

Title	The development of marketing in Australia and New Zealand
Sub Title	
Author	村田, 昭治(Murata, Shoji)
Publisher	
Publication year	1969
Jtitle	Keio business review Vol.8, (1969.) ,p.95- 114
JaLC DOI	
Abstract	
Notes	
Genre	Journal Article
URL	https://koara.lib.keio.ac.jp/xoonips/modules/xoonips/detail.php?koara_id=AA00260481-19690000-03919672

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THE DEVELOPMENT OF MARKETING IN AUSTRALIA AND NEW ZEALAND

by

Shōji Murata

Preface

Australia, generally characterized as “a nation of vast area with a small population” can be drastically contrasted with Japan; in area it is about 21 times the size of Japan and has only one tenth of her population. Though it lacks human resources, it is blessed with fertile soil and is abundant in natural resources. It has been an agricultural nation from the beginning and has created an affluent society for its inhabitants, who enjoy a well-developed social security system and a high standard of living, with a national income per capita ranking only after the U.S., Canada and Sweden. Such being its national conditions, Australia, assisted by, until recent years, its natural abundance, has realized great economic growth through exporting primary products, such as wool, meat, wheat, and dairy products which had been produced by the country’s highly-developed technology in farming and stock breeding. Consequently, the national economy of Australia has been affected by the fluctuating international price of wool, and facing the problem of Great Britain’s approach to the E.E.C.. The nation is trying to rely less now than before on its primary products such as surplus farm products and wool, and is aiming at preventing foreign industrial products from flowing into Australian markets and crushing the growth of secondary industries in Australia through the enforcement of a tariff imposing policy. Under these circumstances, it can be safely said that the goals at which Australia is presently aiming in order to strengthen its economic structure can be summarized into the following three points. They are (1) to carry forward positively a policy of increasing the population. In fact, Australia has achieved the high level of an average increase rate of 2.3 per cent between 1948 and 1965, partly owing to immigration, (2) to try to find ways to increase the number and diversification of industries, (3) to cultivate markets abroad for new products

for export, together with the promotion of increase in governmental and private investments while maintaining traditional export markets. However, when we observe some of the real aspects of the Australian economic situation, we realize there still exists a backwardness in industrial structure, management concepts and marketing system which hardly matches the high standard of living. It is true that the economy of Australia has competitive power for supplying farming and stock breeding products and mineral resources owing to its favoured natural conditions, but it has not yet advanced from the pattern of importing industrial products in exchange for primary products, and moreover it would seem that the excessive enforcement of the duty imposing policy, which has been effective to aim at bringing up domestic industries, has ironically had the adverse effect of slowing down the improvement of economic productivity and of having created that lukewarm management concept which has not known the challenge of competition.

In these circumstances, Australian farming is presently placed under severe competition and at the same time a need is arising for marketing efforts to expand domestic markets, so it is expected that industry will carry out investigation into the structure of distribution system and will introduce managerial marketing concept. I intend in this article to outline the macro-marketing situation existing in Australia, and especially to draw a rough sketch of the distribution structure of goods. I also want to introduce the efforts made on the part of industries to establish the philosophy of managerial marketing. I also like to explain some cases of the marketing structure in New Zealand, and make clear the obstacles preventing the improvement of marketing.

1. Commerce in Australia

In Australia, there is a wide spread of domestic commerce between states and in each state. This is due, first of all, to the fact that there exists a great distance between the capitals of each state, and secondly, to the regional characteristics of farming activities coming from the differences in land and climate, and thirdly, to the fact that almost all the manufacturing and technical industries in Australia are located in NSW and Victoria. Therefore, there are no restrictions or regulations in any state that control commercial transactions between states. As stipulated in the Article 92 of the Australian Federal Constitution all the transactions, commerce and communication, regardless of transportation by land or by set, can be freely conducted.¹⁾

In Japan, wholesalers deal in the traditional task of combining manufacturers and retailers, but Australia has a characteristic of distribution struc-

1) AUSTRALIA 1966, Official handbook, An Australian News and Information Bureau Publication, p. 138. J. Andrews, "Australian Resources," 1965, pp. 7-18. C.S.I.R.O., "the Australian Environment", 1966.

ture which makes some difference from what Japan has. For example, a group of retailers is conducting a mass purchase or buying directly from manufacturers, and a large department store has its own factory and produces a large variety of product. Many of the manufactureres have not only their own transportation, but also salesmen, agencies and direct sales system to retailers through their branches which conduct after-services. Sime medium-sized manufacturers are conducting direct sales for retailers in the suburbs of their industrial districts or conducting a role of distribution of goods in other areas.

Mail-order-purchase by people living in districts has more important meaning in Australia than in other nations where the concentration of population is common. The system is mainly conducted by department stores or specialized mail-order-houses, but it is not yet developed into the sales by mail as seen in the early Sears-Roebuck or Montgomery Ward.

In this way, I am aiming, in this article, at realizing the domestic situation of Australian Commerce in both aspects of wholesale and retail, drawing a general view on the characteristics of the recent Australian commerce, and outlining the backgrounds from where the characteristics come. By doing this, I think we will be able to realize that marketing system itself can bring about remarkable changes and that the characteristic system of marketing is to be given birth to and developed in every nation, according to the circumstances that surround the subject of marketing.

(1) Transformation of Wholesaling System in Australia

Wholesalers have occupied a dominant status in the distribution system in Australia, but they are now experiencing a conspicuous trend which is altering the concept of wholesaling in other countries.

Some characteristics of the social and economic conditions in Australia are: 1. the large coastal cities which are easily accessible by waterways are scattered in the vast area of the nation, 2. industrialization in small cities is slow 3. the network of railways is radiating in all directions rather than running between cities. These characteristics have helped to create the uniqueness of Australian commerce. That is to say, they have helped in the formation of the national market by combining²⁾ shipping service and merchandizing and by helping the growth of wholesalers which was unified the activities of gathering and delivering agricultural products.

Recent changes influencing the traditional form of wholesaling are the movement of population into larger cities, the diversification of industries into smaller cities, and the progress of transportation and communication. Moreover, as the scale of manufacturers and retail traders is changing, wholesalers are trying to adapt themselves to these changes mainly by improving

2) "Wholesaling in Australia" John S. Ewing from Comparative Marketing: Wholesaling in Fifteen Countries, ed. by Robert Bartels, 1962.

their services.

1-a Diffusion of wholesalers of agricultural products

In the past four or five years, retailers in Australia have been influenced by the retail forms of self-service by supermarkets in the U.S.A., and small shops are being built in an apparent imitation of the American style. Some of these shops run on a considerably small scale and only in certain districts, while others have recently developed into large scale variety chain stores, and have been given much attention, because they can save expenses by shipping goods directly from producing districts, while marketing agricultural products through a central market is very costly. It is not that the proprietors of such large food stores began to participate in the production by ownership or by contract, but some of them were purchasing agricultural products directly from farmers or brokers in the producing districts.

It is clear from the standardization of railway gauge between Sydney and Melbourne where railway transportation in Australia is being improved, one of its major improvements being bypassing some trans-shipment stations. The government is promoting a policy of transferring industries to small cities, and if this policy bears fruits, it will change the traditional marketing structure. There are other important factors that influence the marketing structure, though they are not yet realized as concrete changes. For instance, low-priced electric power has been made available by a plan as seen in the Snowy River Project. Also a vein of ore was discovered in western Australia, and a possibly profitable oil-well is being considered for development. These factors will surely promote the diversification of industries. Together with the progress of communication this diversification will strengthen the exclusion of the central market by shortening the distances of transportation and consequently localizing manufacturing and sales.

1-b Bypassing of wholesalers by manufacturers

The postwar wholesalers in Australia have been influenced by the following important changes.

(1) Manufacturers conduct direct sales to big organizations in the cities without establishing any wholesaling system in a distinct form.

(2) Manufacturers tend to conduct mass sales by establishing a wholesaling system of their own.

The latter suggests that a new type of wholesaler was generated in the marketing structure, but it does not mean that manufacturers have by-passed the existing wholesalers.

The tendency that manufacturers will by-pass wholesalers has consequently caused a great change in the traditional wholesalers and in the consumers scattered in the vast area of Australia. As is clearly seen in the case of Queensland, when a small market in a local city is far from the central

market and when manufacturers have their own wholesaling system, they will move to the larger market in the great cities, especially into the area where they can get more profit and conduct sales more easily.

This has made the traditional wholesalers to deal with the task of supplying the remote districts. As this kind of sales is not economically feasible, wholesalers must get profit by raising prices. This price raising means the inevitable hike in the retail prices for consumers. Wholesalers in Australia have been contacting retailers both in cities and rural areas whom they can easily supply, so they could make up for the cost involved in such an uneconomical task. Wholesalers are suffering from two factors—decrease in the supplying districts and increase in the cost caused by technical change.

1-c Changes in the wholesaling of grocery products

The great progress of self-service retailing which has influenced the form of the wholesaling of farming products has caused a great change in the wholesaling of foods and grocery products in Australia. Small-scaled food chain stores have made their own wholesaling system and private brands. There is no such obstacle for integration under the Australian anti-Trust law, as in the U.S. where the intervention by the Robinson-Patman Act was made against A & P.

Wholesalers are using two methods to cope with this competition. First they opened their own wholesale centers in a self-service style, and secondly they established their own production facilities and retail stores. The self-service style wholesale center is gaining success in Australia. The reason for this is that small industrial retailers know well that one of the most effective methods to cope with the low prices of large chain stores is to do business with this kind of wholesalers. These wholesalers enable small retailers to purchase small quantity of goods. This kind of wholesaling is available for sales even in the evening, which is a great convenience for independent retailers. However, commercial specialists believe that wholesalers of this self-service style will satisfy only a temporary need because in the future the number of small retailers will decrease, as Australia is following the American structural reform of the distribution system. In short, small retailers must expand their scale or they will be ruined. Even if they grow and expand themselves, they must have the aid of manufacturers who can conduct direct sales to them, or they must participate in a co-operative group for purchase with other powerful independent retailers. In consequence, the number of small retailers of self-service style will not increase. It is considered that they will follow the American form of co-operative wholesale groups that render services to small independent retailers. Though both co-operative, voluntary chain stores of retailers and chain stores backed by wholesalers do exist in Australia, they are not as powerful as those found in New Zealand. But, a kind of chain store, introduced and supported by a wholesaler in

Queensland in 1960, will have considerable importance in the future. That is to say, this wholesaler has selected stores with certain qualifications, and stipulated regulations for accounting procedures to be observed by these stores. He has also given some advice concerning the layout of the stores and is now combining stores successfully with the profits gained by collective order. The entire process is enjoying a great success.

1-d Competitive activities by general wholesalers

In the past wholesalers in Australia assumed to play the role of a middleman. A typical old type of enterprise in the history of Australia is K.L. Ballantyne's in Melbourne, which today runs large department stores of self-service style and large grocery chain stores. They also deal in producing various kinds of food, packing and import business. Moreover, the forms of transaction are diversified with purchase groups such as independent stores, chain stores, grocery stores.

Thomas Brown & Sons Inc. is another big wholesale company that has many branches. These branches include canvas and jute factories, various kinds of food and sundry stores, milliners and chain stores for the sale of rum. But Thomas Brown, like other wholesalers, is faced with the problem of increasing costs and seems hardly able to make up a loss even by increasing his profits.

In short, there is a growing tendency in Australia for wholesalers to be by-passed by manufacturers. Wholesalers are not only looking on the change of the situation but they seem to stop depending on the task of mere wholesaling. We realize the historical change that the traders in the old times had grown into the general wholesalers, and wholesalers of today are again being challenged to assume new roles for the future.

(2) *Retailers in Australia*

Nowadays, department stores are popular retailers in large cities in Australia, and they have grown to the level of department stores in the U.S.A. There is great competition, but they are coping with it by means of low prices,³⁾ sales promotion, services and private brands.

Supermarkets and self-service stores in Sydney and Melbourne are not as advanced as those in Perth and Brisbane. The reason these two cities are behind is that almost all their retail groceries are dominated by department stores and variety stores. Another reason is that Australian merchants have a strange habit of being completely uninterested in whatever changes may take place in other districts of the nation. However, as seen in Table 1, the number of self-service stores exceeded 5,000 last year and those stores have shown remarkable increase rates. In the recent years as much as 60% of the

3) John S. Ewing, "Marketing in Australia", Journal of Marketing, April 1962. Facts and Figures, No. 90.

Table 1. Increase in the Number of Self-service Stores in Australia

year	the number of self-service stores	the number of increase per annum	grocery stores (%)	the amount sold at grocery stores (%)
1957	1,688	—	7	20
1958	2,194	506	8	28
1959	2,678	484	10.3	36
1960	3,391	713	13.8	47.3
1961	3,848	457	15.9	51.3
1962	4,246	398	18.9	53.7
1963	4,519	273	20.2	59.7
1964	4,713	194	21.2	60.1
1965	4,789	76	21.5	60.7
1966	4,918	129	22.1	61.2
1967	5,043	125	22.4	62.4

Source: Retail World Facts Manual, March 8, 1967.

grocery goods were sold by them.

It was only recently that shopping centers with American style and scale were introduced in Australia. The first of their kind appeared in Melbourne in 1960 under the influence of the largest department store in Melbourne. Until then there were only so-called the Neighbourhood Centers that consisted of ten to fifteen stores around a supermarket and sold mostly convenience goods by face-to-face sales. This is usually a very small shop without even a parking lot. There are two other kinds of shopping centers: the Community Center and the Regional Center. The former deals in not only convenience goods but also clothes and household furnishings and is usually built in an area near small department stores or variety supermarkets. The latter conducts merchandising in furniture and household accessories in addition to the goods dealt with by the Community Center, and is usually built in the surroundings of large department stores. There are now forty Neighbourhood Centers, twenty-seven Community Centers and twenty-one Regional Centers in Australia.⁴⁾

At the end of 1960, Australia saw the appearance of a discount house. It was generally believed until then that the margin involved in the retails in Australia was so small that a discount house could not exist. Nevertheless a discount house was opened in Perth at the end of 1960. In December of the same year another discount house called Shoppers' Fair was opened in the old building of a closed-down theater in the suburbs of Sydney. Though it suffered from severe attacks by the Retail Traders Association, it was known that a store of 4,000 square feet could obtain success within a few months after opening by concentrating on the sales of nationally advertised brand goods. Shoppers' Fair Co. has planned to build a discount house in the

4) Retail World, Facts Manual, March 8, 1967. p.M 21.

district of Sydney and also tried to follow the example in Melbourne. It seems that some industries have secured a source for their overproduced consumer goods. Some manufacturers have refrained from supplying the discount houses with their products, but others were selling openly to the discount houses, withstanding the pressure from some retail traders. It was obvious that there were no obstacles in the way of the progress for discount houses and at the same time consumers could enjoy some benefits from the appearance of the discount houses.

Because of some unusual aspects of retail in Australia one may receive an impression that the American method of marketing is very effective in Australia. Americans staying in Australia will surely doubt that they are not in the U.S., because there are Woolworth and Penny's Stores on the main streets of Sydney. Moreover, in Sydney we can go to Macy's whose slogan is "It's smart to be thrifty". In other districts of Australia it is said that many housewives go shopping for grocery goods at such stores as Big Bear, Food Fair, Safeway, Stop and Shop etc. These retail traders have nothing to do with the American enterprises of the same name. The Australian merchants are using these names just because they are attractive to the public.

There is another thing to be noted with regard to retail traders. That is the phenomenon of excessive concentration of retail traders that happened in Australia recently. The successive absorption and merger of retail traders in the past fifteen years was marked an epoch in the history of Australia, and has supplied financial and economic papers with exciting topics. The so-called "post-war revolution" in the field of retail trade is as stated before, a domination of large retail traders. An American observer summarized as follows:

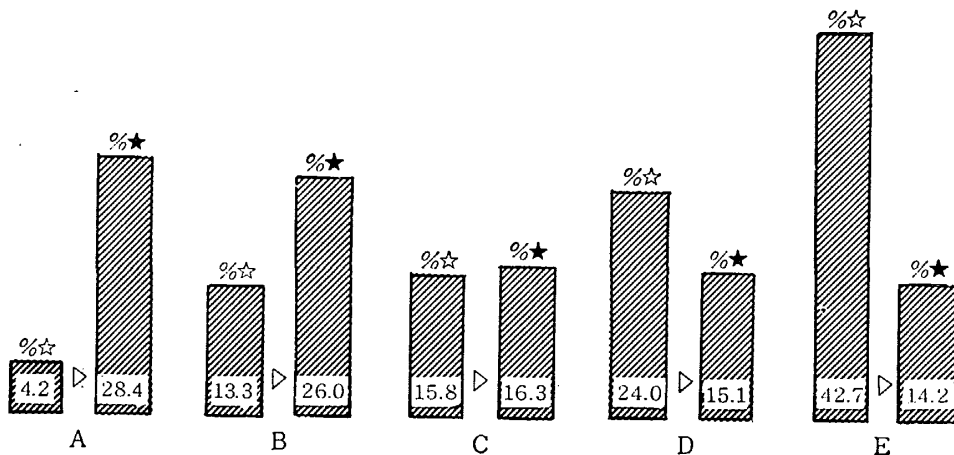
The fact that the retail system has gone through major structural changes in the past fifteen years can be exemplified by

- (i) the progress of general merchandising and the improvement of national clothing chain stores,
- (ii) the forming of well-planned shopping centers in the suburbs,
- (iii) the decreasing of the number of independent retail traders in large cities,
- (iv) the introduction of discount houses as a sales channel for expensive durable consumers' goods,
- (v) the appearance of larger grocery stores,
- (vi) the actual by-passing of almost all the independent grocery stores (including the traditional grocery stores and wholesalers) by the completely unified co-operative chain stores,
- (vii) the enlargement of the two leading variety stores concerning distribution channel of grocery products.

We can confirm the above stated facts in Table 2. It shows the classification of stores from A to E according to the amount of annual sales. On the left side is indicated the percentage of the number of stores belonging to

each respective category in the total number of stores, and the right side indicates the percentage of goods sold by stores belonging to each respective category. Therefore, Table 2 shows that class A occupies only 4.2 per cent of the number of stores, but occupies the share of 28.4 per cent in the total amount sold. And 24 per cent of all stores belong to class D but only 15.1 per cent of the total amount sold belong to it.

Table 2. —Strengthening of Concentration—
Market share according to the scale of stores (the amount sold)



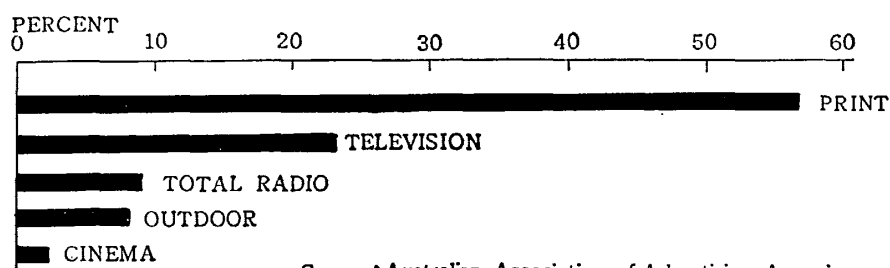
- A: \$260,000/year above
 - B: \$100,000~260,000 below
 - C: \$50,000~100,000 below
 - D: \$24,000~ 50,000 below
 - E: \$6,000~24,000 below
- ☆ The number of stores
 - ★ The amount sold

Source: Retail World, March 8, 1967.

2. Improvement of Advertising Activities

In Australia, the same degree of advertising media is possible in large cities as is in Japan. Newspapers are the most popular medium, while outdoor advertisements are the least utilized (See Table 3). There are few nation-wide magazines, but at least one women’s magazine has a circulation of more than three million copies monthly. Newspapers are not so beautiful from the technical stand-point of printing as the Japanese leading newspapers, but they are generally of good quality. One of the characteristics of the Australian newspapers is that a half page is devoted to the advertising on Tuesdays and Saturdays in several cities. As far as the radio is concerned, there are two broadcasting stations, one is owned by the government and does not permit advertising. A nation-wide network of broadcasting is not available in Australia, but there are some statewide networks. Therefore, it is

Table 3. Proportion of Expenditure by Media-1965



Source: Australian Association of Advertising Agencies

possible to buy hours for advertisement at the national broadcasting network, though it is not always at the same hour that the advertisement is broadcasted in various states. It may be said that this system of broadcasting has a remarkable similarity with that of Japan.⁵⁾

There are two television stations; one is public and the other is private. The private station began televising in 1956. At the end of 1960 television stations were established in the centers of all the states, and the number of decisions to permit patents for broadcasting in small cities is increasing (See Table 4). There are three broadcasting stations in Sydney and Melbourne.

Table 4. The Number of Broadcasting Stations in Australia

year	radio station		T. V. station	
	public	private	public	private
1957	66	108	2	4
1958	67	108	2	4
1959	68	108	2	4
1960	69	110	6	10
1961	73	110	6	10
1962	75	110	6	20
1963	76	110	10	22
1964	79	110	18	24
1965	79	111	24	31
1966	83	111	34	39

Source: POCKET COMPENDIUM of Australian Statistics No. 52, 1967, p. 145.

Two of them are private and the third is public. In each of capital state there is one broadcasting station, either public or private. The commercial broadcasting in Australia is very much like American, Canadian and British ones. As the television broadcasting reaches 79 per cent of the population, it is attracting the attention of the public as a powerful medium. The situation is smaller in Japan.

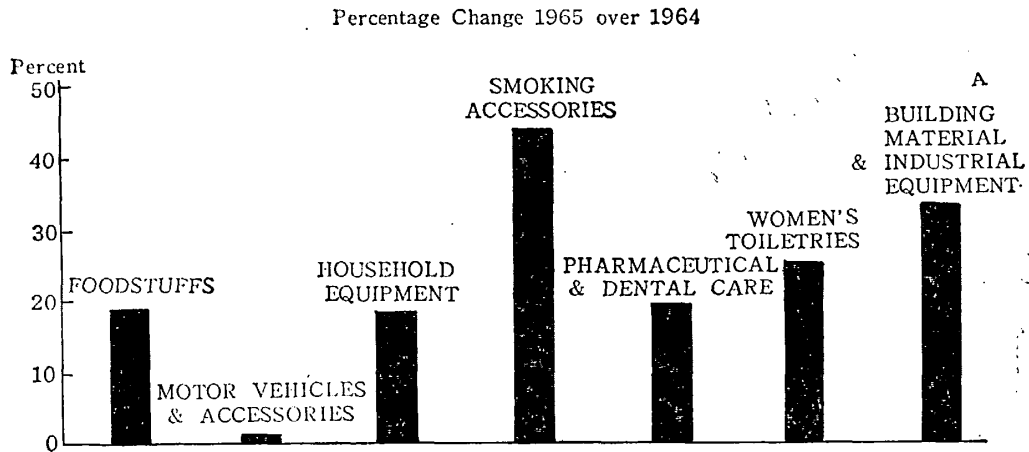
5) "Australian Marketing" (Australia no Marketing no Jijo), 1966. IMF Tokyo Conference.

Most sponsors of advertisements are in the field of consumers' goods, and there are about 600 companies that advertise nationally. Almost all the advertisements sponsored by retail traders are carried out by department stores in large cities or their branches in suburban shopping centers. Forty two per cent of advertisements through main media are conducted by retail traders.

Advertising during 1964 and 1965 was primarily conducted for the following products and services: foodstuffs, smoking accessories, motor vehicles, women's toiletries, electric appliances, gasoline and oil, clothing, household goods, furniture, finance and insurance, men's wear, accessories, etc. (See Table 5). Table 6 shows the expenditure on main media for advertising, which does not include production cost and commissions for advertising agents.

Table 7 shows the expenditure proportionately distributed among media. As far as advertising agents are concerned, an American agent of G.

Table 5. Total Advertising Expenditure



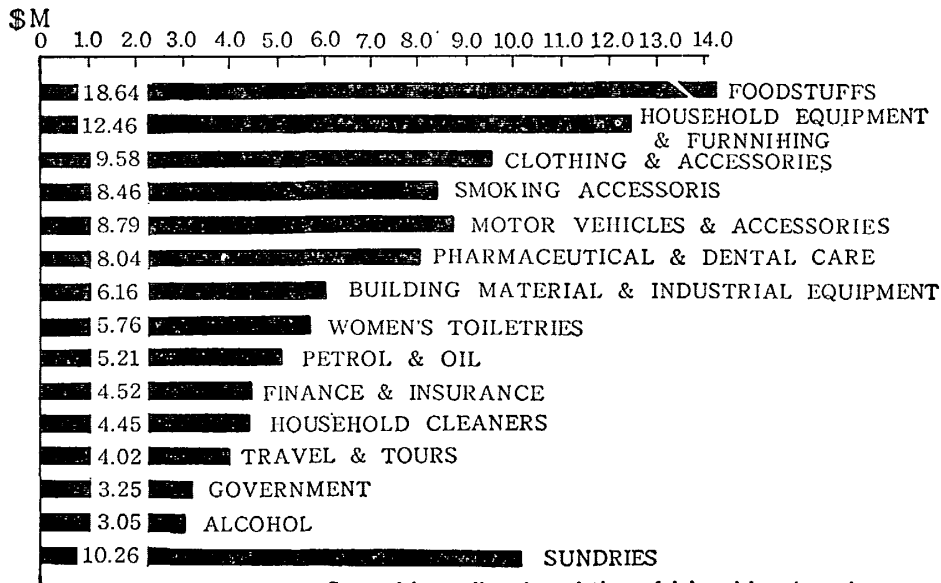
Source: Australian Association of Advertising Agencies

Walter Thompson Co. alone was active in Australia a few years ago, but it was rather an agent of Australian type than an agent of American type. Advertising agents in general were engaged in production of advertisements or their distribution on a commission basis as seen in the U.S.A. and Canada. A rumor was prevailing among advertising agents that all the copywriters would have lost their jobs if Saturday Evening Post had refused to enter this country. There were hardly any investigation activities. Advertising agents seldom offered their customers any service or information concerning the competition.⁶⁾

However, the changes surrounding the advertising circle have brought a great renovation. First, television has created a new demand for creative

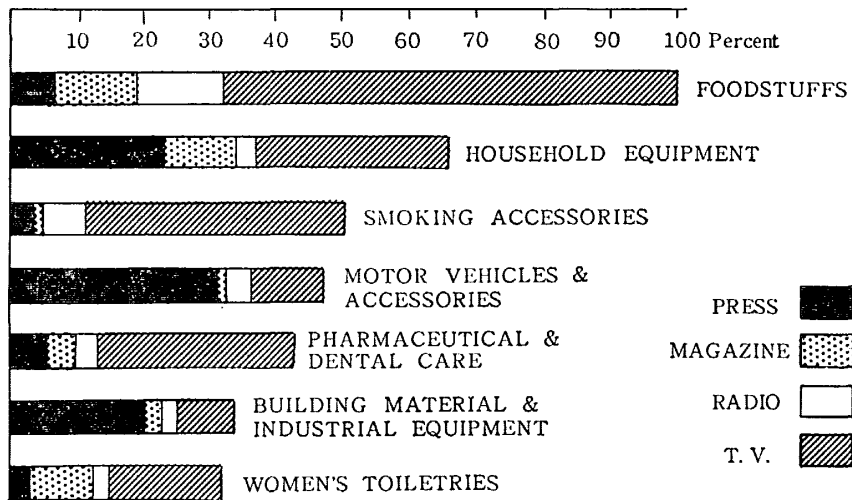
6) The Hon. Sir Howard Beale, KBE.D.C. "The Australian Business Climate", California Management Review, Vol. IX. No. 2, 1966 pp. 81-88.
J.S. Ewing, "Marketing in Australia", Journal of Marketing, April 1962, p. 57.

Table 6. Expenditure by Main Groups ~1965



Source: Australian Association of Advertising Agencies

Table 7. Expenditure of Main Group-Proportionately Distributed between Media 1965



Source: Australian Association of Advertising Agencies

members of the staff and advertising agents to be justified to use it. Secondly, the quality of advertising agents expected by the American enterprises in Australia is very high. Thirdly, an American industry (McCann-Erickson, Inc.), which is well-known for its positive attitude and its efforts for conducting successful marketing research, has taken over an Australian advertising agency. In consequence, there was a rumor that other American agencies would march into Australia, and this gave an incentive for mergers among Australian companies to protect themselves and to strengthen their advertis-

ing activities.

Recently, marketing research has been attracting the attention of the public, and almost all the advertising agents have established their own research sections and begun specific research activities. Some are branches of American or British enterprises, some are receiving aids from their head-office, while still others are privately owned by Australian citizens. The post-war governments have been less interested in reports based on statistical data than the post-war government of Japan, but it has still helped the progress of the marketing research.⁷⁾

In a few words, it shows that in Australia the American methods were extensively used in both advertising and marketing. However, the technical standard has generally been improved in the recent years. The advertising agencies are still totally imitating their American or British counterparts. For example, an advertising for men's wear used the shirts with black patches at the elbow, a cigarette ad has the American catch-phrase of "Tastes good like a cigarette should", and we see the same catch phrase of "Have a good rum for your money" as in England. Slogans are copied exactly, or parts of them are adopted in the individual advertising.

This phenomenon is evident especially in television broadcasting. The contents of programmes of both public and private television networks are imported from the U.S.A. Consequently, the listeners are accustomed to the American accents and do not feel so much resentment against these television commercials. Therefore, we can see in Australia commercials made in the U.S.A. and used for advertising similar kinds of products made in Australia.

3. Marketing Boards in Australia

Marketing boards in Australia, New Zealand and the Federation of South America are exercising very great influences not only on export marketing but also on the economies of these nations.

Generally speaking, these nations are relying on the export of primary products like farm, live-stock and mineral products to maintain a high national income. They are also dependent on importing for most capital goods towards the promotion of industrialization and land development. These countries are apt to cause difficulties in the balance of international payment when their economic growth has reached saturation and they exercise inflating pressures and consequently bring about an unfavourable balance of trade. In this context the marketing boards of these countries are playing a very important role. Therefore I wish to summarize the situation of the marketing boards in Australia.

We can clearly understand the importance of the Australian marketing

7) Arthur Fatt, "The Hidden Revolt-Advertising speaks all Languages", in *The Australian Manager*, Vol. 7, No. 2, April 1967, pp. 15-18.

boards to the economy of Australia from the export of products and provisions during 1965-1966. The export of products and provisions has marked more than 48 per cent of the total export income of Australia during this period, and the Australian marketing boards have dealt with about 79 per cent. The Australian marketing boards are regulated by the Federation law or the States law, and the following ten boards are approved by the Australian Federation law.⁸⁾ They are; the Australian Apple and Pear Board, the Australian Canned Fruits Board, the Australian Dairy Produce Board, the Australian Dried Fruits Control Board, the Australian Egg Board, the Australian Honey Board, the Australian Meat Board, the Australian Tobacco Board, the Australian Wheat Board and the Australian Wine Board.

The Australian marketing division conducts activities to assist these boards, and maintains close contact with them. For example, it gives advice to the boards concerning co-operative activities by offering them the facilities required for their activities. It also aids in negotiations with the government on various problems and gives lawful recommendations. Some advice is also given on international marketing and new marketing methods.

Out of the ten boards, the Australian Wheat Board has all the power to carry out the foreign trade of wheat and is conducting all the functions relating to the export of wheat. Other boards are more or less restricted in exercising their power on trade. Some of them do not conduct the actual trade business but have the right to control the export marketing activities only. The power of the Australian government is very limited in the area of domestic marketing. Commercial transactions are left entirely free, but this of course cannot be applied to the export trade. Regulations with regard to the marketing plan for export or the quality standard of goods for export must follow the decisions made by the federal government. Moreover, apart from export control, the Australian marketing boards exercise influence on the decision making body concerning the distribution channel of goods after they are exported.

The main function of the Australian marketing boards is to prevent destructive competition and confusion that were temporarily seen earlier in the sales of Australian products in the overseas markets. This competition was especially harmful during the period five or six years after World War I, when production suddenly increased. At that time, Australian products that were sold in overseas markets were competing with the primary products of other nations on an individual basis of enterprise. The Australian individual enterprises were fighting without knowing the activities of their competitions, and consequently most of the Australian export products entered the English market. The resulting oversupply has placed the Australian enterprises in

8) Mainly quoted from "Marketing of Australian Primary Products" issued by Marketing Division Department of Primary Industry, Canberra, March 1967. See "Report of the Wool Marketing Committee of Enquiry, Feb. 1962."

a difficult position in negotiating with English buyers. In short, the Australian enterprises were exporting their products without carrying out any systematic research activities or advertising activities.

Under these difficult circumstances, the export of the products that came under the control of the marketing boards was not allowed unless they are approved by the ministers. There is a regulation concerning the overseas sales of apples and pears which states that the minister cannot issue or extend the validity of export licence without the recommendations by the marketing boards concerned. The marketing boards of today not only give the government their recommendations for export approvals but also conduct other activities in a vast area. For example, these marketing boards decide the minimum prices or fixed prices for export to a certain country. The boards also allow sales only when they are conducted at a fixed commission rate through registered agents. Moreover, the boards designate the marine insurance companies and decide the date for final shipment.

The greater the market scale becomes, the greater the extent of the marketing boards' control. Traditionally, the English market has been most important for the products concerning the Australian marketing boards, but the importance of the English market has been decreasing recently and that of other overseas markets has been increasing for many of the products. Of course, the English market is considered as most important from the standpoint of certain farm products, but in the past two or three years, the Chinese, the American and the Japanese markets have become the main countries importing Australian wheat, meat and wool.

The marketing boards other than the Australian Wheat Board have been expending a considerable amount of money especially in recent times for publicity and promotion activities. The boards have traditionally been carrying out such activities for the United Kingdom. Since 1953 when the Overseas Trade Publicity Committee (OTPC) was established, the objectives of such activities have been changed and publicity promotion has been expanded to nations all over the world. Though public promotion is mainly prevalent in England, the European Continental countries, south-eastern Asiatic countries, Canada, New Zealand and Japan have been added for such activity. In Japan extensive research activities are conducted by publicity or promotion agencies for almost all the Australian export products. The OTPC belongs to the Ministry of Commerce and Industry, and its functions are as follows.

(1) It plans and recommends co-operative advertising and promotional programmes in foreign countries. The promotional activity is intended to decide quality standards for Australian products and by doing so it creates a better image of Australia. In the second place it makes it clear for customers that the products that they were buying were made in Australia.

(2) It receives as much support as possible from importers and retailers in order to achieve the aims of the programme by efficient execution and

control.

From the above outline of the marketing boards, it is clear that the extensive activities the board is exercising are a great influence on the export of the Australian products. This is very important when we consider the trade between Australia and Japan. The high economic growth of Japan and her rising national income anticipates the expansion of the market for Australian farming and dairy products. Australian export to Japan is showing a gradual increase. Moreover, Australia is producing abundantly such important raw material as coal, iron ore, copper, bauxite, wool etc. Australia is of increasing importance to Japan as a supplying source and as a politically stabilized country. It is important to realize that Australia and Japan are two nations that help each other from a general point of view.

4. Conclusion

Because the marketing system of Japan is very similar to that of Australia, it will be considerably easier to introduce the experiences of Japan into the evolving marketing system of Australia. In a few words, as proven by American enterprises, there is a good possibility that the things found out in other marketing oriented countries may be useful in Australia.

It is expected that many of the Australian enterprises will develop elaborate marketing plans, inspiring their own brands or the characteristic sales promotions, which will aid in the progress of marketing in Australia. Though each state has its own law, a registered brand is generally protected, except for production and sales, for a certain period (in most cases for five years). It is effectively prohibited to steal a registered brand of another company during this period. I cannot help but expect that an effective marketing action will be exercised in these marketing circumstances.⁹⁾

The selection of a district is important for the improvement of the national market, which is clear when we examine the concentration of population on the eastern coasts. In addition to this, the population of Australia is increasing at a high speed and it is estimated that it will reach fifteen million by 1980. In short, the enterprises are expected to limit their activities in Melbourne and Sydney and their suburbs, to create tactics for improving marketing, by "market-by-market" system.¹⁰⁾ The scale of the Australian market is not so large as that of the U.S., but it is worthy of careful study. This is especially true when we observe the attitudes of the consumers, the success of American enterprises and Australia's long-term growth programme.

9) R.T. Doig, "Marketing Management is an Investment" in "Management", Vol. 14, No. 2, May 1967, pp. 42-43. J. Sutcliffe and L.E. Crawford, "What is Marketing" in "Management", Vol. 14, No. 4, July 1967, pp. 18-23. These magazine articles show the improvement of the Australian marketing system and also enable us to grasp the managerial marketing system.

10) "Projection by Economic Department", W.D. Scott & Co., Pty, Ltd. Sydney, N.S.W., Australia.

SITUATIONS OF MARKETING IN NEW ZEALAND

1. Export Marketing in New Zealand

New Zealand like Australia is a nation which exports primary products and has a small population and high living standard. Farming and cattle breeding are also her key industries. New Zealand has carried out the policy of improving the living standard of the people by exporting such primary products as wool, mutton, beef, fruits and honey. Therefore, the progress of marketing has had a close relation with that of export marketing and especially agricultural marketing. Thus, it was foreign policy that was important for the improvement of marketing in New Zealand. New Zealand has been trying to reform her pattern of trade which has wholly relied on Great Britain for the past seventy-five years. She is now attempting to improve trade with the U.S.A., Canada, the southeastern countries of Asia and Japan. New Zealand is pursuing two basic policies: multilateral trade and maintenance of the balance of international payment.

Thus the center of the improvement for marketing in New Zealand has been the export marketing of primary products, and especially the transition from a trade pattern that depended wholly on Great Britain. I wish, therefore, to draw an outline of the situation of export marketing in New Zealand.

In New Zealand, the producers of primary products have traditionally had a keen interest in marketing of their products. As is clearly understood from the history of this country, the farmers and cattle breeders were so far from the retail market that they could be engaged only in production and had to depend on others for sales. They sent representatives to the cities and made them carry out promotion and sales activities in order to secure profits for the producers. Together with the improvement of living standards and the increase in population, various marketing systems were formed through the efforts of producers and with some aid from government. For example, wool is sold by auction, and dairy products, fruits, honey are sold through the sales system of producers. Meat and other by-products are transacted by private dealers, while there are five trade promotion councils generally known as producers' boards in order to conduct foreign trade. The New Zealand Meat Producers Board was established forty years ago, and the New Zealand Dairy Production and Marketing Board was established in the 1920's. Since then the New Zealand Wool Board, the New Zealand Apple and Pear Marketing

Bord and the New Zealand Honey Marketing Authority have been established by the government.

Nowadays the wool industry and meat industry account for two-thirds of the export income of New Zealand while dairy products, fruits and other things account for the remaining one-third. The wool industry and the mutton and beef industry are the two biggest export industries in New Zealand, as the export of wool exceeds 100 million pounds a year and that of meat and its by-products nearly reach the same amount. New Zealand is the largest exporter of meat in the world, and accounts for almost all the export of mutton in the world, thereby having a strong interest in the cultivation of a demand for these products. These marketing activities are carried out because of the harmony among the governmental organizations, the producers boards, and the exporters. Above all, the government is responsible for diplomatic negotiations with other countries which secure the best conditions for the products of New Zealand on the foreign markets. The government is also engaged in the task of aiding the marketing activities and gathering information in the countries where exporters have no direct sales route.¹⁾

There are some differences in the development of export markets for the primary products according to the goods. For example, dairy products are exported through the channel of the exporters and the producers board, and the board has a direct control of their export. In comparison, the Meat Board has nothing to do with export but provides standardization, classification, inspection, arrangement of transshipment and promotion activities for meat products in the foreign markets. It also investigates market conditions. Funds for these services are raised by levies dues collected from producers. The development of the wool market is carried out by the Wool Board through the I.W.S. (International Wool Secretariat). The I.W.S. consists of members from New Zealand, Australia and the Republic of South Africa, and conducts promotion activities and research activities on the international wool market. Every nation has recently been increasing investment on these marketing activities in order to cope with the development of synthetic fibre.²⁾

In recent years New Zealand has increased the number of countries to which it exports. As far as the export of meat is concerned, New Zealand has cultivated markets in the U.S.A., Hawaii and Japan over the past ten years. They have done so by developing and arranging freezing factories and freezing vessels in co-operation with Australia. In these advanced nations, promotion activities are being carried out in anticipation of the development of supermarkets and an enlargement of the demand for frozen food. There will be considerable difficulties because of the differences in taste and habit among the people of other nations, particularly when New Zealand's chief export

1) M.J. Moriarty ed., "New Zealand Farm Production and Marketing", Oxford University press, 1963, pp. 46-52.

2) M.J. Moriarty, *ibid.* pp. 53-60.

item is food, above all, mutton. However, the meat industry of New Zealand will surely be one of the most successful export industries in the future.

2. Commerce in New Zealand

(a) Retailing

The latest publication on the investigation of retailing and wholesaling in New Zealand is "New Zealand 1963, Census of Distribution" (Department of Statistics Publication). Picking up some statistical data from this publication, I intend to outline commerce in New Zealand. The total amount of retail sales in New Zealand during 1962-1963 reached 151.5 million dollars. A strong tendency was also found in the centralization of retail shops into the densely populated areas of this country. 60.6 per cent of the population of New Zealand are living in eighteen major cities where there are 55.8 per cent of all the retail stores in this country. These cities also account for about 70 per cent of the total sales. There is one retail shop per 91 persons in New Zealand, but this of course varies according to the type of store. For example there is one grocery for every 188 persons but only one department store for every 3,308 persons (See Table 1).

Table 1. Classification of Retail Stores by District (1963)

	population of 1963 (thousand)	the number of stores	the amount sold (\$ million)
main cities	1,083.4	12,448	714.7
satellite cities	446.5	5,779	351.3
minor cities	192.2	3,286	198.4
other minor cities	132.8	2,684	122.6
country	672.2	3,491	128.9
Total	2,527.2	27,688	1,515.9

(1963. Census of Distribution, Dept. of Statistics Publication)

Table 2. Classification of Self-Service Stores by District (1963)

main cities	948
satellite cities	463
minor cities	157
other minor cities	119
country	221
Total	1,908

(Census of Distribution)

Out of 2,268 registered self-service stores, 84.1 per cent were grocery stores, and the remaining 360 stores dealt in goods other than groceries. This means that there is one self-service store per 2.34 grocery stores. This clearly shows the sudden increase in the number of self-service stores, as there was

only one self-service store per 4.07 grocery stores in 1955. About fifty per cent of the self-service stores are in main cities. (See Table 2)

(b) Wholesaling

As seen in Table 3, there are 3,052 wholesalers, and 2,110 wholesalers, 69.1 per cent of all the stores are on the northern island, and the remaining 942 stores are on the southern island. There is a strong tendency for concentration of wholesalers rather than that of retail stores. Eighty-nine and six tenths per cent of all the wholesalers accounted for 96.1 per cent of sales. These wholesalers gathered in the main cities.

Table 3. Classification of Wholesalers and the Amount Sold

	the number of stores	the amount sold (\$ million)
main cities	2,060 (67.5%)	773.4 (78.5%)
satellite cities	676 (22.1%)	174.5 (17.7%)
minor cities	316 (10.4%)	38.0 (3.8%)
Total	3,052 (100.0%)	985.9 (100.0%)

(Census of Distribution)

Thus, I am making a brief outline of the commerce in New Zealand, but we must wait some time before we see the progress of marketing activities by manufacturers. It may be said that New Zealand is on the way to a marketing revolution. In reality the marketing research activities have been left behind in the circle of both industries and universities, but it may safely be said that New Zealand is trying hard to improve the productivity of her marketing activities. She is doing this by taking such practical measures as inviting some experts from the U.S. for advice on future improvement.