Aaron Liu

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HIST309

Professor Russ

Coca-Cola Comes First

Being a household name throughout the whole world with their flagship product, Coca-Cola's dominance in the global market seems like a foregone conclusion during World War II. But when John Pemberton first experimented with his medicinal syrup in his local Atlanta, Georgia pharmacy, he entered into a market already flooded with other pseudo-medical drinks said to cure all the day-to-day aches and pains (Pendergrast, 54). With nearly identical ingredients as every other drink, what separated Coca-Cola? The answer is relatively simple: Coca-Cola capitalized on several opportunities in the form of business deals, new models of expansion, clever marketing, and a strong legal team to navigate government regulations. All of these helped to bridge the divide between the United States and the Union of Soviet Socialist Republics (USSR) during the beginning phases of the cold war when General Georgy Konstantinovich Zhukov willingly defied his government to obtain White Coca-Cola.

At the very beginning, Pembertons' version of the Vin Marini (Pendergrast, 45) was called French Wine Cola. With the original Vin Marini wine reported to have "2.16 grains of cocaine" (Pendergrast 46) in every bottle, Pemberton described his drink as a "elixir of life" and marketed as a nerve tonic (Pendergrast, 883). This is because However, as the temperance movement gained popularity, Pemberton proactively removed the wine from his drink and began experimenting with other stimulants, one of which is koca nuts. Already being widely used by the native West Africans for their ability to give them energy after long hours at work, he combined it with the coca leaves and some minor ingredients to create the first version of the Coca-Cola syrup we know today for fountain machines.

And when Pemberton gave Asa Candler the rights to the Coca-Cola company (Pendergrast 72), Asa Chandler chose an interesting way to increase sales. Rather than investing in the infrastructure or further experimentation to improve its medicinal benefits, he instead chose to "spread the profit among distributors and fountain owners." To accomplish this he searched within every city for "jobbers (usually candy or drug wholesalers) with whom he could set up a long-term, trusting relationship." And for those chosen dispensers, he offered the syrup "at an average cost of $1.29 per gallon in 1895". And since each gallon of syrup allows for the creation of 128 Coca-Cola drinks (Pendergrast, 61), it "leaves himself a profit of thirty cents a gallon" (Pendergrast, 107) and leaves the dispenser to have around five dollars and eleven cents in profit selling the syrup at the standard rate of five cents a drink.

This also created a niche market that several other companies wanted to capitalize on. One of the most important cases was Kent Coca. Registering under the Coca-Cola insignia, Benjamin Kent thought that he would be able to steal the rights to all of the free marketing in order to promote his Kent Cola. It was created to have very similar effects to both, containing kola leaves and coca nuts, but also has a shot of alcohol, and is only marketed slightly differently (Pendergrast 102). But when digging deeper into the records, it is revealed that Pemberton registered almost a full half a year earlier than Kent and "Atlanta's version of Coca-Cola was eventually given precedence" (Pendergrast 103). This guaranteed that Coca-Cola was the legal trademark owner of the Coca-Cola brand. And being the trademark owners, advertisements for Coca-Cola are possible.

With these decisive market victories, the sale of Coca-Cola's syrup dramatically increased. When the Coca-cola syrup was first created by Pemberton, managing to sell "six hundred gallons" was considered an accomplishment (Pendergrast 61). In less than 10 years, sales increased to "almost 20,000 gallons in 1891; sales shot up to 35,360 gallons in 1892; then (during a nationwide depression) to 48,427 in 1893; 64,333 in 1894; and 76,244 in 1895" (Pendergrast, 103). Even though Coca-Cola's sales increased exponentially, all of their sales are purchased by a miniscule minority: affluent whites. This was because Coca-Cola only offered their syrup to fountain drink dispensers, which are only located in cities. If Coca-Cola were to be bottled and sold, then it would both expand their market to the rural community and be able to market it as a drink for everyone. But, the idea of bottling Coca-Cola was incredibly responsive to Asa Chandler.

This is because back in 1888, Chalder received the first prototype bottle of Coca-Cola from Woolfold Walker. Popping the cap open, the expected sweet aroma of a Coca-Cola drink is juxtaposed with what is best described as a "putrid" (Pendergrast, 122) odor that emanated from the bottle. Not wanting to invest in an inferior product, he banned the bottling of Coca-Cola (Pendergrast, 122). This is because the technology for bottling soft drinks was primitive at best. The cap that was most commonly used at the time was the Hutchinson stopper. A cap that is poorly designed with an "unpredictable seal with an internal rubber disk pulled up into place by a wire loop." Because the seal was made of relatively inexpensive materials, the acidic drink was known to erode away the plastic seal (Pendergrast, 126); this process caused the seal to emit a foul odor if it was stored for more than 10 days (Pendergrast, 127).

So when Benjamin Franklin Thomas and Joseph Brown WhiteHead approached Chandler with a couple sample Coca-Cola bottles, Asa was "annoyed to find Thomas pestering him again" in mid-July 1899 (Pendergrast, 121). Initially not having the best impression of the two salesmen, they reassured him that they would keep Coca-Cola's distinctive flavor. And after some evaluation, Asa thought he had all to gain from this business venture; he later thought he liked Thomas's persistence and thought that was a "good trait for a Coca-Cola man" (Pendergrast, 123).

Drawing up a new contract, Asa gave the pair the sole right to bottle Coca-Cola (Pendergrast, 125) with some stipulations. The contract stated that they could only bottle Coca-Cola drinks and must be able to ship bottled Coca-Cola to almost the whole United States (Pendergrast, 124). Selling the syrup to them at one dollar per gallon, they had to do everything on their own other than advertisements. WIth Chandler's only investment is being the sole funder of advertisements, he thought that this is a perfect deal for the company. He fully expected this experiment to fail so he would only waste money on Ads which is a fraction of the costs(Pendergrast, 128). But if this experiment was a success, then it would increase the amount of syrup sold and expand the market to the rural areas. This contract also guarantees that Thomas would never come back to bother Chandler about bottling Coca-Cola again.

On December 9, 1899, Whiteman and Thomas became the official CEOs of the Coca-Cola bottling company, and their first move was to build a bottling plant in their hometown of Chattanooga. Utilizing the new "crimped crown bottle cap" (Pendergrast, 127) method, they managed to solve almost all of the issues created by the previous caps. After making a small batch, they realized it was basically impossible for them to reach all of the states on their own. Rather than giving up, they opened up the bottling process to the general public, they reasoned that "it cost a bit over $2,000 to buy the necessary bottling equipment, which included a carbonator, bottling table, washing machine, settling tanks, washing tubs, bottles, and cases." In addition, a horse and wagon were recommended, as well as $2,000 in working capital (Pendergrast, 129). And if someone buys all of the needed equipment, all they would have to do is have them sign a contract and direct the syrup to the bottlers. This idea caused young entrepreneurs to come out of the woodwork for this lucrative position; with this endless stream of hopeful bottlers, Thomas and Whiteman were able to expand the bottle Coca-Cola into every state.

Throughout the years leading up to World War II, Coca-Cola's influence grew by exponential proportions. With prohibition in full effect and the excellent guidance of the new CEO, Robert W. Woodruff, Coca-Cola's success was unstoppable. Even during the stock market crash of 1929, the cost of stocks dipped from 137 dollars to 128 but quickly recovered (Perdegrest, 128). This level of stability was possible because "there was a bottling plant in nearly every town. "Coca-Cola was sold in each of the 115,000 soda fountains in the United States." It was noted in a 1929 news article that Robert asked, "After National Distribution—What?" Could it be that the drink had reached its saturation point? " (Pendergrest, 275).

Tom Watson, a senator in 1921, constantly tried to also ban Coca-Cola and made many defamatory statements outcrying the dangers of the soft drink. In one of his statements, he said "“I have had the best doctors in the State of Georgia tell me that Coca-Cola destroys . . . the brain power and the digestive power and the moral fabric and that a woman who becomes an addict to it loses her divine right to bring children into the world” (Pendergrest, 268). To make sure these claims are false, Woodruff hired W. P. Heath to test the soft drink. With trace amounts of cocaine found within the drink, there could have been some grounds for those statements. But with the successful removal of the narcotic in 1929 by decommissioning the offending Peruvian plant that provided the cola leaves, Coca-Cola became the prefered legal drink.

And with this extensive influence over the American people, it gave Coca-Cola the opportunity to evolve from a U.S. phenomenon to a global craze. But when the war first started, Coca-Cola had a massive obstacle to overcome: the sugar rations. With sugar being used as a preservative for fruits as well as candy within the military rations, sugar was rationalized for civilian production but not for government production. Originally framed as a domestic producer, Coca-Cola’s sugar was restricted to "eighty percent of 1940 levels" (Hostetter, 22). The sugar rations also stipulated that all large stockpiles of sugar be redistributed to areas with less sugar, forcing Coca-Cola to "sell a million 100-pound bags back to the U.S. government for redistribution" (Hostetter, 22). This dependence on the government for sugar caused the company to "lose one sale for every sale it made" (Hostetter, 23).

Because Coca-Cola was in short supply, many imitator soda companies took advantage of the situation.This was most evident between the months of February and March of the year 1942. For Coca-Cola, sales "declined sixteen percent from the corresponding period in 1941"; for Pepsi and other imitators, "sales of Pepsi increased thirty-four percent and sales of other colas increased forty-nine percent" (Hostetter, 58). Seeing this as a threat to be overtaken, Coca-Cola had to change their marketing in order to guarantee they would get a military contract. Making an extremely bold statement, Robert Woodruff said that "we will see that every man in uniform gets a bottle of Coca-Cola for five cents wherever he is and whatever it costs" (Pendergrast, 301).

With military installations within the country buying Coca-Cola for their personal use, it was enough grounds for Coca-Cola's legal council and top executive Benjamin Oehlert to argue for a military exemption to the sugar rations (hostetter, 24). This exemption could also be credited to the dozens of letters written by the soldiers that asked for the reclassification of Coca-Cola. One of the letters phrased it perfectly by bluntly asking if "Coca-Cola could be classified as one of the essential morale-building products for the boys in the service" (Standage, 206). But what could have been the biggest influence on this shift could have been General Dwight D. Eisenhower's being a big enjoyer of the soft drink (Standage, 206). And with the sugar ration exemption, it would also allow for Coca-Cola to intake an unlimited amount of sugar for overseas sales to military personnel (hostetter, 65).

But for the homefront, the situation did not get any better. With the exemption only applying to military usage of sugar, the domestic production of Coca-Cola was still heavily restricted. With a further reduction from 80% to 50% of sugar provided based on 1940 production (Hostetter, 24), there was a noticeable shortage with people only able to purchase three bottles on a ration card (Hostetter, 59). In order to keep its place among the American people, it framed the shortage as one of patriotism. Ads at the time placed a Coca-Cola with various different branches and positions of the armed forces with the title "Coca-Cola Has Gone To War" (Hostetter, 82). With the implied message that every missing bottle at home is being sent to the soldiers overseas, it convinced the American people to "bring a bit of home to them in a time of war" (Hostetter, 82). The Shortage of Coca-Cola also prevented cokes from being perceived as taking resources away from the war effort for corporal gain.

Originally, Coca-Cola produced all of the bottles within the United States and shipped them overseas, but it quickly became a terrible idea. This was because Coca-Cola was placed inside military transport vehicles, and demand grew beyond their capacity (Pendergrest, 334). And if all the Coca-Cola was not sent, then the soldiers would be mad about the shortage; if Coca-Cola ships all the bottles, then not all of the military supplies can make it to the base. So, the establishment of bottling plants within Europe was crucial to meeting demand without outrage from either side. And in 1943, General George C. Marshall signed the required paperwork to enable the establishment of permanent bottling facilities (hostetter, 70). But in the meantime, smaller self contained bottle machines that can be carried on the back of a jeep were brought to the front lines (Hostetter 70).

This was not the first time Coca-Cola bottling plants were introduced into the European market. In 1922, Coca-Cola invested around three million dollars to encourage locals to become franchisers (Pendergrast, 282). But with unclear instructions, the European-made Coca-Cola bottles quickly turned foul and caused Robert Woodruff to cancel the project (Pendergrast, 283). So, when permanent bottle plants were established, all of the top executives wanted to ensure quality. This was put into effect when General Dwight D. Eisenhower ordered "On early convoy request shipment of three million bottled Coca-Cola (filled) and complete equipment for bottling, washing, and capping the same quantity twice monthly." This vast quantity of Coca-Cola would be done within "ten separate machines for installation in different localities, each complete for bottling twenty thousand bottles per day" (Hostetter, 77).

To ensure the quality of the bottled soft drinks, Coca-Cola sent over some of their own staff, called Technical Officers, to set up and run the permanent bottling facilities (78). And with everything in place, the production of Coca-Cola for the military dramatically increased. In 1943 alone, 25,000,000 gallons of Coca-Cola syrup, or enough for three billion individual drinks, were produced (Hostetter, 79). With this system, Coca-Cola successfully established a presence within

Europe by creating "sixty-three full-size plants were built around the globe during the war by a total of 148 TOs" (Hostetter, 78). So when General Dwight D. Eisenhower heard that General Georgy Konstantinovich Zhukov had never had one before, Eisenhower gave Zhukov one of his bottles to try (Standage, 208).

Zhukov really enjoyed the American drink and he wanted more. But as a well-decorated military general that is beloved by the USSR people, he knew that he couldn't be seen with the American drink. So, he made an odd request to General Mark Clark: make him a Coca-Cola that looks like vodka. Even though Zhukov was one of the very few people that could stand up to Stalin, he did not want to openly oppose the current government and be marked as a traitor. This is because Coca-Cola has evolved to symbolize America as a whole. (Standage, 208). So when the Technical Observer named Mladin Zarubica, located in Austria, got the order to make clear Coke from President Truman in 1946, it required a lot of work to fulfill the order. He found a local chemist to remove the caramel coloring, and he filled custom straight clear bottles and sealed the bottles with a white cap with a star in the middle. (Pendergrast, 355). Having bottled a total of around fifty cases, it passed through the Russian checks instantly. To put this into perspective, a normal shipment of Coca-Cola would be delayed and it normally takes a couple of weeks (Pendergrast, 355).

It is fascinating to see how a pseudo-medicinal beverage managed to grow into the juggernaut that it is today. From an imitation of a wine containing enough cocaine to make you addicted, to the mega-corporation with presents in almost every country. One of the most fascinating results of this soft drink was how white coke was possible. What were the steps that Coca-Cola had to take in order for a USSR wartime hero to ask for White Coke during the start of the Cold War? The answer is proper marketing in a time where the best thing for most businesses were advertisements.

This is because Coca-Cola revolutionized marketing by reducing the price of their syrup inorder to encourage dispensers to buy it and make their own profits. They also created the first iteration of the franchising system in order to spread out across the United States. These two factors make it so that when the great depression and prohibition happened, it was a cheap alternative to the alcoholic beverages that were sold in every state in the United States. And once this drink was properly distributed within Europe with American soldiers clamoring to get a bottle, it would not take long for others to become interested and make fascinating deals.