

MERCHANDISING



Experts also make big merchandising mistakes

If you think only relatively inexperienced marketers make the wrong decisions and end up shooting themselves in the foot, think again. It is easy to lose touch with your customers' wants and needs regardless of the size of your business or advertising budget.

Greed or a lapse of common sense can make most any marketer look foolish, even some of the largest and most successful. To see if you are as smart or smarter than some of the "experts", take this simple test:

1. Assume you run the largest soft drink company in the world. Your soda formula is a century old and guarded more closely than Fort Knox. Competitors would kill to get a look at it. Naturally, your profits run into the millions of dollars each quarter. You are in charge - what would you do?

- Don't change a thing.
- Consider introducing a new formula drink to attract new customers.
- Discard the century-old formula and replace it with the new formula in all the cola you sell?

2. The brand of beer you make is the largest selling in the United States, if not the world. Your nearest competitor is a quiet old company located in St. Louis, Mo. Your profits border on the obscene. What should you do?

- Don't change a thing.
- Improve your market share through innovative advertising, promotion and market segmentation.
- Boost profits by producing your beer with a cheaper process that only slightly affects the taste?

In real life the highly paid corporate



leaders chose solution "C" in both cases.

The first company was obviously Coca-Cola. They soon realized they had seriously misread their customers and brought back the original formula in time to avoid a disaster.

The second company was the Joseph Schlitz Brewing Company. Their change to a cheaper manufacturing process brought about the company's demise.

The lesson is simple. A merchandiser must know why his product is successful and why people prefer it to the alternative. It's easy for registered cattle breeders to look at another successful breeder and convince ourselves that we should follow the other fellow's example. Never mind that your particular customers may have no interest in the showing, or are more concerned about birth weights than extreme yearling weights.

It's tempting to take short cuts. For example, many a registered producer has rationalized that, "All my cattle

are eligible to be registered, so why not just pocket the \$8 it would cost me to register them, or the \$5 per head to transfer them to the new owner." Never mind the fact that he or she is in the business of selling "registered" seed stock. We also, from time to time, take shortcuts on bulls, or feed or management inputs, the advertising budget, or whatever.

If any shortcut affects the quality of the product, its dependability, its guarantee, or the way it performs, you can be sure the customer will soon discover the difference. When this happens, it's the merchandiser who pays when the customer switches to another seed stock source.

Sadly, this happens every day in all kinds of businesses. Just ask the people at Coca-Cola if you can get them to comment, or the ex-employees of Schlitz, if you can still find any.

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