was in charge of the wholesale stage, they expanded their customer service network. As for the method of maintaining their sales points, in the 1960s, they also used the method of acquiring other companies (Borgward and Auto Union)<sup>82)</sup>.

In each issue of the public relations magazine “*VW Information Service*,” launched in August 1949, Volkswagen was early in pointing out the importance of market analysis, advertising, and the customer service function, and the company worked on the development of survey questionnaires, statistics, and the customer service function<sup>83)</sup>.

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79) SAA, 49/Lb457, R. Gömmel, *a. a. O.*, S.49, S.57.

80) G. Vogelsang, Über die technische Entwicklung des Volkswagens, *Automobiltechnische Zeitschrift*, 63.Jg, Heft 1, Januar 1961, S.6, H. Hiller, Das Volkswagenwerk legt Rechnung, *Der Volkswirt*, 6.Jg, Nr.22, 31.5.1952, S.26-7.

81) C. Kleinschmidt, Driving the West German Consumer Society, p.84.

82) Vgl. K.Linne, *a. a. O.*, S.8, S.25-6, S.31.

83) *Volkswagen Archiv*, 61/2036, Volkswagen G.m.b.H., *Volkswagen Informationsdienst*, Nr.1 (1.8.1948), Nr.2 (5.10.1948), Nr.3 (16.12.1948), Nr.4 (10.2.1949), Nr.5 (20.5.1949), Nr.6 (1.9.1949), Nr.7 (16.12.1949), *Volkswagen Archiv*, 174/1588, H. Nordhoff, Ein offenes Wort zu unserer Situation, *Volkswagen Information*, Nr.19, September 1954.

In the fourth quarter of 1945, the customer service department had already been re-established, and in the following year, the organization was expanded to include the three departments of replacement parts, technique and customer service training<sup>84)</sup>. The organization of the center for sales and customer service included sections for domestic sales, overseas trade service, technology, and advertising in 1948. Publicity departments were established in July of the same year<sup>85)</sup>. In the fiscal year of 1950, as part of the restructuring of the department in charge of domestic sales, the sales promotion department was established. In addition to incorporating the publicity department with the organization, there was the integration of sales statistics techniques and various sales promotion policies into it. That fiscal year was the first time that the development of aggressive publicity existed on a considerable scale<sup>86)</sup>. The 1951 fiscal year was the first time that the sales promotion/publicity section performed systematic and planned activities<sup>87)</sup>. Among these movements, direct publicity methods began to be focused in 1953<sup>88)</sup>, and great emphasis was also placed on advertising. In addition, in the 1958 “*VW Information Service*,” the emphasis on sales promotion and publicity as basic advertising principles was pointed out<sup>89)</sup>, and policies such as training of sales staff were carried out on a larger scale<sup>90)</sup>. In the 1959 fiscal year, the dealer network and repair shop network were strengthened, and regional customer service, especially in the big cities, was expanded<sup>91)</sup>. Furthermore, support policies for contractual dealers were actively pursued. Examples of these efforts include the holding of the 1962 dealer advisory council and the dealer financial advisory system<sup>92)</sup>.

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84) *Volkswagen Archiv*, 174/1033, Bericht der Verkaufs- und Kundendienstorganisation für das Geschäftsjahr 1946.

85) *Volkswagen Archiv*, 174/1033, Tätigkeitsbericht der Hauptabteilung VERKAUF und KUNDENDIENST für das Jahr 1948.

86) *Volkswagen Archiv*, 174/1033, Geschäftsbericht 1950 der Hauptabteilung VERKAUF und KUNDENDIENST, S.13.

87) *Volkswagen Archiv*, 174/1033, Geschäftsbericht 1951 der Hauptabteilung VERKAUF und KUNDENDIENST, S.17.

88) *Volkswagen Archiv*, 174/1588, Direktwerbung — methodisch betrieben, *VW Informationen*, Nr.14, 1953.8, Sonderheft: Die hohe Kunst des Verkaufens und des Umgangs mit Menschen.

89) *Volkswagen Archiv*, 174/1588, Grundsätzliches zur VW-Werbung, *Volkswagen Informationen*, Nr.14, August 1958, Sonderheft: Die hohe Kunst des Verkaufens und des Umgangs mit Menschen.

90) Vgl. *Volkswagen Archiv*, 174/1035, Geschäftsbericht 1958 der Hauptabteilung VERKAUF und KUNDENDIENST, S.7-8, K. Linne, *a. a. O.*, S.20-1.

91) Volkswagenwerk mit hohen Zuwachsraten. Rund 256 Mill.DM Gewinne — Auflösung stiller Reserven, *Der Volkswirt*, 14.Jg, Nr.36, 3.9.1960, S.2047.

92) Vgl. *Volkswagen Archiv*, Remarks by Professor Nordhoff at Dealer Advisory Council Breakfast, 174/742,

The development of such sales networks and service systems were also pursued overseas as a measure to expand exports. In 1950, Nordhoff already pointed out the importance of exports to the U. S., and on the basis of a market analysis of the U. S., the company chose a favorable time to start this activity<sup>93)</sup>. In 1955, there were 2,800 retailers and repair shops abroad, and the “*VW Information Service*” of that year reported that they had the best sales and customer service organization in Europe, and were also ahead of their American counterparts<sup>94)</sup>. The source of the company’s competitiveness in the U.S. market was largely because of the quality of the service network as well as high productivity they developed after the war<sup>95)</sup>.

Nonetheless, Nordhoff concentrated on the expansion of customer service, and hence, advertising continued to be limited and played only a minor role until the end of 1950<sup>96)</sup>. There was still a strong emphasis on production. He had taken a cautious attitude toward modern marketing and until 1963, a publicity budget, as we understand it today, did not exist. However, with the beginning of the 1960s, the automotive market in the West Germany slowly transformed from a seller’s market to a buyer’s market, and Volkswagen planned entry into advertising and its expansion as measures to deal with this change in the economic environment<sup>97)</sup>.

From the early 1960s, the German automotive industry growth rate showed a decline. The reason for this was not only the changes in the domestic market but also the greater inroads made by foreign suppliers into the German market with various aggressive

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*Volkswagen Archiv*, 174/1043, Jahresbericht 1960 der Hauptabteilung VERKAUF und KUNDENDIENST, *Volkswagen Archiv*, 174/1035, Geschäftsbericht für das Jahr 1962 der Hauptabteilung VERKAUF und KUNDENDIENST, *Volkswagen Archiv*, 174/1035, Geschäftsbericht für das Jahr 1964 der Hauptabteilung VERKAUF und KUNDENDIENST, *Volkswagen Archiv*, 174/1035, Geschäftsbericht für das Jahr 1965 der Hauptabteilung VERKAUF und KUNDENDIENST.

93) *Volkswagen Archiv*, 174/1588, Ansprache von Generaldirektor Dr.-Ing.e.h. HEINZ NORDHOFF anlässlich der Pressekonferenz am 14.Oktober 1950, *Volkswagen Information* — Ausschnitt zu Heinrich Nordhoff.

94) *Volkswagen Archiv*, 174/1588, Ansprache von herrn Generaldirektor Prof. Dr. Nordhoff zur Pressekonferenz am 6.August 1955 anlässlich der Fertigstellungdesmillionsten Volkswagen, *Volkswagen Information* — Ausschnitt zu Heinrich Nordhoff, S.4, Eine Million Volkswagen, *Der Volkswirt*, 9.Jg, Nr.32, 13.8. 1955, S.11.

95) W. Abelshausen, Two Kinds of Fordism. On the Differing Roles of the Industry in the Development of the Two German States, H. Shiomi, K. Wada (eds.), *Fordism Transformed. The Development of Production Methods in the Automobile Industry*, Oxford University Press, 1995, p.289.

96) C. Kleinschmidt, Driving the West German Consumer Society, pp.84-5.

97) V. Wellhöner, “*Wirtschaftswunder*” — *Weltmarkt* — *Westdeutscher Fordismus. Der Fall Volkswagen*, Münster, 1996, S.130.

marketing policies<sup>98)</sup>. Under such circumstances, the introduction of American marketing techniques was undertaken earnestly. In the 1960s, the scale of advertising activities using publicity agencies increased further. For example, in the 1964 fiscal year, the new style of advertising and publicity created in 1963 was rigorously continued, and advertising of new cars and spot commercials were developed in cooperation with various advertising agencies<sup>99)</sup>.

In general, the manager at Volkswagen headquarters only slowly came to have confidence in the quality of American publicity and gradually began to accept American publicity methods. However, American influence was extremely significant. New ways of thinking, different terminology, elements of new styles, and knowledge was introduced into German publicity. In 1960, in addition to television publicity for the first time, Volkswagen started advertising in illustrations, woman's magazines, and television magazines. For the first time in the 1966 annual report of the sales/customer service department, publicity, sales promotion, and customer service were referred to as "marketing" and expressed as a unified strategy combining these elements. Two years later, the corporate group's sales department and subsidiary companies developed a unified marketing plan, which determined the necessary measures to achieve the set sales targets on the basis of a detailed analysis of domestic and foreign market factors. In this way, the introduction of the company's new sales strategy and publicity methods was closely tied to the American model because they used American publicity and marketing methods as a standard or "role model"<sup>100)</sup>.

At Volkswagen, an important driving force of the strengthening and implementation of publicity was exports to the U.S. market. Here, Carl H. Hahn, the president of Volkswagen of America, played an important role. A publicity committee was established to facilitate a stronger deployment of publicity in the U. S. under the pressure of wholesalers and American companies' first introduction of a small-sized car in 1959. The publicity of the "Beetle," which was handled by a local advertising agency, was the first time that sophisticated American advertising methods were introduced. In the late 1950s, in contrast to the wide use of professional advertising agencies for publicity in the U.S., this

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98) W. Feldenkirchen, *DaimlerChrysler Werk Untertürkheim*, Stuttgart, 2004, S.158.

99) *Volkswagen Archiv*, 174/1043, Jahresbericht für den Vorstandsbereich VERKAUF 1964, *Volkswagen Archiv*, 174/1043, Jahresbericht für den Vorstandsbereich VERKAUF 1965, I. Köhler, *a. a. O.*, S.232-3.

100) Vgl. C. Kleinschmidt, *a. a. O.*, S.250, S.255-6.

was an exception in case of German companies. In light of this situation, it can be said that Volkswagen was ahead of its time by introducing American marketing techniques<sup>101)</sup>. Particularly in the company's expansion of exports in the 1960s, it became an even more important theme to develop marketing for promoting exports. For example, due to the development of planned supply of advertising materials to importers, financial support for several markets, and the introduction of international merchandizing catalogs, there was an effort for sales promotion activities to be adjusted as much as possible to international levels<sup>102)</sup>.

In this way, Volkswagen adopted an independent approach to marketing, while in their efforts to enter the American market and expand exports, the company heavily depended on individuals such as Hahn<sup>103)</sup>. In addition, the introduction of American marketing techniques progressed in their use of advertising agencies. There was further expansion of the use of such techniques in the company's development in the German domestic market. In the 1960s and 70s, there was an integration of the scattered individual marketing functions within the company, and in this process, there was an evolution from marketing as an auxiliary function of operational planning toward being a strategic planning method for business policies. However, consumer-oriented marketing management that integrated the various functions of product, sales, advertising, and price policies evolved even more earnestly in the 1970s and 80s, when the business environment became even harsher<sup>104)</sup>.

#### 4 Steel Industry

For comparison with the industries discussed till now, we next analyze a producer goods industry; the steel industry. In the framework of Technical Assistance Project an example of a coordinated effort to learn about American marketing techniques was the Federation of German Iron and Steel Industry's implementation of a study trip to the U.S. in October 1954; the trip was related to marketing research, management organization, and industrial relations. On the trip, in relation to the organization of sales of commercial transactions, the participants learned that sales management comprises various staff departments such as the department of general production planning for preparation

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101) *Ebenda*, S.254, C. Kleinschmidt, *Driving the West German Consumer Society*, p.80.

102) *Volkswagen Archiv*, Z174/N.2366, *Jahresbericht 1966 des Vorstandsbereich Verkaufs*, S.18, *Volkswagen Archiv*, 174/1039, *Jahresbericht 1969 der Hauptabteilung Verkauf und Kundendienst*.

103) C. Kleinschmidt, *Driving the West German Consumer Society*, p.85.

104) Vgl. J. Köhler, *a. a. O.*, S.216-39.

of orders, pricing department, market research, advertising department, and claims department. In this case, U.S. Steel served as a model<sup>105)</sup>. In addition, there were efforts of individual companies. For example, in 1955, Thyssen conducted a study trip to their affiliate Armco in relation to the former's sales organization and market development department<sup>106)</sup>. Following this, in 1956, Thyssen signed an agreement with Armco to establish a market research and sales company<sup>107)</sup>.

However, since the products of the steel industry are producer goods, the market characteristic issues are different from those of the consumer goods industry, in which there are a variety of purchaser tastes and needs. Moreover, the nature of the development of marketing has aspects different from those of the previously described industrial sectors. As described above, until the mid-1960s, in heavy industries, there was a trend among companies to show only secondary interest in sales, advertising, and marketing<sup>108)</sup>. The steel industry is a representative of one of these industries.

## VI German Characteristics of the Deployment of Marketing Techniques

Based on the above discussion, we will now discuss the German characteristics of the introduction of American marketing techniques.

In terms of the introduction of advertising and publicity, the scale of the second wave of Americanization from the mid-1960s to the early 1970s, particularly the acceptance of marketing based on mass consumption, was so large that it is incomparable to the first wave of Americanization in the 1950s. It affected almost all the large and medium-sized companies. Although American influence from the 1970s was not as large as before, there was a steady flow of American concepts and ideas. However, even thereafter, considerable differences continued to exist in many areas between German and American advertising and publicity. Americanization never meant the disappearance of traditional German behavior replaced by American behavior. It has been pointed out that the respect for

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105) *Thyssen Krupp Archiv*, WVS/148, USA-Reise Oktober 1954: Marketing Research, Management Organisation, Industrial Relations (TA Projekt 09-288) (8.12.1954).

106) *ThyssenKrupp Archiv*, A/1207, Untersuchung über die Organisation des Verkaufs und der Abteilung Market Development.

107) *ThyssenKrupp Archiv*, A/34272, Vertrag mit der Armco über die Marktforschungs- und Vertriebs GmbH (14.1.1956).

108) C. Kleinschmidt, *Driving the West German Consumer Society*, p.84, C. Kleinschmidt, *a. a. O.*, S.226.



individuality in advertising was never been Americanized<sup>109)</sup>.

The adoption of American marketing and advertising methods was not a natural process of movement toward convergence; rather, it needed active and innovative entrepreneurs and managers. Even in the 1950s such entrepreneurs and managers were opposed to the practices in their own companies, such as the cartels and syndicates' model-oriented, traditional sales policies. Based on their experiences and discoveries in the U.S., they were instrumental in transitioning the country toward the market-oriented American model. However, it was not uncommon that they had to overcome resistance from within their companies<sup>110)</sup>.

There was hardly any economic field that strongly felt the innovative pressure from the U.S. to the extent of the advertising and publicity sector. From the perspectives of economic and cultural history, there was no advertising agency model similar to the American model. However, there barely existed an occupation with as much widespread antipathy toward the U.S. as the German advertising experts. In the history of the spread of American advertising in Germany, it is said that there was a convergence process between German tradition and modern American methods over a 40-year period that began in the mid-1920s and continued until the mid-1960s, with a temporary interruption during the Nazi period<sup>111)</sup>.

Indeed, with the increase of competitive pressures, the need to introduce marketing increased. However, in German companies, there were expectations related to the sales function in terms of quality, delivery, and after-service, as well as the mindset that good quality products and services will be purchased. Because of the emphasis on providing high-quality products and services, concerns about pricing policies and distribution channels tended to be small<sup>112)</sup>. These points were also reflected in Germany's approach of introducing American marketing techniques.

In this way, compared with America's strong trend toward pragmatic thinking, in the German product market, consumer purchasing characteristics and behavior that emphasizes on technology, quality, and function can be seen. These market characteristics and consumer purchasing behavior are not just seen in Germany, but also at the European

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109) H. G. Schröter, *a. a. O.*, S.114.

110) C. Kleinschmidt, *a. a. O.*, S.258-9.

111) Vgl. D. Schindelbeck, *a. a. O.*, S.236.

112) P. Lawrence, *Managers and Management in West Germany*, London, 1980, p.94.

level, the core market for German exports. Also in case of companies, there were trends, management practices, and management cultures that emphasize on quality, technology, and production. Under these conditions, intense price competition was suppressed, and quality competition in Germany was more significant compared with other countries. This German characteristic, which was seen in areas such as product strategy, was a major background factor in the introduction and growth of marketing techniques in the development of post-war mass production.

After the war, similar to PR and OR, marketing maintained its management foundation of supporting the large company constitution based on competition in the oligopolistic market and the market control of large companies. However, there were many aspects of American-style management that did not necessarily conform at the time to the conditions in Germany. These included conditional and environmental factors that supported market adaptation measures, in particular, aspects with American characteristics, such as market structure, value for management, management style, and management tradition/culture. Therefore, in many cases, there was strong resistance and opposition that prevented the introduction of these aspects, and it was only possible to introduce them by modifying them in the process. Wilfried Feldenkirchen comments that to keep up with international development in the field of technology, German companies relied on relationships with their international partners, particularly technologically leading American corporations. In contrast, in areas such as organization, human resources, and marketing and sales, there was no direct incorporation of the American methods; rather, the American model served as useful guide for the development of corporate strategies within these areas<sup>113)</sup>.

Thus, there were certain limitations in adaptation, and hence Germany did not completely adapt the American management model. While modifying the American management model to accord with the circumstances in their country, Germans developed their own style of management that had specific developmental characteristics. There are examples of fusions between American and German methods in the area of marketing. For example, we see the development of the American-style marketing while German factors were incorporated. An example of this is the approach to marketing and sales that combine market characteristics with an emphasis on values (respect for individual characteristics and quality). This was a product policy that emphasized quality and function as well as

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113) W. Feldenkirchen, *The Americanization of the German Electrical Industry after 1945*, p.131.

the price policy.

The important aspect concerning these types of traditions, values and cultural factors of German business management is the influence of management values that emphasize technology, quality, and production. This type of managerial philosophy are related to personnel structure, populated by directors and managers with technological backgrounds and their relatively high positions within their respective companies. Their designations and size of roles regulate the methods of German-style management. In post WWII Germany, there was a trend toward contemptuous perception of the spread of American consumer-oriented management practices<sup>114)</sup>. Rather than an orientation toward marketing and more direct pursuits of profit, there was a strong trend toward production orientation that emphasized technology and quality. This not only had a great impact on the introduction of American-style management methods but also led to the birth of German-style business management characteristics. For example, “planned obsolescence,” one of the typical oligopolistic behaviors that are most widely promoted in the U.S. as a sales policy technique that contributes to the creation of competitive advantage<sup>115)</sup>, was not necessarily appropriate in Germany. Under German-style management values, rather than following producer-oriented measures such as planned obsolescence, German companies tended to emphasize sales policies that prioritized consumer interests. Traditional influences from the pre-WWII period were also seen, such as priority given to moderate pricing policies based on market agreements.

With the German tradition of quality- and technology-oriented management values/ management culture and market characteristics, the American management methods, which were created and developed under the advanced stage of standardization of both production and consumption based on the pragmatic tradition stressing the efficiency principle in the U. S., were not necessarily appropriate for Germany. Companies such as Daimler-Benz had a product development-oriented product strategy that reflected the social responsibility of providing the highest quality in terms of safety and comfort regardless of whether the vehicle was a luxury car, utility vehicle, passenger car, or

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114) U. Wengenroth, *Germany: Competition abroad — Cooperation at home*, A. D. Chandler, Jr., F. Amatori, T. Hikino (eds.), *Big Business and the Wealth of Nations*, Cambridge University Press, 1997, p.161.

115) K. W. Busch, *Strukturwandlungen der westdeutschen Automobilindustrie. Ein Beitrag zur Erfassung und Deutung einer industriellen Entwicklungsphasen in Übergang vom produktionsorientierten zum marktorientierten Wachstum*, Berlin, 1966, S.159.

commercial vehicle<sup>116)</sup>. In the same way, in companies such as Volkswagen that had an orientation toward mass production, from the early stages of the post-war period, the factor ensuring competitiveness in the world market was the emphasis on quality<sup>117)</sup>.

Furthermore, in relation to the context of the characteristics of the structure of productive forces, there was the tradition of “the flexible production concept with an emphasis on quality” as seen in the automotive industry<sup>118)</sup>. Germany had tried various methods of mass production, mainly in the automotive, electrical, and the machinery industries, that aimed at securing a certain level of flexibility for dealing with demand fluctuations between products and obtaining some of the benefits of mass production even with a decreased production output under the conditions of market constraints<sup>119)</sup>. After WWII, both the domestic and export market conditions were equipped to introduce American-style mass production. However, Germany sought market positioning by pursuing competitiveness in Europe’s relatively high share of exports that was compatible with the characteristics of high-quality European goods. Given these circumstances, German companies pursued a suitable production system. Here, they pursued constructing a quality- and functionality- focused production system with the support of the German-specific method of specialized skill qualification system and vocational education system.

The German-specific method since before WWII was more compatible with the market structure and conditions given that a large portion of sales went to the European and German markets. The German method served as an alternative of sorts, even while the country’s companies continued to accept American-style methods. The foundation of product differentiation based on the post-WWII, diversified, high-quality production system, in particular product policies and pricing policies, impacted the introduction and development of marketing methods.

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116) Vgl. Daimler-Benz AG (Hrsg.), *Chronik. Mercedes-Benz Fahrzeuge und Motoren*, Stuttgart, S.196, S.202, S.210, Daimler-Benz AG, *Werk Untertürkheim. Stammwerke der Daimler-Benz Aktiengesellschaft. Ein historischen Überblick*, Stuttgart, 1983, S.127, W. Walz, H. Niemann, Daimler-Benz. *Wo das Auto anfing*, 6.Aufl, Konstanz, 1997, S.178.

117) Volkswagen GmbH. (Hrsg.), *Ein Rechenschaftsbericht für die Belegschaft und für die Außenorganisation des Volkswagenwerks. Geschäftsverlauf und Rechnungsabschluss 1951 bis 1954, Werks-Chronik bis 1955*, Wolfsburg, 1955, S.26.

118) Vgl. M. Stahlmann, *Die Erste Revolution in der Autoindustrie. Management und Arbeitspolitik von 1900-1940*, Frankfurt am Main, New York, 1993.

119) Vgl. T. v. Freyberg, *Industrielle Rationalisierung in der Weimarer Republik. Untersucht an Beispielen aus der Maschinenbau und der Elektroindustrie*, Frankfurt am Main, New York, 1989, T. Siegel, T. v. Freyberg, *Industrielle Rationalisierung unter dem Nationalsozialismus*, Frankfurt am Main, New York, 1991.

In relation to the context of the characteristics of the industrial structure, the characteristic of having the producer goods industry as the core of the industrial structure from pre-WWII and the characteristic of the producer goods industry still being so prominent even after the development of the post-War consumer goods sector, were defining factors in the delay of marketing in the producer goods industry. They also led to the German-style development with its emphasis on production rather than marketing.

The characteristics of German management behavior were also seen in these types of situations, and market characteristics, consumer purchasing characteristics, and corporate behavior principles based on these characteristics can be said to have influenced the German way of adapting to the market under the development of mass production. However, this type of German development and way of being was not only something that reflected the structure and characteristics of the market. The fact that the problem did not surface under favorable historical conditions, as seen in the competitive structure and relationship between the market and productive forces of the boom years of the 1950s and 60s, is also important.

