

The Local Dealer's Interest

A scientific appraisal of the market and the scientific selection of methods of reaching it involve the local distributor or dealer as well as the manufacturer. The distributor for a popular-priced automobile in one of the large cities reported a loss exceeding \$30,000 on an intensive sales and advertising campaign which was unscientifically planned and expensively conducted. An authority in this field when reviewing the report which you have just read immediately put his finger on the weak spot, namely, that a great amount of time, energy and money had been wasted on unfertile fields; had the campaign been directed toward the most fertile buying groups, it would in all probability have turned out profitably. A similar waste was checked up in another city and the analysis showed the same weakness. To illustrate: since salesmen are 1 per cent of the earners and buy 13 per cent of the cars, it is obvious that they represent a very fertile field for direct mail work and personal follow-up. Similarly, since executives, 3 per cent of the earners, purchase 26 per cent of the cars, they, too, represent a very fertile field. So it is clear that careful study and sound planning along these lines can be of value to the local dealer or distributor.

One other point should be mentioned in this connection: many manufacturers are constantly confronted with the difficulty of obtaining satisfactory cooperation from retail dealers. This applies not only to the manufacturers of food and drug articles selling at comparatively low prices, but to manufacturers of vacuum cleaners, washing machines, clothing, pianos, automobiles, etc. If you will put yourself in the dealer's position—running a retail business in a certain community, surrounded by several hundred or several thousand homes—and study the problem from his point of view, you may obtain new light on the question of dealer cooperation.

If the advertising is reaching only one out of six or one out of three buyers in that particular community, the effect on that dealer may not be enough to make him warm up to your product. And that may explain his failure to cooperate. On the other hand, if you are covering the prospects in his particular community with sufficient thoroughness and regularity, you may create a condition which will awaken his interest and give him the desire to cooperate. For example: it would cost a fortune to pay newsboys to put a certain magazine out in the front pile or to pay

the retail grocer to pile the packages of a certain product in the front of his store; yet if enough people ask for that magazine or ask for that food product, the newsboy or the grocer will put it out where he can reach it quickly. Thus, the manufacturer obtains automatically what he could never obtain by direct effort or only at a prohibitive cost. In every business there is a critical point which must be passed before dealer cooperation starts to come automatically. When that point is passed by a safe margin, cooperation, whether it be window display or counter display or local advertising by the dealer, or better salesmanship by the clerk, starts to grow and grows in a cumulative manner.

An Application to the Marketing of Breakfast Food

Another interesting application of the Cincinnati survey is a case dealing with the marketing of a breakfast food. This survey covered about 600 families, 120 in Group I, 240 in Group II and 240 in Group III. The findings established the per family consumption in each of the three groups and showed that the total market was divided as follows:

Group I, 29 per cent of total consumption.

Group II, 50 per cent of total consumption.

Group III, 21 per cent of total consumption.

An analysis of the magazine circulation used by this company showed that Group I was thoroughly covered, whereas in the case of Group II, which represented 50 per cent of the consumption, only half of the families were covered by the circulation, and in Group III, representing 21 per cent of the market, only one family in ten was covered.

Studies of occupational buying groups and the coordination of advertising circulation with these groups is rather costly as applied to an individual business. It requires time, tireless effort, expense. It cannot be done carelessly or superficially. Work so done is a waste. Rightly done, it is one of the most productive investments a business can make. Not only does it bring results in new methods of planning; it brings also indirect benefits of perhaps even greater value. It stimulates clear thinking right through the organization.

By developing a more scientific viewpoint toward marketing, it gives a new definiteness to a problem which at best is rather intangible. It helps to make advertising more concrete to the salesmen and to the trade; a salesman who gets lost in the maze of copy and art matters can see his way through facts of this

kind; he can study his campaign, its effect in his city and towns, its value to one particular dealer, as easily as he visualizes the towns on his route sheet; thus, he sees that national advertising is really local advertising. This effect on the salesman is in itself an important result of such work.

Another by-product may be the handling of distribution in accordance with the market for the product among different buying groups. A product which has 75 per cent of its market in Group I and 25 per cent of its market in Group II is a logical product

for the dealers who get the trade of those groups. While there may be 50,000 possible outlets for a certain product, the facts may show that 15,000 outlets will make this product available to 90 per cent of the possible consumers. Thus, in building distribution, this new viewpoint can be of direct help.

Balance the cost of this type of work against the possible benefits which may be obtained, and the total investment in advertising. I think you will agree that, judged as insurance as well as a direct source of better planning, it is worth careful consideration.

Prague International Management Congress

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Discussions of these same subjects and allied topics have been prepared by leading Czech speakers. For example, the opening paper on The Nature, Achievements and Tendencies of Scientific Management will be discussed by Mr. Spacek, State Engineer; Individual Relations in Industry, by Dr. Forster, Chief of the Psycho-Technic Section of the Masaryk Academy, Labor Relations, by Congressman Modracek; Education for the Profession of Engineering, by Dr. Klir, Ex-president of the Masaryk Academy, and Mr. List, Electro-Technical Engineer. Elimination of Waste, Standardization and Simplification will be discussed by representatives of the Czechoslovak Normalization Society.

Up to May 31, two hundred registrations from Czechoslovakia had been received by the Committee in Prague.

The Committee of the Second Congress of Scientific Organization extends a cordial invitation to all members of the Taylor Society who expect to be in France this summer to attend the Congress to be held in Paris, June 26 to 28.

The program includes discussion of such subjects as The Human Factor, Public Service, Sales Organization, Financial Organization, Control and Execution, and Household Work.

Student Branches

The student branch of the Taylor Society at the Harvard Graduate School of Business Administration was organized by Donald P. Braley on November 25, 1923. On February 19th, 1924, the following officers were elected for the coming year: Hildjning F. C. Hanson, President; John C. Bancroft, Treasurer; Rodney G. Bell, Secretary.

At the present time there are thirty-six members, the majority of whom are second year students concentrating in Industrial Management.

There have been four meetings to date. At the first meeting H. S. Person spoke. At the second Philip F. Moen of the New England Butt Company spoke on "Nine Years of Taylor Management." On March 20 Frank B. Gilbreth spoke on "Selecting the One Best Way to Do Work," and on May 15 W. L. Walker of the Washburn Co. spoke on "Experiences with the Taylor System."

Students of New York University organized a student branch this spring with the following officers: President, Timothy Kuryla; Vice President, Alan T. Hudson; Secretary, C. Lawrence Starr; and Treasurer, Francis X. Redmond.

The activities included a trip through the plant of McGraw-Hill Company April 26 and a talk by H. S. Person, the evening of May 2.