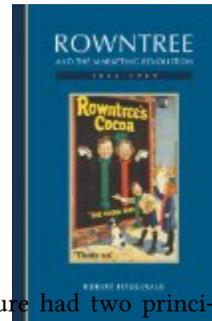


H-Net Reviews

in the Humanities & Social Sciences

Robert Fitzgerald. *Rowntree and the Marketing Revolution, 1862-1969*. London and New York: Cambridge University Press, 1995. xix + 737 pp. \$150.00 (cloth), ISBN 978-0-521-43512-3.

Reviewed by John F. Wilson (University of Manchester)
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A book replete with mentions of such childhood favourites as Kit Kat, "Aero," and "Smarties" is bound to raise some interest within even the most cynical of business historians, who regard commissioned case studies with great suspicion. But to be fair to Robert Fitzgerald, this is much more than a broad survey of a famous company history laced with fancy illustrations from old publicity material. Indeed, the analysis is well-founded on a series of key themes that are amply addressed through the use of extensive primary records, detailed references to other secondary sources, and even economic theory (in particular transaction cost theory).

The main theme, evident from the book's title, is how the famous York confectionary firm of Rowntree developed its marketing techniques, and it is interesting to note that only after the family manager-owners had been replaced in 1931 were professional executives able to introduce new ideas about which the Rowntrees had been skeptical. Marketing weaknesses had actually been one of the main reasons why, since its foundation in 1862, Joseph Rowntree's firm had remained a relatively small-scale producer compared with its major rival, Cadbury, but under George Harris from 1931 major progress was made, as the firm woke up to the possibilities in the techniques so successfully employed by other chocolate makers. This tale supports the criticisms of family management made by A.D. Chandler, although in tackling the issue Fitzgerald is more concerned with emphasizing how up to 1931 Rowntree was actually a well-managed firm with an adequate organization.

In addressing the general debate about British business organization, Fitzgerald pays particular attention to another theme of the book, the existence of a "chocolate" corporate culture which extended to the other two large

firms, Cadbury and Fry. This culture had two principal characteristics, efficient production and management and service to the community. Building on his previous publications, Fitzgerald provides illuminating evidence of how from the 1890s Seebohm Rowntree (as the country's first labour director) was able to create and nurture an internal labour market using welfarist strategies. Of course, Rowntree and Cadbury were well known as paternalistic employers, but as Fitzgerald explains such labels are misleading, and greater concern ought to be paid to how firms matched the needs of efficient production and management with labour market vagaries and trade union influence. The sections on how Rowntree introduced scientific management deserve careful reading by anybody interested in such issues, because they provide incisive material for a frank assessment of labour management trends in the pre-1939 era.

A third prominent theme of this history is the development of multinational strategies, particularly under the chairmanship of Lloyd Owen after 1957, but in fact originating in the interwar years. The termination of price-fixing agreements by government action and intensifying competition spurred Rowntree into the creation of many "little Yorks" in the 1950s and 1960s, and separate chapters are provided to study the ventures in the United States, Europe, and South Africa. This reveals how Rowntree evolved from a family firm into a major global player; by 1969 a merger with another British rival, Mackintosh, had been arranged in order to strengthen its base.

There is consequently much to be gained from reading this commissioned history, and clearly Fitzgerald has not suffered unduly from company or family interference in his research. At the same time, it is only fair to mention several weaknesses that might detract from the book, in

particular the failure to provide an extensive analysis of the abundant financial material to which the author evidently had access. For example, vital indicators like the return on capital employed have not been calculated, and the reader is left to work out the full implications of the long statistical appendices. More financial information would have been particularly helpful when analyzing the success of multinational strategies, when after 1948 consolidated balance sheets had to be produced. The 1969 merger is also inadequately assessed, and one might have expected a more detailed analysis of the general business scene as another reason why the two firms merged. Likewise, the company's final decades, as well as its demise, when acquired in a "dawn raid" by Nestle in April 1988, could have been more thoroughly examined—but then, af-

ter over 600 pages Fitzgerald might have been exhausted. Finally, while reference to such techniques as transaction cost analysis has been made, no quantitative work is conducted to explain whether Rowntree achieved its aims in reducing any of its costs as a result of multinationalisation.

Having noted these relatively minor quibbles, it is important to reiterate the general view, that this is a most impressive business history deserving of a wide audience. Fitzgerald must be credited with a significant achievement in harmonizing the case-study treatment with a range of other issues, and reading lists would be the poorer if they did not include references to the book under any of its major themes.

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