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Automobile retail and distribution in Germany 1920 - 1930

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At first glance, the automobile is an artifact. In order to use the automobile, it has to be embedded into society as a “system of automobile”.

In observing the 1920s, we see how the system of automobile developed.

Retail and Service	Kind of use	Tourism	Regulation of traffic, Safety	Politics and Infrastructure
car retail, new and second hand	excursions	roadhouses, hotels	road traffic regulations	car lobby
filling stations	shopping tours	road maps	traffic signs	road planning and construction
repair shops	commuting	travel guide	stop-and-search operations	funding of road construction
retail of spare parts	travelling salesmen	excursions	rescue service	tax burden
retail and repair of tyres	transport of cargo	autoclubs	insurance	responsibility of state vs. municipal
garages	mobile retail			
financing	coach services			

Car retail and service for the customer

The concept of service for the customer was introduced in car retail in the 1920s. The automobile was a complex consumer product and afforded much consulting and additional services, such as cleaning of spark plugs, repair, repair and retail of tyres, storage and retail of spare parts, a network of filling stations and garages for shelter and maintenance.

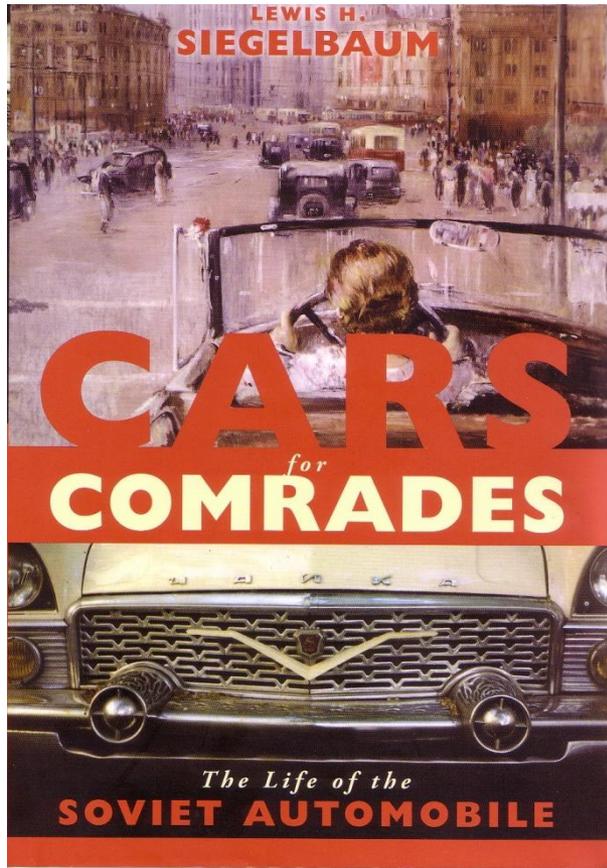
Service society

My lecture can be set into the broader context of the emerging **service society**:

Retail as service. Moreover, it can be set into the context of the emerging

mass consumption society: The automobile as means of transport of consumer goods and the shift of small retail to big retail in the suburbs.

The Soviet Union as counterexample for the importance of the service society induced by the automobile.



- No strong automobile production
- No car lobby pressing for roads
- A network of roads in poor condition
- Scarcity of spare parts
- No dense network of filling stations

A state of source material

In the 1920s, there were many manufacturers of automobiles in Germany. Most of them have disappeared through market competition and their archives are lost. One can find many publications at the Daimler-Benz archive in Stuttgart and at the European branches of Ford.

One can find the following primary sources:

Publications:

- of automobile trade organizations
- of tyre trade organizations
- of the umbrella organization of the automobile trade



Schenken Sie Ihren Lieben zu Weihnachten etwas Bleibendes von Wert. Schenken Sie einen rassigen, leistungs-
fähigen BRENNABOR. Sie und die Ihren werden mit ihm täglich neue Freude, täglich neue Vor-
teile erleben. Besuchen Sie unseren Vertreter. Fahren Sie eines der preisgekrönten Modelle, das Ihren speziellen
Anforderungen am meisten zusagt. Auch Sie werden zugeben:

Kein schöneres Weihnachtsgeschenk als der

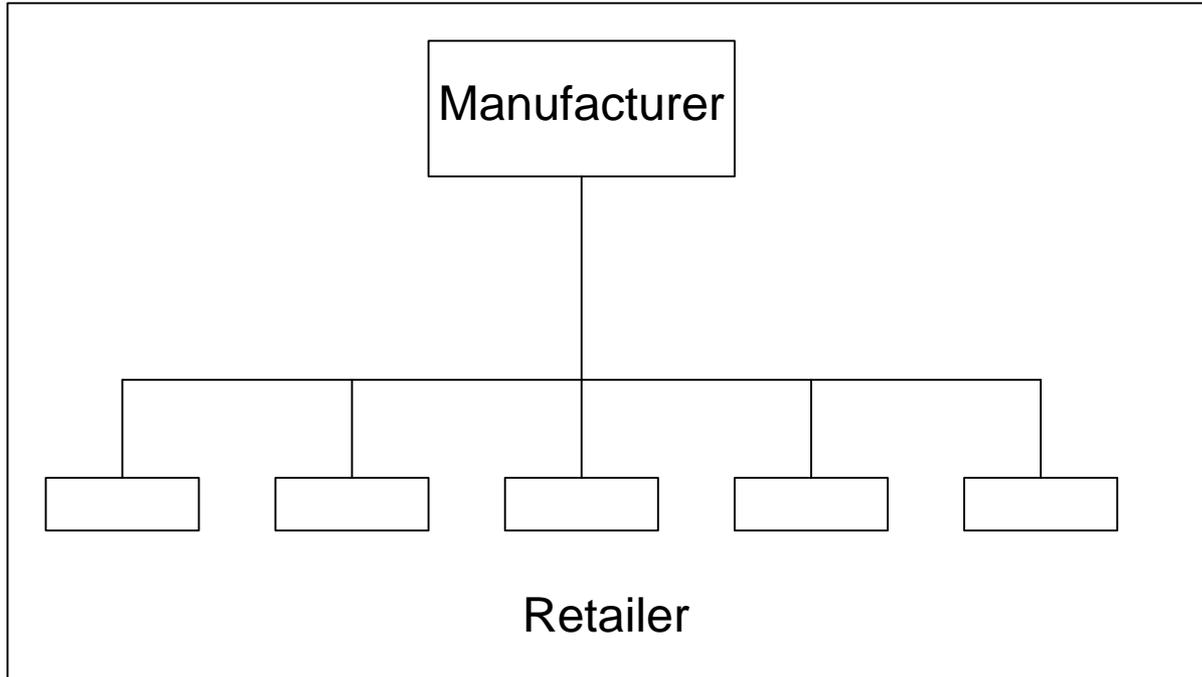
BRENNABOR

GEBR. REICHSTEIN BRENNABOR-WERKE BRANDENBURG (Havel)

Verkauf durch die Niederlassungen der Gemeinschaft Deutscher Automobilfabriken und die Brennabor-Vertretungen.
Autorisierte Vertretung für Oesterreich: Pilits & Co., Wien IV, Karlsplatz 7 (Verkaufshallen). Telefon: U-43-5-72.

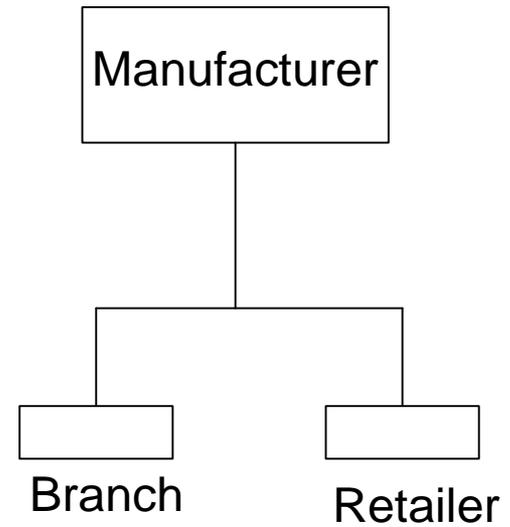
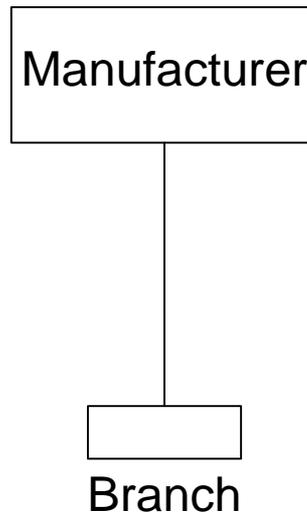
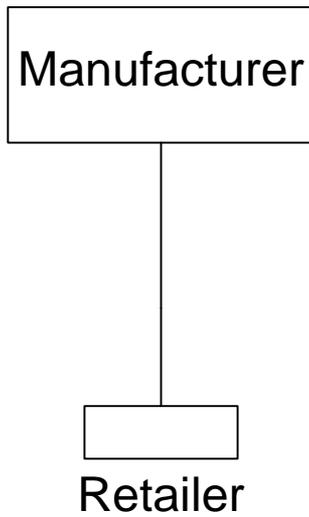
Structure of car retail

Big manufacturers, small retailers



The same structure in the petrol and tyre distribution

Distribution channels in car retail



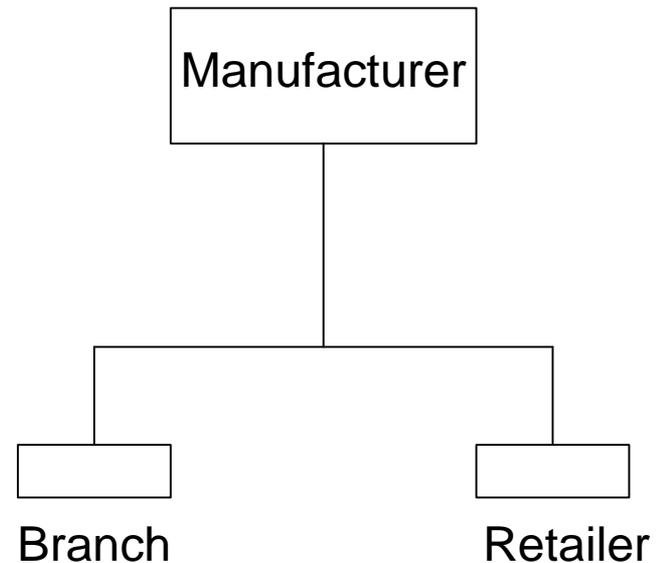
Vertical marketing system

The marketing literature in the 1950s noted distribution with independent retailers as a “vertical marketing system”.

The main characteristic was close “cooperation” between manufacturer and retailer. How retailers had to run their business was prescribed by the producer: yearly contracts on the number of cars to be sold, financing the trade, advertising.

GM and Ford in the US and in Europe used the vertical marketing system.

Most German producers had mixed channels of distribution:
a network of own sales branches
in cities in which the demand was strong,
and independent dealers in towns
with weak demand.



Sales branches of Daimler-Benz AG		
Position	City	Employees 1926
1	Berlin	143
2	Dresden	99
3	Hamburg	96
4	Breslau	92
5	Leipzig (P)	86
6	Frankfurt/M. (L)	83
7	Königsberg	83
8	Köln (P)	80
9	Düsseldorf	75
10	München (P)	74
11	Frankfurt/M. (P)	62
12	Dortmund	47
13	Magdeburg	45
14	Stuttgart	36
15	Hannover	34
16	Halle	30
17	Baden-Baden	26
18	Nürnberg	21
19	Mannheim	20
20	Aachen	19
21	Köln (L)	5
	Sum	1256
	P=Car L=Truck	

Difficult conditions of competition for independent car dealers:

- Expansion of the producer branches
- Tendency of complete configuration already in the factories
- Quick change of models and strong technical progress in automobile construction devaluated dealer stock
- Contracts on fixed numbers of cars for purchase
- Commitment to one producer

On the other hand:

Rapid expansion of the market. In Germany, the number of cars on the streets rose from 30.000 in 1920 to 500.000 in 1930.

Certain instruments of finance are offered to support independent dealers.

Installment schemes

In 1927, about 50% of the cars were bought on installment schemes.

The American word “installment” was also used in Germany.

Also, substantial repairs could be paid for on installment schemes.

The attempt to establish a cooperative for installment financing for the motor bike trade failed.

The problem of used cars

Car retail exhibits the special feature of trading used cars.

In contrast to other sectors of retail, the dealer not only sells new goods but has to buy used ones (“buy-in”). Due to rapid model changes, retailers were reluctant to buy used cars. The aim was to separate retail of new cars from retail of used ones.

With the aid of the Berlin trade association, a company was established to evaluate prices on the used car market. In 1928, there were about 20 service points for evaluation in Germany.

The market for motor bikes

From 1928 on, there was a boom in small motor bikes because there no driver's license was necessary and no taxes were levied.

The landscape of motor bike producers was very scattered into small producers.

And the same was true for the motor bike trade.

This structure resulted in tough price fights.

The trade association tried to prevent price undercuts by contracts with the producers.

Machen Sie sich frei!

von der Eisenbahn und anderen öffentlichen Verkehrsmitteln, die ja doch auf Ihre persönlichen Bedürfnisse hinsichtlich Zeit und Fahrtstrecke keine Rücksicht nehmen. Der moderne Mensch ist sich längst darüber klar, daß sich heute niemand den Luxus erlauben kann, kein Kraftfahrzeug zu besitzen. Wenn Sie mit offenen Augen durch die fortschrittlichen Teile Deutschlands reisen, muß Ihnen der rege Motorradverkehr auffallen. Alle paar Schritte werden Sie einem DKW-Motorrad begegnen. Dies muß Ihnen zu denken geben! Warum gestalten nicht auch Sie Ihr Leben durch ein Motorrad erfolgreicher und zugleich müheloser?

Mit einem Motorrad können Sie Ihren Kundenkreis beträchtlich erweitern. Sie werden in 24 Stunden genau soviel erledigen können, wie sonst in einer ganzen Woche. Sie haben die Möglichkeit, nach Arbeitsschluß bequem Erholung in der herrlichen Natur zu finden und am Wochenende auf Tourenfahrten Ihre weitere Heimat kennen zu lernen: Das Leben wird Ihnen zur Freude werden!

Durch unsere konkurrenzlosen Ratenbedingungen ist der Ankauf eines Motorrades von der Vermögensfrage nicht mehr abhängig. Hierüber werden wir Ihnen später berichten.

Warum für Sie nur ein DKW-Motorrad in Frage kommen kann, werden wir Ihnen in 8 Tagen an derselben Stelle dieser Zeitung auseinandersetzen.

Oder wollen Sie sich schon heute an unsere Vertreter wenden, die sich in fast allen Städten des Reiches befinden?

Vertreternachweis durch

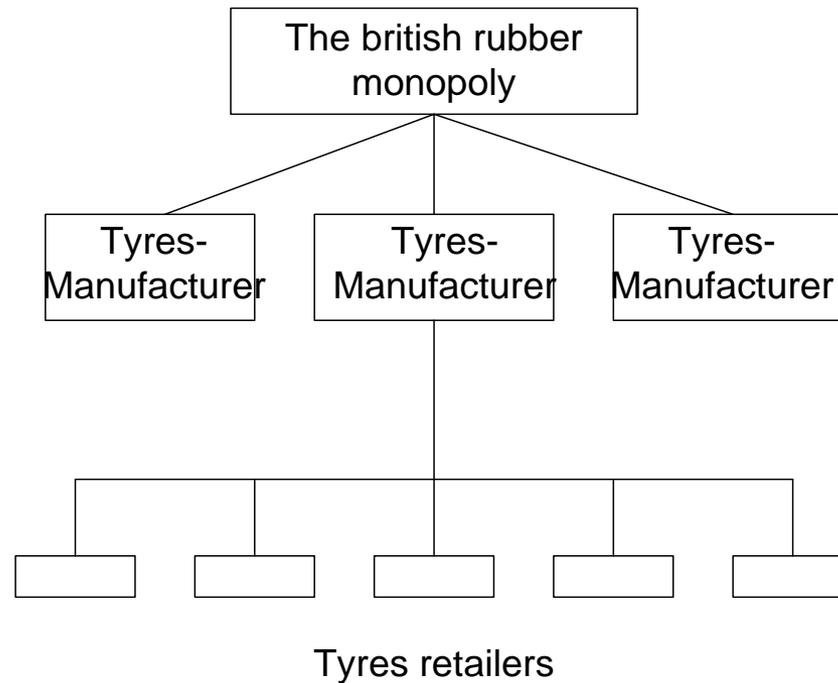
Zschopauer Motorenwerke
J. S. Rasmussen A.-G. / Zschopau 2 Sa.

DKW

Tyre trade and repair

In the 1920s, there was a shift from solid tyres to pneumatic tyres.

The structure of the trade: great producers of rubber, small retail.



Tyre trade and repair 2

Besides foreign brands, such as Goodyear, in Germany nine domestic manufacturers offered tyres. In 1928, the producers concluded a cartel agreement to deliver tyres to high volume customers, directly excluding retail companies from business. High volume customers were the public sector and the railways. The trade association of tyres retailers held massive public protest meetings.

In 1929, the cartel granted the delivery of lower level public authorities by the retailers.

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The trade association of tyre retailers fought against price undercuts and applied for approval of tyer repair as a protected craft.



Until 1930, there was no standardisation of automobile tyres and rims. Therefore problems arose to stock the required tyre. If a new tyre was required, the repair shop had to release an order at the wholesale stage of the tyre distribution system, laying the foundation for modern logistic systems to handle small pieces of urgent cargo (“packed goods”).



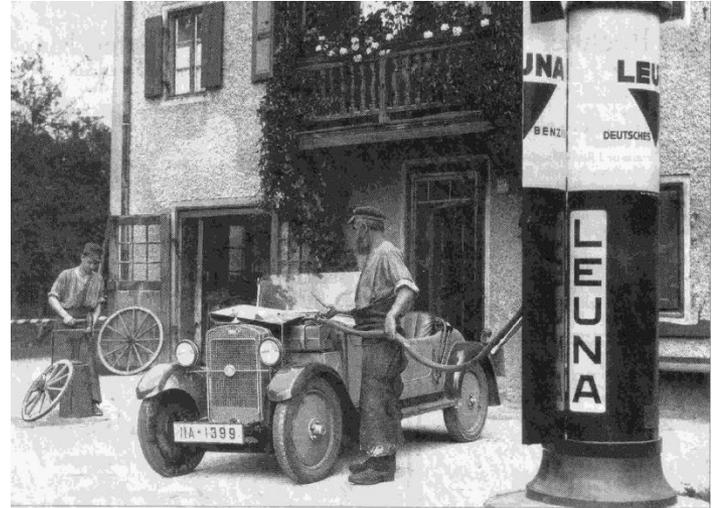
Spare parts

Due to the quick change of models and strong technical progress, problems arose in stocking the required numerous spare parts.

The availability of spare parts was an important issue in advertising campaigns.

The filling stations

A dense network of filling stations was important to enable the mobility of the automobile, especially on the countryside.



Filling stations supported the driver with small repairs and a stock of some spare parts, for example sparkplugs. Free filling stations were distinguished from those tied to the great brands, e.g. Shell. The latter had to agree on long-term contracts for delivery of petrol.

*Wohin Sie auch fahren
überall SHELL Pumpen*



welche ein schnelles und bequemes Tanken ermöglichen. Tanken Sie nur Shell Benzin und Shell-Autoöle. Es gibt nichts Besseres. Der gleichmäßige und störungsfreie Lauf Ihres Motors wird Sie bei dauernder Verwendung von Shell überraschen.

The following table compares the density of the filling station network in various countries.

Germany shows only weak motorisation compared to Great Britain, but the supply of filling stations per automobile was of the same order.

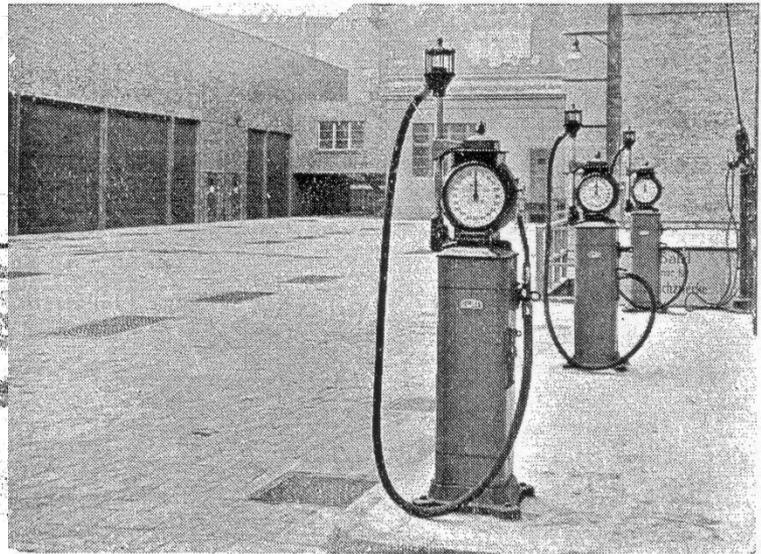
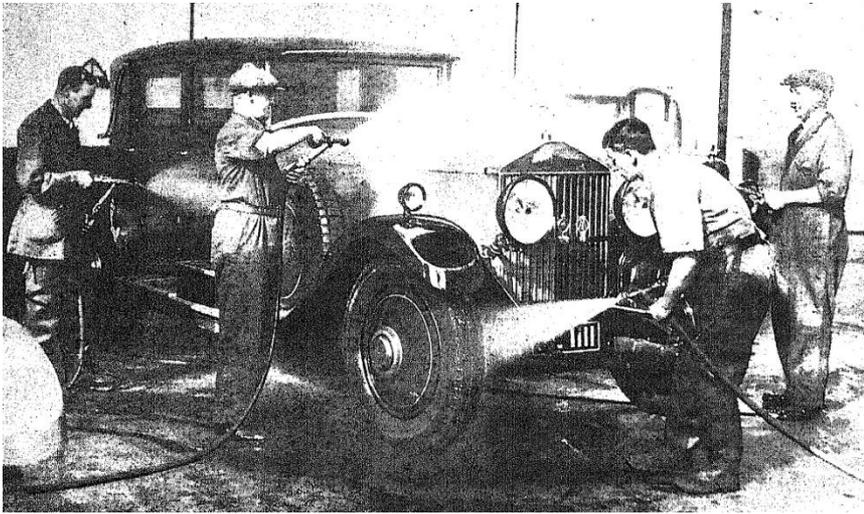
	Number of filling stations	Inhabitants per filling station	Cars per filling station	Inhabitant per car
Great Britain	70.000	670	27,6	25,1
Danmark	5.700	594	18,4	31,9
France	50.000	800	22,1	36,1
Switzerland	3.750	1035	22,9	45,1
Netherland	4.350	1600	23,7	67,4
Germany	30.000	2104	31,1	67,5

Garages

The spread of automobiles gave rise to a new industry: garages.

They offered parking space, shelter and maintenance.

The car retailer trade association applied to the government for the same privileges hotels had for opening on Sundays.



Activities of the car retailer trade association:

- Negotiation with producers on the terms of guarantee
- Negotiation with the umbrella association of German crafts for approval of car repair as a protected craft
- Negotiation with the administration to approve repair shop work on Sundays
- Involvement in establishing a nationwide emergency service for stranded drivers
- Edition of a monthly periodical “Service for the Customer”

I thank you for your attention!