Entrepreneurial Success through Marketing in Nineteenth Century Australia: the case of John Pottie & Sons

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Abstract: The establishment and growth of an early Australian entrepreneurial firm supplying veterinary services and products is examined. John Pottie established a veterinary practice in Sydney in the 1860's and then proceeded to develop a large and successful family business that is still trading. By exploring the ingredients for its successful entry and growth, this study seeks to show through one longitudinal case, how entrepreneurship, innovation and marketing were inseparable in contributing to the competitive advantage developed by this business. Two inter-related and timeless features stand out in Pottie's success. First, is the manner in which he acted as an entrepreneur, responding to the circumstances of the time and seizing the opportunities presented by changes on both the supply and demand sides in the market for veterinary services and products. Second, is the stress he placed on his own name as a brand, guaranteeing the quality of the integrated package of veterinary products.

INTRODUCTION

While marketing and entrepreneurship are seen as two separate disciplines, they have obvious commonalities including innovation and opportunism (Carson, 1999). In an entrepreneurial firm, continuous interaction with the environment may supplant formalised procedures for learning and understanding the business environment (Hultman, 1999). Removed of this formality, the contribution of marketing to an entrepreneurial firm's success may derive, not from the deliberate identification of strategic advantages and consequent planning often espoused in mainstream texts (Cravens et al., 2000), but from the close linking of opportunism with innovation. Such is the relationship, that it may be difficult to separate entrepreneurial and marketing practice in seeking to understand the reasons for the success of some entrepreneurial firms. This close relationship between entrepreneurship and marketing is evident in the history of John Pottie and
Sons Ltd, founded by a veterinary surgeon, John Pottie, a Scottish migrant who was the first to supply a wide range of proprietary veterinary medicines to the Australian market in the nineteenth century. Operating in an era of unregulated competition, this business captures an early piece of Australian entrepreneurial history that illustrates an awareness of international developments and exploitation of opportunities through marketing that has continuing resonance. The study illustrates the key role of marketing in the competitive advantage that this firm developed and there is sufficient evidence available on its history to enable an analysis of the changing marketing foundations of this competitive advantage.

This account begins by outlining the specific and general background to the establishment of a firm specialising in veterinary products in Australia in the second half of the nineteenth century. The market environment identified here meant that Pottie's marketing efforts were central to the success of the firm, and they are examined next in terms of the marketing mix: product, promotion, price and distribution. An evaluation of the factors that made for the firm's success follows.

The subject is of more than academic interest. The firm of John Pottie & Sons survived the death of its founder and his inspiration and it still continues today under the name of Blue Cross Veterinary Products. It does so in a market that has for some time been dominated by large multinational enterprises such as Merck and Roche.

HISTORICAL BACKGROUND

The provision of specialist care for animals is probably almost as ancient as their domestication. Farriery is the best-known of such trade specialisations and, by the eighteenth century in Europe, it was often practiced in association with veterinary care in a manner that ultimately gave rise to fulltime professional service providers. In most of Western Europe, the process was facilitated by state support; veterinary surgeons were of value in servicing horses in the cavalry and artillery, and also as personnel in mounting *cordons sanitaires* or control programmes against the threat of epizootic disease from Eastern and Southern Europe. Public support was more limited in Britain, however. Apart from during the French Wars, there was little public employment in the military and thus graduates of the early British veterinary schools had to sell their services in the open market (Fisher, 1995).
The market focus for such veterinary surgeons up to the end of the nineteenth century was the horse. Among domesticated animals, only horses and (some) dogs were of sufficient unit value as to warrant specialised individual care, and then only when either highly bred or kept in large numbers, as in the case of coaching and other transport services. This led to the paradox that, despite the fact that most domesticated animals were to be found in the rural areas, the key market for veterinary surgeons lay in the towns. Despite the rising unit values of farm livestock as agriculture became commercialised, these were still insufficient to warrant specialised individual care.

The same market constraint was even more pronounced in the colonial economies of Australia. The rapid increase in livestock numbers, and their central role in economic development, did not translate into a major field of opportunity for veterinary surgeons. The relative absence of disease threats in the distinctive Australian environment was one factor—but, more importantly, the rapid growth of livestock numbers within extensive production systems meant even lower unit values of livestock than in Britain (Fisher, 1994).

Yet market opportunity was limited even in the towns. John Stewart, one of the earliest, if not the earliest qualified professional to migrate to Australia, had reported on the poor prospects in Sydney in the 1840's and had eventually given up his practice for more remunerative business (Fisher, 1993b). Despite the rapid growth and prosperity of the colonies as a whole in the nineteenth century, many if not most of the qualified veterinary surgeons who migrated to Australia did the same. Personal services were not required in the pastoral areas while, in the cities, there was also fierce competition from unqualified veterinary surgeons and, at the lower end of the market, from farriers and blacksmiths.

This was the situation when John Pottie, a graduate of the Edinburgh Veterinary College in 1858, arrived in Australia (Beardwood, 1986; family sources). Despite the unpromising circumstances, he established a veterinary practice in Sydney, first at Martyn's Horse Bazaar on Pitt Street, then on the corner of Elizabeth and Bathurst Streets in 1861. His main qualified rival at the time was Joseph Armstrong, whose spate of advertisements in the Sydney Herald in 1862 may have been a response to the new arrival (Mylrea, 1992). Pottie advertised himself as shoeing horses "on the newest and most scientific principles", at this time evidently operating as a normal veterinary service provider. The change in business focus came when he
moved to more spacious premises in Castlereagh Street, where he employed a number of unqualified veterinary surgeons and farriers. The building incorporated a 'veterinary hospital', a warehouse and substantial rooms from where a new direction to the enterprise was launched.

By the late 1860's, Pottie had moved from providing traditional veterinary services to developing the associated market for veterinary products. In doing this, he was able to build on an established British model but in a manner that was highly innovatory in a marketing sense. The significance of his venture is best illustrated by examining the innovations that he undertook in the context of the established British model of veterinary product marketing.

PRODUCT DEVELOPMENT AND INNOVATION

In the nineteenth century, it was common for veterinary surgeons to complement service with product provision. Joseph Armstrong, Pottie's early competitor in Sydney, advertised his 'Gripe or Colic Mixture' along with glowing testimonials in the 1860's (Mylrea, 1992:4). John Pottie took the practice further, by the 1870's offering a range of proprietary medicines for all horse ailments. In fact, he extended the same principle to livestock as a whole. As he put it in 1872:

"I find that for all practical purposes, nearly all diseases of animals may be divided into Four Classes. That is to say, my Colic Drink will do for all Stomach, Bowel, Kidney, Bladder and Liver diseases. My Cough Medicine for all Throat, Lung and Chest diseases. My Blood Tonic for all Blood, Skin, Leg and Feet diseases. And my Fever Drink for all Inflammatory diseases." (Pottie, 1882a:8).

Such assertions in his early literature, with multi-purpose medications for different categories of disease, reflected the Galenic tradition of medicine. Under this, disease was the result of disharmony in the body, of an excess of one elemental force (or humour) over others. Thus, as Pottie put it, "inflammation is the same in any part of the body, and if you can reach it with the same agent it will cure anywhere". At this time then, his therapeutics and his product range reflected closely the existing British model of veterinary medicine provision. So too did such early additions to the range as his "Dublin and Glasgow Spice" and his "horse powders", designed for "the hard-worked stable-fed horse" and superior to "Lucerne Hay" for maintaining condition (Pottie, 1882a:9).
Pottie was the first veterinarian to bring such a range of products into the Australian market. His entrepreneurial initiative, however, lay in more than mere product introduction. In his earliest pamphlets on livestock care, he sought to differentiate his own therapeutics and medicines from the British tradition, claiming that, in Australia,

“the strong medicinal doses suitable to cold climates must be done away with and a completely new class of medicinal agents introduced” (Pottie, 1882a:7).

The same principle informed his prescription of a "Fever Drink" in the case of inflammation; most British veterinarians treated this rather more drastically by bloodletting (blistering) or 'firing' a horse's body. Further, changing market circumstances led him over time into an extension of his product range that was more specialised and innovatory in nature.

Pottie's business career spanned an era in which scientific advances were bringing dramatic change in medicine, veterinary as well as human. The work of Louis Pasteur, especially the dramatic success of his vaccines against anthrax and rabies, transformed attitudes towards disease, with concomitant implications for commercial medical and veterinary products (Dunlop & Williams, 1996:509-11). Pottie proved loath to discard entirely the established model, especially in selling ointments, such as Scottish Highland Oil, that he claimed were as soothing for humans as for livestock (Pottie, 1884:5-7). Nevertheless, he did respond to the challenges and opportunities of a new age of scientific medicine. In some respects he anticipated these trends, demonstrating his resourcefulness and capacity to innovate successfully.

Such a theme was demonstrated in the development of an antidote for contagious bovine pleuro-pneumonia (CBPP). Pottie had arrived in Australia only two years after this devastatingly contagious disease had been introduced. He was then heavily involved in attempts to stem the spread of the disease, in particular, being among the first to experiment with a new method, known as 'tail inoculation', of effectively containing the disease. His efforts brought him a high profile among influential stockowners and others; if he had wanted he could have pursued a public career in disease control (Fisher, forthcoming). However, he preferred to put his effort into meeting the threat as a private supplier of veterinary products.

Tail inoculation as a preventative measure against CBPP had first been developed by a Professor Willems in Belgium in 1852. It involved passing
contagious matter, by various means, from an animal dead of the disease into the tails of those at risk. As a mode of immunisation, it was sufficiently successful and easy to perform that by the!860's it had become widely adopted. However, the process was risky with results that could be much worse than the frequent loss of the tail. Pottie was among those seeking to develop a better mode, and he participated in a series of breakthroughs in the late 1860's. These helped establish how best to draw off the infectious matter, which was referred to as the "virus", while eliminating impurities; the best mode of inoculation (a "seton", a twisted thread drawn through the tail with a large needle); and when to do this (Seddon, 1953:399-404; Parsonson, 1998:191-4). It was also discovered that adding glycerine to the "virus" improved its keeping qualities, enabling its repeated use.

This last development gave Pottie a commercial opportunity he was quick to take. By the!870's, he was advertising and supplying bottles of "Pottie's Inoculating Virus", emphasising its superiority to "the Lung Virus". He also supplied patent needles and, while he claimed that "there are no dangerous swellings" from the use of his virus, if these did occur, then his "Black Oils" should be employed. Further, inoculation should be followed by doctoring "with my Fever Drink and Blood Tonic... in two days use my Dry Gripe Drench -a wine glassful is a dose" (Pottie, 1882a:15). As with other livestock ailments, stockowners could acquire a complete package of treatment and care. Pottie's assertion that his "Inoculating Virus" was "valuable for any form of Germ Disease", and that 'it will destroy all Infusoria", provides a reminder that he was practicing in the era when 'germ theory' was still being developed and that the nature of infection was still imperfectly understood (Fisher, 1993a). Pottie's "virus" had been developed through pragmatic experiments; Pasteur's vaccines arose out of a better scientific understanding of the pathology of disease that came from microscopic research on the causative agents (although Pasteur too was very alive to the commercial potential of his research; see Gleison, 1995).

Nevertheless, it is evident that Pottie recognised the new importance of science in the continuing extension of his product range. His ability to develop new products on the basis of scientific advance was one element in his ability to withstand the effects of the devastating depression of the!890's, when sheep numbers in New South Wales fell from 180 to 120 million. Owners had long used 'sheep medicines' to meet disease, internally and externally: in 1844, Charles McKellar and Co. offered a variety of these, including "Corrosive Sublimate" and "Spirits of Tar ... at reduced prices" (Maitland Mercury, 25 August 1844). However, with a flowering of parasitology in the late nineteenth century (Dunlop & Williams, 1996:539-
43) came a better appreciation of the extent of economic loss due to the various sheep 'worms' -internal infestations of sheep parasites. The various traditional 'drenches' were experimented with and became refined to meet the problem (Bruce 1892), -with Pottie to the fore. By 1894, he could supply a set of drenches -Lung, Lung and Tape, Young Tape, Tape and Intestinal and Stomach -guaranteed to meet any variation of the problem under "Pottie's System of Treatment" (Pottie, 1894).

These drenches were but a part of the "very large variety" of sheep medicines that his firm supplied by this time. Some of these were powders to be used against anthrax and tuberculosis -and unlikely to be effective in the light of modern pathological knowledge. Nevertheless, the range of specific medicines for specific diseases demonstrated Pottie's positive response to the new age of science. He had moved far from the pre-scientific tradition of multi-purpose medications. An appreciation of science, and of the commercial opportunities its progress opened up, also underlay the other components of his marketing activities in these years.

The contribution of product innovation to Pottie's successful entry and growth must be placed in context. Cravens et al., (2000:130) define innovativeness in products that range from "new to the world", to a new product line introduced by an established firm in an established market. In each case, specific capabilities described as the ability to identify, develop and bring new ideas to the market are required. By such criteria, Pottie was an innovator. In Pottie's case, success initially arose from a repositioning of products to cater for differing environmental conditions. This success was based on acceptance by the market of claims, essentially unsubstantiated by Pottie, as to their efficacy. While in the forefront of colonial advances in fighting CBPP, the commercial success of the "inoculating virus" owed as much to promotional and distribution capabilities. Certainly, Pottie was able, in a period of rapid scientific advance, to continue to extend his product range but it is by no means clear that commercial success was tied to the new product capability.

PROMOTION

John Pottie's product line was originally developed on the basis of a British model; the same was true when he was promoting it. There was a tradition of self-help manuals on the care of horses and other livestock dating back to at least the sixteenth century. Such manuals were later used to sell veterinary medicines; the most famous having the title: Every Man His Own
Farrier. First published in 1783, it had gone through 28 editions by 1848 (Smith, 1976:113-5). It was also the title of John Pottie's earliest work on horse care (Pottie, 1882b); he was using a formula with which his customers were familiar and which they could relate to easily.

Pottie's presentation also mirrored the British manual, as when he claimed to explain his treatments in a manner which "makes things exceedingly simple for country people". So too did his use of testimonials and references from leading pastoralists (including the infamous Sidney Austen of Barwon Park). However, what came to distinguish his promotion was an increasing stress on the scientific basis of the range and quality of his products.

As noted above, Pottie made claims for his products that were inconsistent with the realities of disease pathology and aetiology. Further, he continued gently to mock the manner in which "scientific men can mystify an exceedingly simple fact". Nevertheless, his pamphlets and manuals were gradually modified -and greatly expanded in size -over time in a manner that mirrored the extension of his product range. In particular, from the late 1880's, he drew attention to the efforts of his firm to use science to improve product quality: he had "educated a staff of scientists", whose work "has stemmed the deadly losses from parasitical diseases". He could indulge in hyperbole still: "our past successes clearly demonstrate the possibility of exterminating all parasitical diseases, and probably other diseases as well" (Pottie, 1894:5). Nevertheless, in marketing terms, his awareness of the gains from associating his innovations with scientific practice generally are evident. And most importantly, his use of his own name as a brand for specific products and in recommended systems of treatment was not just for the purpose of product differentiation.

Pottie continually stressed his position as a qualified veterinarian -as a member of the Royal College of Veterinary Surgeons of England (M.R.C.V.S.E.), as "the Principal of the [short-lived] Australian National Veterinary Organisation", as "Veterinary Surgeon to the Government Horse Department, N.S.W.", and to the "Stock Department" of the colony. This emphasis was in striking contrast to the position of the profession at mid-century when John Pottie had graduated; it then had had little credibility and any practitioner could describe themselves as a veterinary surgeon (Fisher, 1993c). By the last twenty years of the century, the position had changed dramatically. The capacity of the profession effectively to meet a range of livestock diseases had grown and its status improved. The name of John
Pottie, as tied to his professional status and achievements, was a guarantee of quality.

Finally then, Pottie was promoting a coherent package of complementary goods with his manuals and medicines. The manner in which the package was taken to the market had the same feature. Pottie seldom advertised in the newspapers of the day, the standard medium for consumer products at the time, although he did use the *Pastoralist Review* (after its launch in 1894). The *Review* gave him the opportunity to target his potential market among stockowners more efficiently but his normal means of disseminating product information was through the same channels that the package itself was distributed.

**PRICE**

Nineteenth century providers of veterinary services and products were always conscious of price in the face of the commercial criteria that determined the decisions of their customers. At the same time, a supplier of proprietary products could not use price as such to establish a market. Owners could always continue to dose their stock with materials or mixtures, the therapeutic qualities of which were well-known and which were easily available. In these circumstances, Pottie placed his emphasis on value for money in the use of his medications.

Addressing "Horse Owners", he claimed that he could save them the £20 per animal resulting from premature deaths and sale to the knackers (Pottie, 1882a:2). He undertook complex calculations to demonstrate the value of his drenches to sheep owners, further assuring them that there was a premium of 1shilling per head for sheep sold under certification of having undergone 'Pottie's System of Treatment' (Pottie, 1894:6).

He did offer use of discounts, or extra and free pamphlets on livestock care, according to the amount of medicine ordered. This may have benefitted his rural customers who owned the large numbers of livestock characteristic of Australian pastoralism. At the same time, the discounts and free pamphlets served their most important purpose in emphasising the integrated nature of the veterinary package he was selling and reinforcing the message that stockowners should buy the quality product in its entirety.
DISTRIBUTION

The market that Pottie sought to supply in Australia was a daunting one, very different in size and ease of communication from that in Britain. At the onset of his career, the transport needs of the extensive pastoral sector in New South Wales was served, at best largely by Cobb & Co., more frequently by bullock trains. Many stockowners were almost completely isolated, dependent on making journeys of several hundred kilometres to acquire basic necessities -including the generic materials they used to dose their stock in the case of ill health. In fact, the growth of Pottie's business paralleled that of the growth of a railway network in New South Wales from the 1860's through into the early 1890's (Gunn, 1989). This was centred on Sydney and the decision to site his business premises close by the central railway goods terminus in Redfern seems prescient in view of the dramatically improved access to rural customers the railway gave. The gain lay not just in the lower costs and greater speed of railway transport. In combination with the telegraph, railway access gave Pottie a flexibility of response peculiarly suited to his market -livestock ailments were far from predictable. This was especially important with a product such as his "Inoculating Virus", given its limited use-by-date.

Only large orders, to leading pastoralists and the larger coaching stables, were supplied directly; the latter "had a supply of the Remedies, and they are not charged for till used" (Pottie, 1882:13). As for the general run of customers, by the late 1880's, Pottie had established a network of local agents, primarily country storekeepers, that gave him a comprehensive coverage of the entire colony of New South Wales. These kept his literature rather than his products, remitting orders to Sydney and often including Pottie's goods in their own general consignments.

Pottie also had agents in Victoria, Queensland and even overseas in New Zealand and South America. By 1892, he could claim 'we send all over the Colonies about one thousand five hundred bottles of stuff a week more than is made up by all the Veterinary Surgeons and Farriers in all the Colonies combined" (Pottie, 1892). This was still not enough to give any sort of scale economies in production or distribution. Pottie's ascendancy in the market was based on his customers' acceptance that the quality of the product he supplied served them better than any generic or proprietary alternative.

While customer acceptance of the product appears more important, distribution cannot be ignored. The growth of the rail network in New South
Wales and the willingness of country outlets to keep his literature and remit orders enabled a new relationship between Pottie and his customer base, completing the marketing elements in his success.

CONCLUSION

Two inter-related features stand out from this review of Pottie's establishment and growth. The first is the manner in which he acted as an entrepreneur, responding to the circumstances of the time and seizing the opportunities presented by changes on both the supply and demand sides in the market for veterinary services and products. These opportunities arose out of the growth of scientific understanding of disease, the continuing growth in livestock numbers in Australia, at least until the 1890's, and the greatly improved access to the pastoral sector made possible by the railways. The second is the stress he put on his own name as a brand, guaranteeing the quality of the integrated package of veterinary products he sold through emphasising the special expertise he possessed by virtue of being a qualified veterinary surgeon.

Both features evolved during Pottie's business career. His own original professional training had been of dubious value at a time when veterinary medicine had little concrete to offer by way of meeting major disease threats. Even in the twilight of his career, Pottie's promotional literature reflected his early training and he made assertions that were close to outrageous in the light of contemporary let alone modern scientific knowledge. Nevertheless, his customers probably made allowances for this and were evidently satisfied by the efficacy of his product range.

REFERENCES


Pottie, J. (1882b), *Every Man His Own Farrier. How to Know Disease in Horses at a Glance and How to Cure Disease Quickly. To which is added Directions for the Treatment of Diseases in Cattle and Sheep*, Sydney: Geo. Loxton & Co.


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