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It is common knowledge that many corporate executives after a martini or two will admit that they would love to chuck it all and start up a small company manufacturing solar heating systems or perhaps get involved in the manufacture of a new magnesium tennis racket. What they are admitting is that it is not all fun and games to manufacture and market commodities that are sold by ten other aggressive competitors down the street.

Some of our best known and most sophisticated manufacturing companies are stuck with the fact that many of the products they must market are sold by seven other equally well-known companies under exactly the same specifications, at exactly the same price, and in exactly the same containers. Even the competitor's sales force seems to have gone to the same college, be of the same average age, and drink the same amount at the annual convention.

The fact is, if you are a chemical engineer selling for a company like Allied Chemical or Firestone, you might well spend the better part of each day marketing a book full of products that are virtually identical—products that purchasing agents can use interchangeably in their manufacturing process. For this reason, the purchasing agent splits his business: one tank car for you and one tank car for the competitor.

These commodities, like polyethylene resin, synthetic rubber, coated steel coil, metal cans, or paperboard are products that require huge plant investment and are tricky to manufacture. Usually they must be manufactured at high speed in continuous process plants that must run 24 hours per day, 365 days per year, to show a decent return on investment. In addition, the buyer expects to receive excellent technical service to back up the products.

Traditionally faced with look-alike, smell-alike products, the industrial marketing vice president has had these options to increase his share of the market and/or profitability:

1. He can put together a beautiful, costly brochure emphasizing the differences in his purity level of 98.5% versus his competitor's level of 98.4%. Or he might dwell on the fact that his plant is 50 miles closer to Cleveland than someone else's plant.
2. He can instruct his sales force to buy a lot of lunches. This is a good approach but hard on the purchasing agent and hard on your men.
3. He can instruct the research department to improve the product and give his sales force a real product advantage. But, alas, they have been trying to do this for ten years.
4. If he really wants to be creative, he can shave the price. Now the purchasing agent becomes very interested and all parties pay close attention. Unfortunately, as you take business away from your competitor by shaving the price a half cent per pound, your competitor always returns the favor

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with your big customer down the street. Purchasing agents are not good at keeping secrets.

5. Another time-honored approach is to talk your management into scrapping the current plant that is showing a return on investment of 7% and building a bigger, more efficient plant that will produce double the quantity of synthetic rubber at a slightly lower cost. This will give you that needed price advantage. Projected ROI in the new plant at capacity is 15%. In the 1960s, management tended to pick up this option because it felt: "We'll make up the price cut by selling more." Few boards of directors are interested in huge capital outlays for this sort of approach in the 1970s.
6. The last approach takes place after 5 o'clock, when the top marketing people discuss the possibilities of a network TV advertising program to establish your commodity's brand identity, like Chiquita banana or perhaps Kodak's approach in the polyester fiber field. But this is wishful thinking since all parties know that most commodities cannot afford such costly advertising promotion at the purchasing agent level. The consumer buying latex paint could care less where Bay State Paints buys its raw latex, be it W.R. Grace or Borden Chemical.

Where do we go from here? A novel approach used by some companies hinges on a simple concept. Let us assume that our product is equal to our competition but no better or no worse in terms of price or specifications. Let us spend most of our marketing efforts helping our customer sell his end product. We will be rewarded by his purchasing agent. The following case history illustrates this approach.

The Productive Paint Scrubber

Vinyl acetate latex is used as a paint base for millions of gallons of latex paint sold under hundreds of private labels by local paint stores. Typically, in a can of latex paint, 90% of what is in the can is a vinyl acetate latex manufactured by over ten major chemical companies. Most vinyl acetate latexes are priced the same and have the same specifications (see *Exhibit* on facing page). They can be used pretty much interchangeably by the paint manufacturer. For these reasons, regional paint companies will have two or possibly three approved sources of supply.

Having two sources is standard procurement procedure. The third supplier, Company C, is always in the wings if Supplier A or Supplier B falters on price or delivery. Manufacturers A and B have been suppliers to the Acme Paint Company for ten years and are excellent, loyal suppliers who have bought their share of lunches. Supplier C, who has been approved by the research department, is thrown a bone once in a while, and Acme allows him to ship a few drums of latex to keep everybody honest.

Brown is the new vice president of Company C. He is new to the paint business, having previously done an excellent marketing job with a large food company. He is not a good chemist and fails to be turned on by the fact that his research department can prove again and again that his latex has one-tenth of a percentage point fewer impurities than Brand A or Brand B. He cannot get this point to work for him in his literature or with the purchasing agents. He is a good price cutter, but the president has asked: "If we have to cut the prices to sell our vinyl acetate latex, why do we need a high-priced sales force?"

Sizing up the problem

Brown's strategy is as follows. He will suppress his immediate desire to sell latex and concentrate on helping his customer sell cans of Acme paint. He recognizes that Acme's paint is sold by its marketing department, not the purchasing agent or manager of research, and his sales people have never called on Acme's marketing people. So he plans to meet with the sales and marketing people of Acme to find out what their problems are, what keeps them from selling more latex paint. Then he will devise a strategy to help them sell more latex paint through their paint dealers.

Brown assumes that if he helps Acme sell more of its product, he will be rewarded by its purchasing department, assuming his prices and specifications are equal. With this strategy in mind, Brown and his key marketing people arrange through the purchasing agent to meet their counterparts at Acme. Marketing people are much easier to talk to than purchasing agents. No martinis are needed to loosen tongues. Brown points out that his purpose in meeting is to be a better supplier than most and help Acme sell more of its products. Who can argue with this approach?

Naturally, Acme's first request is for a cut in the price of vinyl acetate latex. This is said in jest because everyone knows that is not the chief problem. All those involved feel the real problem in selling latex paint is that the independent paint dealers are used to the oil base paints that their fathers sold. Thus, when it comes to latex paint, they are not sure how it stacks up against the oil base paints, particularly in durability.

Retail paint dealers are not technically proficient sales people and would often end up agreeing with

Brand A	Typical properties	Brand B
52%–54%	Total solids	53%
7.5–8.5	pH	7.5–8.5
Less than 0.1%	Residual styrene	Less than 0.1%
40–50	Surface tension (dynes)	40–50
1.02	Specific gravity	1.00
Excellent	Mechanical stability	Excellent
8.5	Weight per gallon (pounds)	8.5
0.20	Particle size (microns)	0.20–0.25
40–90	Viscosity	40–90
Anionic	Emulsion system	Anionic
Nonstaining	Antioxidant	Nonstaining
40¢	Price per pound (tank cars—FOB plant)	40¢

their retail customers that what their grandfather used must be the best. The new latex, or water base paints, as they are popularly called, probably have poor wearability. Obviously, if one can wash off a paint brush or paint roller with tap water, the paint must not stick to the walls as well as good old oil base paints. And, of course, that is what the manufacturers of oil base paints imply in their advertising.

Both Brown and the Acme people know that the real facts of the case are that the latex paints are better products than those their fathers used and there are research data to prove it. The facts are on their side, but getting them out of the research lab through the paint dealers' clerks to the retail buyer is a long, involved process. Doing it by TV would cost a fortune for a regional manufacturer.

Brown and his people listened carefully to the Acme marketers and agreed that more latex paints could be sold by educating the consumer. They left the meeting with a promise to return soon with a program to help solve this problem. The next step was for Brown to have his market research department visit 20 retail paint stores and do an in-depth survey to answer the question: "What do we need to do to help you, the paint store owner, sell more latex to Mr. and Mrs. Consumer?"

At the end of 20 calls, it became apparent that the real problem was very simple. The average retail clerk knew very little about paint. When asked even a semitechnical question about latex paint, he had either no answer or a different answer from that of the clerk on the next aisle. The only reference to something technical was the label on the paint can, which was written in fine print and seldom read by anyone other than someone in the legal department who made sure that the company was not violating state or federal statutes.

Paint clerks disliked selling latex paints because they honestly did not know much about the product. The question they felt most uneasy with was the one of durability. The average clerk, like the customer, found it hard to believe that water soluble products were just as tough and long-lasting on the walls as oil base paints, which everyone knew stuck to the paint brush like mad and damn well would not be removed by being put under the water faucet.

Further market research showed that regional manufacturers of latex paint sold most of their product in the local market within 200 miles of their plant and that perhaps as few as 100 large retail stores represented 80% of their business. This was extremely important information, since putting together marketing tools for a small number of paint dealers might require a reasonable advertising budget as opposed to convincing literally millions of consumers to ask for a particular brand of latex paint.

Proving a point

At this point, Brown's research and development department, listening in on the marketing discussions, pointed out that it was very easy to prove the toughness of latex paint in comparison with oil base paint. This could be done in the laboratory with a simple gadget called a paint scrub tester. To test two paints—an oil base versus a latex—a small panel of each paint could be coated on a wooden shingle and placed in the machine. The machine is turned on for one minute. Then the abrasive brushes are raised, and any consumer can see that latex paint is just as tough as, if not tougher than, competitive products.

The scrubbers were inexpensive, not dangerous, and could be run by store clerks. They had an added advantage of being interesting point-of-purchase displays and would allow the customers to test products themselves. If you painted the scrubbers bright red and tied a balloon on them and told the retail customer to try the new latex paint test, it would be better than a visit to the science museum, where everybody enjoys pushing buttons on mechanical displays.

The advertising department, not to be outdone by the research department, who after all should be working on impurity levels, not on marketing ideas, decided it would be simple to put together a little booklet that answered the most common questions concerning latex paint. The paint clerk would then be armed with some real selling tools: a scientific scrubber and a booklet entitled "One Hundred and One Things You Always Wanted to Know about Latex Paint, but Never Dared to Ask."

Now Brown was ready to get his share of the commodity vinyl acetate latex paint business from the Acme Paint Company and all the other Acmes in his marketing area. He took the following approach.

He went back to the purchasing agent where for so many years his company had failed miserably. He asked the purchasing agent to okay a meeting with the marketing people once again. (Note: He went back to the purchasing agent because that is where the orders are signed.)

He checked again with the purchasing agent to ensure that his price was competitive and that the research department still agreed his product was okay. He also found that competitors A and B were still doing a good job, and, therefore, there was no immediate need to change sources of supply. In fact, Competitor A had just held a lovely luncheon to discuss its long-range goals of decreasing impurities another tenth of a percentage point. The brochure on the subject was beautiful and put many an annual report to shame.

With the purchasing agent's approval, he now called Acme's marketing manager to set up the presentation time. He told him that he had some exciting new data that he would like to review and would he please have members of the purchasing and research departments present at the presentation. Perhaps the president should attend, since the presentation would be exciting.

The presentation was professionally done. Brown's first exhibit was what he described as "an in-depth market research study." Acme's marketing manager agreed completely with the conclusion that the problem was with the dumb paint clerks. Brown then presented a professionally prepared question and answer booklet with Acme's logo and name attractively and prominently printed on the front and back covers. The questions were standard questions. Obviously, if Brown changed the cover, his other customers could also use the booklets.

The *pièce de résistance* was the unveiling of the attractive red enameled scrub tester, plugging it in, and running a one-minute test on the president's desk. For some strange reason, the president had never seen one of these pieces of laboratory equipment and found it fascinating. And the paint he was manufacturing actually had demonstrably better characteristics than the oil base paint! Any idiot could see it. His research manager was a bit upset, since he had done thousands of these scrub tests with his grimy old scrubber in the laboratory and no one had ever shown any great interest.

To top it all off, the little red scrubber, 100 question and answer books, 15 inexpensive paint stirrers, and 3 red balloons were all cleverly packaged in an attractive red and blue display kit that would easily fit in a retail paint store window or counter. When you closed the kit, there was Acme's beautiful logo and name. There was nothing on the kit mentioning Brown's company. It was very quiet in the room. The red balloon danced. Brown felt he was a creative marketing manager.

Making the pitch

The next move was to ask for the order. Everyone knew this, and it caused tension in the room. The president felt uneasy, and the purchasing agent smelled a rat. Before the meeting Brown had done some arithmetic and found that if he purchased these kits in lots of 100, it would cost him $35 each plus $5 for labeling for individual accounts, or a total of $4,000 per 100 kits. A tank car of latex holds 10,000 gallons of raw material worth approximately $18,000. Acme Paint Company bought three tank cars per month, approximately $650,000 worth of latex per year.

A 2% price concession for half the business would have cost Brown $6,500 and he would have happily made this price cut to secure $325,000 worth of business. But he knew giving a price concession would ruin him down the street as soon as the news leaked out. One hundred kits would take care of 100 stores, and that covered the bulk of the Acme Paint Company's retail outlets. Brown further knew no one in the room had the vaguest idea of what these attractive blue and red kits were worth. Research laboratory paint scrubbers that were much more sophisticated sold for over $100 each.

Brown now made a little speech that went as follows: "We all know that everybody's latex is about the same. In fact, your research department has tested ours and found it to be equal to brands A and B that you currently buy. We all know A and B are good suppliers." He stopped and the research director nodded. "Furthermore, all your suppliers sell latex for the same price."

He looked to the purchasing agent, who said, "Yes, that is about right. In fact, you fellows must have fixed the price."

Brown then went on to say that his company's emphasis now not only was on price and quality but also was channeled to help its consumers sell the end product. And, to this end, he was going to put together these kits along with some other new and interesting merchandising materials and make them available to his customers on a no-charge basis for the first 50 kits and then on a reduced-cost basis for any additional kits they might need to purchase. (The 50 kits would cost Brown $2,000.)

Since the kits were unique, he would offer them on a first-come-first-serve basis to regional paint manufacturers. He did not want to work with two regional paint manufacturers in one area. (When you have only 10% of the market, this is no problem.) The latter statement made it clear to Acme executives that they were offered something, but, should they refuse, the offer would be made to their competitors selling to the same retail paint stores.

Acme executives were intelligent businessmen, so they knew there is no free lunch. They knew they would have to buy latex in order to qualify for the program. The question was, "How much?" Here is where Brown had to be careful. If he asked for too much, he would blow the deal. If you do not get your foot in the door, though, there is no deal. The two old suppliers, A and B, had probably done a good job. The purchasing agent had now put his pipe aside and was getting ready to come to the defense of all those free lunches. Therefore, Brown asked for only one tank car, one thirty-sixth of the business, to get started.

Every industrial chemical salesman knows that it is the first tank car that is so difficult. If that one runs through the manufacturing process with no problems, you have started to break the big industrial account. The second, third, and fourth tank cars will come, particularly if the merchandising material you have put together has been delivered and is working.

The tension in the room broke—the request was so modest! Brown said he hoped if the first tank car of latex ran as well as he expected that his firm would become a regular supplier, but he did not try to get a signed commitment.

The president broke up the meeting by thanking Brown for an excellent presentation and told him that his people would consider the proposition and let him know one way or the other the next day. The story ended logically. Acme would buy a tank car of latex and get 50 free kits. Acme's marketing people were elated, since their tight advertising budget now picked up a valuable boost from a supplier. It was certain that if the first tank car ran well, Brown had a very good chance of moving into the Number 2 position to enjoy half the business. It was not a guarantee, but it was the biggest step Brown's company had made toward cracking this key account in ten years.

Now Brown's sales people really looked forward to calling on Acme Paint. Besides speaking to the purchasing agent and the research department about the performance of the product, they could visit with their counterparts in the sales department and discuss the success of their merchandising kits and what to do in the next year's promotion. There are few purchasers who do not reward the supplier who helps them sell their product more effectively. Brown had now differentiated his commodity from the competitors' in a way that would be difficult for them to duplicate. A or B Company would certainly look foolish coming with yellow merchandising kits saying, "They are part of my specifications, too."

Brown as marketing vice president had done what the research department and the manufacturing department could not do. At a reasonable cost he had given his company a new product. Instead of adding a dash of mouse milk to make the paint particles disperse better in the can, he had added a slug of sales and promotional help to move cans of paint off the dealers' shelves. Compared to years of lunches at the 21 Club, $2,000 was peanuts to open up a multitank car account.

Brown's legal department was quick to point out that if you offer the deal to Acme, you have to offer it to all the "Acmes" in the world. That presented no problem to Brown, since he would be more than willing to make the program available to anyone who would start off with a purchase of a tank car of latex. Little companies did not buy in tank car quantities, so one could reasonably assume that a tank car buyer would have sales volume in the quarter million to million dollar range. As for existing customers, obviously they would have to be offered the merchandising material, too. In these cases, the cost of the kits now would have to be justified on the basis of solidifying, or perhaps getting more business from, an existing account.

Having field tested this marketing program with Acme, Brown now built a program targeted to take his sales force and their red kits across the country looking for 20 new large accounts, or one per salesman. He budgeted $50,000 for this program, a reasonable amount for a product line that grossed $20 million in sales. The program was successful, and even the companies turning down the offer were impressed by the approach and asked to see the program that was to be put together the following year.

Benefits of Brown's Approach

The example used in this case is not unique. I have personally been involved in other programs with very diversified industrial commodities. It will not work with all products, but I am sure if I were the marketing vice president of a company selling specialty commodities, before I spent my advertising budget on trade publications, trade shows, free booze, fancy brochures, or film strips pointing out slight product advantages, I would carefully look at the possibilities of doing some creative marketing with and for my customers to help them move their end product. There are side benefits to this type of program. They include:

- Your own sales force gets excited. They have something "new" to sell.
- Win, lose, or draw, your would-be customers give you an A for effort. You have done something unique.
- A company may turn down your marketing program but buy a substantial trial quantity of your material anyway.
- You will attract creative and dynamic young talent to help you market your commodity with this sort of approach.

To implement a sales program such as Brown's, the following guidelines should be followed:

1. Select the right product and the right product manager to kick off your first program. You cannot do it with your sales manager for sulphuric acid who for the last ten years has sold this product via two-year contracts signed at the Four Seasons.
2. Choose the right customer to do your field testing with. Its marketing department must be bright and alert, one that steers you in the proper direction. Your program is not to sell to Acme Paint but to sell to 20 other "Acme Paints" in the United States. Your marketing appeal must be universal and the program must be reasonable. Had Brown decided that the way to sell more latex paint was to package it in two-gallon cans, he would have been thrown out.
3. Once your customer's marketing department has given you its suggestions, make sure your market research is carefully done. Double check to make sure you are not building your marketing program on false concepts. You must remember that although you are a marketing expert with your commodity, you may not be an expert in the marketing of the finished product that uses your commodity.
4. Whatever sales aids are used, be they brochures, kits, demonstration racks, Omega wristwatches, or free mink coats, they must be packaged in such a fashion that the recipients cannot quickly judge the actual dollar value of the item. Even $275 wristwatches bought in lots of a hundred can be surprisingly inexpensive. Few people know the cost of a million green stamps or a trip to Tahiti.
5. Put your program together carefully with a decent budget (20% higher than last year's budget) and a realistic goal in terms of new accounts and new volume. The program works very well in opening new accounts. The volume follows if the sales force is professional and knows how to capitalize on the fact that with these new accounts, for the first time, they will have their turn at bat. Your product and your sales force can now hit a home run or strike out. All an industrial marketing manager wants is a chance at bat, and that is a most difficult thing to achieve when buyers are wed to good, dependable suppliers who have served them well year after year with commodity-type products.

The Moral of the Story

Even the most prosaic industrial commodity may lend itself to aggressive merchandising if the marketing manager looks beyond his product to his customer's finished product and spends his advertising dollars in helping the customer sell.