100 Plus Years of Coca Cola

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Mr. President, Mr. Secretary/Treasurer, fellow presenter, gentlemen of the Athenaeum Society, my paper for you this evening is entitled, "100 Plus years of Coca Cola." During the next two hours I will attempt to highlight a few of the most significant events in Coca Cola history.

Before I begin, I must share with you that I have more than a passing interest in the Coca Cola Company. Almost a century ago, a young Christian County lawyer traveled south to Atlanta, Georgia in search of promising investment opportunities. Two weeks later our attorney arrived back in Hopkinsville and announced that he had come upon a fledgling soda fountain drink that was growing in popularity at a phenomenal rate. He had found a company that he felt had a bright financial future.

The soda company that he was speaking of was, of course, Coca Cola; the Hopkinsville lawyer was my grandfather, Selden Y Trimble II, and history has proven his assessment correct. Yes, if William were here, he would tell us that there is always a Hopkinsville connection.

As for myself, I grew up in Bowling Green during the 40's and 50's, and my parents felt that soda pop was not good for growing children, so we rarely had Coca Cola around at our house. Fortunately for me; however, our next door neighbor owned and operated Bowling Green's Coke bottling plant. Whenever we had a special celebration at our home or someone got sick, a case of Coca Cola would magically appear at our back door. As I enjoyed Coke, I got sick a lot. It seemed the right thing to do at the time.

But, alas, at age fourteen my parents sent me off to boarding school, a boarding school in Rome, Georgia. Now unbeknownst to me and perhaps to my parents, Rome, Georgia, on a per capita basis, consumed more Coca Cola than any other town in the world. I was doomed. Coke was in my blood.

To discover the origins of Coca Cola, we must go all the way back to the post Civil War period in Georgia. A young and wounded rebel soldier named John Pemberton returned home to Georgia in 1865 to pursue a career in pharmacy. Like many wounded veterans, John had developed a strong taste for morphine. Luckily for John, a new miracle drug had been discovered that could cure both morphine and opium addictions. The new miracle drug was, of course, cocaine.

During his pharmacy career, John's lab turned out hundreds of patented medicines. Globe flower cough syrup, Triplex liver pills, Gingerine lemon and orange elixir, and Indian Queen Hair Dye were a few of his patented products. Without any governmental oversight, this was truly the golden age of quackery. One of John's most popular concoctions was called, "French Wine Coca." The major ingredients in French Wine Coca were damiana, an aphrodisiac; sugar; coca leaf extract from Peru; Kola nut extract from Africa, and a cheap red wine. This concoction would set you free. Wine laced with Cocaine can solve many of your problems. In case you haven't already guessed, John Pemberton was using his own patented medicine to self medicate.

In 1886 both Fulton County and the city of Atlanta voted to go dry, and John was forced to modify his popular French Coca Wine formula. John removed the red wine; added caffeine and caramel coloring; removed the damiana; kept the cocaine, and reintroduced this concoction in 1886 by its new name, 'Coca Cola'. Coca Cola would be the first patented medicine to be also marketed as a soda fountain drink and be available to everyone. Coca Cola was advertised to cure all chronic and wasting diseases, mental and physical exhaustion, headaches, impotency, gastric irritability, constipation, irregularities of the stomach, bowels, and kidneys, and of course morphine addiction.

Although John Pemberton was a brilliant inventor, he was a terrible businessman, and had chronic money problems throughout his life. In 1888 John sold his coke formula to a group of Atlanta businessmen while on his death bed. Actually, John had secretly sold his formula six additional times to six different individuals prior to 1888. After his death, it took the Georgia courts several years to determine the formula's true ownership.

Ten years later, in 1899, two Chattanooga, Tennessee lawyers visited Coke headquarters in Atlanta with a business proposition. They came to purchase the exclusive bottling rights to Coca Cola which was still exclusively sold as a fountain drink. Coke officials did not take their offer seriously. They felt that there was no future for Coke as a bottled drink. So sure of themselves were they, that the executives signed away the exclusive bottling rights to these "dumb" Chattanooga boys for absolutely nothing. The following year, in 1900, Coca Cola would become the most popular soft drink in America. Coke would have to live with their snap decision to give away the bottling rights for Coca Cola for the next hundred years.

By the early 1900's cocaine had moved from being a wonder drug to being the scourge of humanity, and in 1902 the Georgia Legislature made the sale of cocaine in any form illegal. Fortunately for Coke, they had seen the handwriting on the wall, and had slowly and significantly reduced the amount of cocaine in their syrup. Court records reflect that in 1902 there were four-hundredths of a grain of cocaine per ounce of syrup. So how much cocaine could actually be found in a soda fountain Coca Cola of that day? Atlanta druggists were in the habit of using anywhere from one to four ounces of syrup per glass, so it varied greatly.

The removal of the cocaine presented a delicate public relations problem. If they admitted that the drink did once have cocaine in it, the implication would be that they had removed it because it was harmful; thus opening the door to lawsuits. Also, if their customers knew that the formula for Coke had been tampered with and some ingredients were now missing, the risk of market share loss was very real. After much thought and reflection, corporate decided to tell a big lie and announced that cocaine had never ever been a part of the ingredients of Coca Cola. Even today, one hundred years later, this is still the official position.

By 1919 there were some 1200 bottling plants. That was the year that Coke stock went public and was offered for $40.00 per share. If the dividends from just one share of this stock had been reinvested in Coke, which has split 12 times, the investment would now be worth 10 million dollars.

This early financial success spawned several thousand drink imitators and pretenders who kept Coke's lawyers busy in the courts assuring that their patents and copyrights were protected. A list of these imitators names would include: Coco-Cola, Kola-Coca, Koko-Kolo, Coca and Cola, Coke-Ola, Cola-Coke, Loco-Kola, Noka-Cola, and the list went on and on.

In an effort to deter the copycat sodas, Coke had a unique bottle made that came to be known as the hobble skirt bottle, named after a ladies dress in fashion around 1914. The first few bottles had quite a bulge in the middle that would not fit standard bottling equipment. These first bottles came to be known as the "Mae West" bottle because of their voluptuous shape. The hobble skirt bottle was modified somewhat by taking away the bulge, and this is the bottle shape that is still in use today. These bottles were and are not only visibly distinctive, but are recognizable even in the dark.

The lawyers also stayed very busy with the many lawsuits that claimed Coca Cola was addictive with its cocaine and caffeine. None of these lawsuits would be successful.

Of regional interest, in the l920's a Coca Cola bottler in Paducah, Kentucky named Luther Carson would jump up in church periodically to testify to Coca Cola's wonders. Carson had good reason to praise the Lord, since he owned the best car and the biggest home in town. Carson delighted in showing off his house and its fine oriental rugs.

In 1922 Pepsi was going bankrupt and approached Coca Cola about buying them out, but Coke showed no interest. In 1931 Pepsi again approached Coca Cola asking to be bought out and again they were rebuffed. Finally, Pepsi offered themselves to Coke in 1933 for $50,000, and Coke refused for the third and final time. In retrospect, this decision to turn down Pepsi's offer would prove to be a monumental mistake.

Coca Cola came out of the great depression in remarkably good shape. Coke's cheap nickel drink had a lot to do with this, as most people could still afford this 6 ½ ounce soda as an occasional treat and pick-me-up even during this grim time in our history.

By the time America entered World War II, Coca Cola was over fifty years old. Shortly after Pearl Harbor, Coca Cola issued an extraordinary promise: "We will see that every man in uniform gets a bottle of Coca Cola for five cents, wherever he is and whatever it costs our company."

By now Coca Cola exerted considerable influence in Washington D.C. and had high friends in the military establishment. In 1942 Coke was exempted from the nation-wide sugar rationing as long as their products were sold to the military or retailers serving soldiers. The rest of the soft drink industry were not so lucky. Coke's involvement with World War II was seen as an official part of the war effort. During the war, civilian technical observers –

TO's – accompanied the military to provide expertise in the maintenance and repair of weaponry and ordinance. These civilians were issued military uniforms with a white TO patch on the sleeve. They were given a military rank that was commensurate with their civilian job title. Technical observers were exempt from the draft. Coca Cola sent into the field 248 technical observers whose job was to provide the GI's five-cent Cokes wherever they might be sent to fight. Coke's technical observers, or "Coca Cola Colonels," as they were known, put together make-shift bottling plants throughout Europe and the Pacific. Before the war was over, these plants would serve our soldiers over ten billion cokes. Often Coke was dispersed in the wrong kind of bottle, with the wrong level of carbonation, and with the wrong type of sugar, but there were few complaints among the GI's.

Staffing the makeshift bottling plants could often be a problem. Prisoners of war and the local citizenry were used most of the time. The TO's preferred the Japanese and German POW's because of their strong work ethic. Sometimes American soldiers were called in to do work shifts.

General George Patton, who loved his rum and Coke, transported a Coke bottling plant wherever he went. Patton once suggested a way to end the war more quickly, "Hell, we ought to send the Coke in first; then we wouldn't have to fight the bastards."

General Omar Bradley, who was partial to ice cream and Coca Cola, always kept a case of Coke ready in his office. But the real addict of all the generals was Eisenhower, so it is not surprising that Eisenhower sent an urgent cablegram from North Africa on June29, 1943 which threw the TO program into high gear. The cable read, "On early convoy; request shipment three million bottled Coca Cola (filled) and complete equipment for bottling, washing, capping same quantity twice monthly. Preference as to equipment is 10 separate machines for installation in different localities, each complete for bottling twenty thousand bottles per day, etc. etc. etc."

Interestingly enough, Adolph Hitler also was a big fan of Coca Cola and when the war started in 1939, the 43 Coke plants in Germany were exempted from the sugar rationing as they were seen as part of the war effort. Before the war was over, most all of these Coke plants were bombed and damaged by the allies. When German POW's were brought to the states to work farm fields, they were surprised to find that the U.S. had Coca Cola also, as they had assumed that it was strictly a German drink.

Coke's wartime program made friends and customers for home consumption of 11 million GI's and did a world-wide sampling and expansion job abroad which would have taken 25 years and millions of dollars in marketing expense if not for the war.

During the 1950's and 60's Coke was available and accessible to a growing American populace and accounted for half of all U. S. soft drink sales. Many of us remember taking home a six-pack and returning the glass bottles for a refund, collecting bottles and turning them in for a few cents to buy a Coke at the local market.

In the 1960's Coke came out in cans. The customer loved it as it was not necessary to return bottles – what convenience! Coke stock split four times during this period. Distribution was easier with cans. Plastic bottles meant no returns and less weight, lowering labor costs in distribution.

Coke entered into television advertising sponsoring "The Mickey Mouse Club" among others. A movie called "Destination Moon" featured four astronauts drinking Coca Cola in their spaceship. Product placement or "buried plugs" as it was then called was born.

In the 1970's Coke concentrated on expanding worldwide. Jimmy Carter banned all soda from the White House except Coca Cola. He was from Georgia after all. The Japanese learned to love Coca Cola and accounted for 18% of Coke's corporate profit as its economy grew and expanded.

In April of 1985 Coca Cola committed what has been called the marketing blunder of the Century. As you will recall Coke decided to retire the most popular soft drink in the world and replace it with a new and improved formula that would be called "New Coke." Many people felt that this was such an unbelievable idea, that it had to be some kind of promotional ploy on the part of Coke to re-energize Coke sales. The customers who had such disbelief in the decision to abandon the old formula would be proven wrong. Coke was deadly serious.

To understand the company's logic, we must go back a couple of years. In 1983 Coke had enjoyed a commanding lead over Pepsi in international sales; they had a comfortable lead over Pepsi in soda fountain sales, but in grocery store sales, Coca Cola had fallen behind Pepsi. Pepsi's dominance in supermarket sales was of great concern for Coke. During this same time period, Pepsi Cola came out with a new promotion called, “The Pepsi Challenge.” This was a nation-wide blind taste test that pitted Pepsi Cola against Coca Cola. The results of this taste testing showed that people preferred Pepsi over Coke by a 65 to 45 margin. Disbelieving these results, Coke conducted their own in-house blind taste tests and their results were similar. Pepsi again won the blind taste test. Something had to be done. Coke would spend the next year and four million dollars developing a new Coke formula that could consistently beat Pepsi in blind taste tests. The Coke labs accomplished their task and Coca Cola felt confident that finally they had a soda that could bury Pepsi.

With a great deal of fanfare, Coke announced the retirement of the old coke and the birth of the new and improved “New Coke.” By the beginning of June, eight thousand calls a day were coming in to Coke headquarters in Atlanta. In addition to the phone calls, the company fielded over forty thousand letters of protest. It was as if the entire nation went into mourning for their beloved Coke, and they were now praying for a resurrection.

Management had no choice; they had to bring old Coke back, but with a new name, “Classic Coke.” Within a year, the renewed popularity of Classic Coke had pushed it ahead of Pepsi in supermarket sales. Unintentionally, Coca Cola had converted the gigantic marketing blunder into a commercial coup.

Fortunately for Coke this was their only major blunder during the 80’s and 90’s. Within this sixteen-year period, 1981 to 1997, Coke’s market value exploded from 4.3 billion to 145 billion dollars. Coke increased its U.S. market share by nearly ten points, up to nearly 44 percent. Worldwide, Coke’s soft drink share had grown from 35 percent to 50 percent. International sales accounted for 80 percent of Coke revenue.

What challenges does Coca Cola face in the foreseeable future? The health and fitness community has targeted both Coke and Pepsi as major contributors to the nation’s growing obesity problem. The fallout from all this negative attention has resulted in a significant decline in sales for these sugar-laden drinks. As a result, Coke and Pepsi are currently in a race to develop a new low-sugar soda that will dominate the marketplace and quiet their critics.

On other fronts, Coke continues to diversify. They recently bought a 16% share of "Monster," a sport/energy drink. Also Coke purchased a share of Keurig, a coffee and tea company, and just two weeks ago, Coke resurrected a 1990's citrus-flavored soda called "Surge."

Coke's worldwide business is as good as it has ever been. Just last summer, Diet Coke, or Coke Lite in Europe, moved into the number two spot for the most popular soda drink on the planet. We all know who holds the number one position for this honor, and it ain't Pepsi.