

Methods of sales control—measurement of “motion” or action—are, of course, fundamental, as is the ever-present task of eliminating friction.

These two topics might well be the subject of a separate paper.

It was our purpose today to start with the first driving force, the primary factor, which is so important when general business is depressed and when the individual company can obtain volume and earnings only by analyzing basic wants and setting up inducements which will make it possible to capture a fair proportion of the market.

### Discussion

Stanley I. Clark.<sup>2</sup> The facts that Mr. Cowan has so interestingly laid before us are really not open to discussion. They are facts and conclusions relating to things that have actually transpired in advertising and selling.

It seems to me, however, that some of his points will stand a little greater emphasis and I am going to proceed along those lines.

Mr. Cowan has pointed out the importance of want and inducement. I think there is often danger in producing a product for which there is not a legitimate or recognized want. Oftentimes, however, a well-planned advertising program will develop the want on the part of the consuming public. As you review the numerous instances that Mr. Cowan cited, I think you will agree with me that in many cases the public was not wholly conscious of its want. The keen-minded business executive had really sensed it before it became public knowledge. The case of Fleischmann's yeast seems to typify that point. In introducing new items it is safest to be absolutely certain that there is a real want present before we go about satisfying that want.

I believe, however, that the other factors in this sales program are vitally important to its success. While the action originates in want plus inducement, the propagation of the message which, if it is successful, will result in buying action, is all-important. Pebecco Tooth Paste is one of our products. It is one of the oldest tooth pastes on the market. Two years ago we attempted to get a large number of new users of our product by offer-

<sup>2</sup>Sales Manager, Lehn & Fink, Inc., New York, N. Y.

ing the public a full-sized, fifty-cent tube of Pebecco for a dime. All they had to do was to clip the coupon from the newspaper, take it to a druggist, give him a dime and get a full-sized tube.

The thing worked out this way: The druggist was to send these coupons to us. For every coupon sent we would return a full-sized tube of Pebecco. The druggist was to keep the dime for his trouble. The thing looked all right. It looked as though the druggists were getting ten cents for co-operating with us. We expected that we would get a large number of new users, that the jobber would sell more merchandise, and that the retailer would get increased demand. But the day before the advertisement was to appear, we had a telegram from a newspaper in a large Eastern city informing us that one of the chain stores there had ordered five hundred copies of that newspaper. This company was ready to run an advertisement offering a tube of Pebecco and a morning paper for thirteen cents. Of course we had to stop that because it would have antagonized every dealer in town.

When the coupons were all in, we checked them and discovered how many people were named John Doe, Mary Fish and John Jones. A large number of druggists had corralled all the copies they could, clipped the coupons, and used them to replenish their stock.

That is one of the things that can go wrong in your sales plans. You have to take into consideration the human factor, particularly in the case of the drug trade. I make this qualification because I am most familiar with that trade.

Another fault with present-day merchandising which, if it is not yet serious, is going to be, is our present method of introducing new items. There seems to be an increasing tendency to supply the public with free merchandise on the assumption that a large percentage of the recipients will like the product so well that they will realize it supplies a long-felt want and will continue to use it. If every manufacturer pursues these tactics there is the danger that the time will come when the consumer, by simply waiting long enough, will find some gracious manufacturer willing to supply the want.

One manufacturer offers a bottle of antiseptic in return for two tooth-paste cartons; another manufacturer offers a new tooth brush with your name on it in return for a shaving-cream carton. Those

are two instances that offhand come to me; many similar offers are being made every day. I am afraid that this form of merchandising is going to bring about a decided trade reaction from the retailers before long. We should not lose sight of the fact that for every product that is given away a sale of that item is stopped—not necessarily that particular brand, but an item in the same category. Obviously, this give-away policy will postpone a regular sale until the item received gratis has been used up. In any plans that we lay we must see that we do not antagonize any of the factors, because energy losses in themselves detract more from sales plans than anything else. Some companies maintain that these practices provoke cut prices, which in turn create absolute antagonism to a product.

The cases Mr. Cowan has cited are a matter of record; the results of well-laid plans. But all plans are not successful. Therefore, I have just tried to point out some of the things that must be watched to insure success.

Archibald M. Crossley.<sup>3</sup> Mr. Cowan's paper is to a large extent a discussion of the value of research. Being in the research business, it is difficult to counter him.

One cannot but agree that the fuel mixture of deep-seated want and the product is the foundation of many successes in American business. We can say, however, that this fuel mixture, which today engages the finest and most abundant kind of combustion, meets with a tremendous amount of friction.

The principal cause of this friction Mr. Cowan does not cover, except in a brief paragraph. That is the human element. To my mind the subjective attitude of the American business man has very serious consequences, not only to his own business but to the economic welfare of the nation.

Everyone is familiar with Dr. Klein's estimate that some eight to ten billion dollars are wasted every year largely in the distribution system. Place this figure against the aggregate of industrial net profits, and you see immediately what a tremendous factor is involved. Then bear in mind that industrial profits determine not only the American family's income and spending power accumulated in dividends, but to a large extent its income and

<sup>3</sup>President, Crossley, Inc., New York, N. Y.

spending power accumulated in the form of salaries and wages. Go a step farther, and curtailment of individual income reduces national demand and affects industrial output. Therefore any waste of industrial funds is important economically. The executives upon whose shoulders rests the elimination of waste bear a heavy responsibility.

What have they done about it? They have developed into extremely efficient production men. Some authorities estimate that production costs of all commodities have dropped 20 per cent in recent years. In certain industries they have undoubtedly dropped considerably more.

Along with actual mechanical, production efficiency has come efficiency in the use of man power. Not only have machines been developed to replace men, but men themselves have been trained to accomplish more. Personnel management, adoption of better time schedules, improvement of lighting and other things have made men more efficient.

Then in the credit department, relations with customers have been put on a more efficient basis by combining financial requirements with the personal element. Better use has been made of borrowed funds, of reserves for contingencies, etc.

Much has been done to improve transportation of the goods produced. Motor trucking, freight, express, mail, water shipping, even air shipping, have played important parts in quick, economical turnover.

All of these things have been problems at hand, which a subjective type of mind could solve. In a game of checkers the moves are under your eyes. In a game of bridge, not only what the other fellow has but the way he uses what he has is extremely important. One cannot play bridge with thirteen cards. The whole fifty-two are necessary. Play the game awhile with the same group of people and you get to know pretty much what cards they lack and how they think. You cannot conduct a war without field glasses and an intelligence division. If you had your eyes on your own armies, navies and supplies only, you would not get very far.

The same thing is true in the marketing of goods. You can produce goods with your attention entirely on the product, and sell them if what you have made happens to meet with public approval. If it does not, you cannot continue to produce at a profit.

Marketing costs during the past few years have