

## Discussion

E. St. Elmo Lewis.<sup>2</sup> I like Mr. Goodell's term "buying fatigue." As a member of a couple of boards of directors I have become very tired of the present market situation but I did not know I was catching it from the customer.

Several years ago Mr. Staubach, who had for a number of years been sales manager of the Burroughs Adding Machine Company, made a series of contributions to the Taylor Society in which he discussed the whole scientific basis for the making of sales quotas in the Burroughs company. That organization has for twenty-five or more years predetermined the amount of business it would do in any twelve months. That predetermination is based on a scientific analysis of the absorption capacities of its territories. The whole sales organization is judged on its effectiveness in measuring up to the standard set. Over a period of years the Burroughs Adding Machine Company has never been more than 5 per cent over or under the quota. This spread of 10 per cent seems to me like a pretty good accomplishment when I consider some of the automobile companies who could not come within 49 per cent of what they thought they could do. We need this kind of control in all our markets. If we had it, it would be possible to reduce or prevent the excess of plant capacity that is present in this country.

A great many people seem to think they have only to make a high quality of goods to get buyers. But what is quality? There is a market quality as well as a technical quality. I met a delegation of thirty-five Irish and Scotch linen manufacturers who had come over here to find out why Czechoslovakian, Swiss and French linens were being bought in this country instead of their products. They were proud of the fact that the Irish and Scotch linens are the finest, technically speaking, in the world. But I hit upon two factors that they had not considered. In the first place their artists were using mid-Victorian designs, and in the second place, they had not surrendered to the lure of color. I told them that it made no difference how excellent their product might be technically if it was not what the American consumer wanted. As a result of their conferences they hired an

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American artist to go back to Belfast and Dundee with them and assist them in styling their excellent product for the American market.

Even so unreliable a thing as fashion can be predicted. Dr. Nyström has talked before you on this subject and has written books on it. Ward Cheney of Cheney Brothers Silk Company has brought out a little pamphlet on trends in color. All I want to do is to point out that attempts are being made to find out the facts about things that had been considered so intangible that nothing could be done about them. Standards are being set up in merchandising, advertising and selling, and tests are being worked out, so that the distributor may have some idea of what to expect in the way of consumption, and the buyer in the way of quality of goods. Advertising is being tested every day by department stores and mail order houses. The methods they are employing could be used with profit by anyone who is advertising today. The fact that vast sums of money are being expended on advertising campaigns without any adequate check on the results does not make the practice defensible.

It used to be, when I was young in the city of Detroit, that the automobile manufacturers were definitely out to break 25 to 30 per cent of their dealers. It was f. o. b. Detroit and let it go at that. They are beginning to realize now, however, that the retail merchant is a part of their selling organization and that he must be given constructive help. Merchandising campaigns must be carried clear through to the consumer and not stop at the retailer's truck. Mr. Sloan of General Motors has just come out with a statement to this effect.

The Elgin Watch Company was up against the problem a few years ago of meeting the competition of inferior goods. Their watches were getting into the hands of gyp auction houses who were using them as a bait to get customers inside to buy the cheaper, more profitable goods. They now know where every one of their watches goes and if they find one in the hands of an auction house the people who permitted it do not get another shipment. They have even gone farther and rated their distributors, A, B and C. The A distributors are required to carry a certain line, the B another, and so on. I should not be surprised if other watch makers and manufacturers follow this plan.

I commend to the young men especially one of the fundamental ideas of the Taylor Society and that is that you face the facts. And one of the fundamentals in marketing is that you realize it is the consumer who keeps you in business and not your personal opinion.

Merritt B. Lum.<sup>3</sup> In a sense the papers presented today should have been reversed. In the morning we should have had Mr. Goodell's paper of problems and Mr. Lamson's paper of solutions in the afternoon. If Mr. Ogle, of the Bauer and Black plant, were here I am sure he could tell you something of what that branch of The Kendall Company is doing in carrying out Taylor principles in the marketing end of their business. Perhaps the major sales problem of 1930 is the selling to management of the idea of its responsibility. The Kendall example is an extraordinary example of an organization in which that sales job has been done.

Marketing developments are coming to be more and more concentrated into the hands of a few large organizations, and it is up to groups like the Taylor Society to sell a sound point of view on distribution to the heads of these large corporations and marketing agencies.

The first step is to face the facts. In order to face facts, more research as to the quantity and quality of goods that can be sold is necessary. We must realize also that our striving for volume in sales has become dangerous. The emphasis must now be on profits, rather than on volume. And we must face facts as regards chain store development. It is surprising to me that many manufacturers are backing up the independent stores in their reliance on propaganda and an appeal to the emotions as a solution for their problems. Manufacturers must also face the fact that the old monopolies are dying out in this country. The competition of the future is not to be based on the possession of a particular geographic location, the control of certain raw materials or even better manufacturing techniques. Competition will be based on the possession of knowledge of what the consumer will buy.

The next important element is flexibility. There is no longer security in tradition. It may have worked in a seller's market to go on producing quality goods at a certain price level, but it will

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not work today. The same is true for the wholesaler and the retailer. There is no longer any tradition of location for the retailer. Good roads, the automobile and the general mobility of the consumer have removed this advantage. Our accelerated tempo, all the processes of education, radios and movies, are making the merchandising problem more and more difficult for the man who is not in touch with the consumer. We must expect more and more style changes and learn to anticipate them. The manufacturer who is not studying styles is simply out of luck. Hand to mouth buying is undoubtedly here to stay, and we have got to be flexible enough to adapt ourselves to it.

Co-ordination within the organization is the third necessity. The Bauer and Black plant has worked this out to a fine degree. They have a research department, a sales planning department, an advertising department and a sales operating department. They have definitely recognized the different functions of marketing, but they are also maintaining harmony between all these different specialists.

Unselfishness is another important factor. It should take form in the manufacturer's relations with his trade associations, in his willingness to co-operate with other men in his line, to assist in doing away with unsound and unethical practices. We are never going to avoid price depression until the individual producer has sufficient unselfishness to refrain from starting price wars. The same should hold true of the relations between manufacturer, wholesaler and retailer. Too often the manufacturer has only his own success and not that of the retailer in mind. He has forced unsalable merchandise on the retailer. These three, the manufacturer, the wholesaler and the retailer, are links in a chain; and nothing should be done that is not for the good of all of them. Mr. Goodell did not say much about the wholesaler's problems. The wholesaler has been rather selfish in the past and has complicated matters by forcing goods on the retailers. He has not used research; but he must, if he is to survive. His territories are overlapping those of other wholesalers, with the result that none of them is making money. The retailer must also be unselfish enough to take the wholesaler and the manufacturer into his confidence. They need the facts that he can give them. He must co-operate in promotion plans, be fair in his display policy, and maintain adequate stocks.