

MARKETING
IN THE
ORIENT

GREATER SALES THROUGH
EFFECTIVE CORRELATION
OF ADVERTISING WITH
MERCHANDISING
AND SALES EFFORT

ALBERT C. ROW COMPANY

MARKETING
SALES PROMOTION



73 NANKING ROAD
SHANGHAI, CHINA

Marketing in China.

In approaching the subject of marketing imported products in China there are so many elements aside from the functions of Advertising and Selling which have a direct bearing on the success of these factors that serious consideration must be given to their influence upon our operations.

There is a vast difference between Selling and Sales Building. The situation is not one of merely advertising and selling but more of correct local application as well as correct copy and merchandising factors properly followed through to the actual sale and effective correlation of the work cannot be accomplished without a systematic working plan and the supervision of the entire process from advertising copy to the selling policy. This requires a wide range of freedom to those who are entrusted with the task.

This is a particularly difficult subject to discuss at long range as is the case when referring the matter to the manufacturer in the U. S. because some points put forth are likely to be looked upon as armchair theorisms, therefore it may be in order to quote, at the outset, from a recent letter received from the Crescent Mfg. Co. of Seattle, Washington, which is our leading account. Details will be furnished upon request.

"We believe we can look forward with a great deal of confidence to building up better export sales, especially in your territory, this year of 1931, with the good foundation that has been laid by you."

The solution of the abnormal situation with which we find ourselves confronted to-day depends upon a correct interpretation of the condition as it affects imported products and the possibilities of developing consumer demand or retaining it, as the case may be.

This condition has been brought about by the continued drop in Silver combined with the increase of Import Duty which was put into force by the Chinese Government January 1st, 1931. Sales on many "best sellers"



are falling off rapidly as a result of the consequent increase in retail prices and the manufacturers who survive will be of those products which can be adjusted to meet this new condition and who are willing to adopt up-to-date methods of merchandising and sales promotion.

The greatest problem that has always confronted the foreign producer of manufactured food products, which require merchandising in China, has been to secure the fullest volume of sales the market affords without incurring excessive losses in the process. This is doubly important at this time.

This question is the direct source of practically all dissatisfaction and misunderstandings that frequently occur between the Manufacturer and Import Agent. There are very few instances where the changing of agents has solved this problem, and changes are often made in the hope of increasing sales only to find that sales actually decrease because of the change for the simple reason that by the old method the business is based on friendship and controlled by the "Compradore", instead of being built on a solid merchandising policy.

Outstanding marketing successes in China are not accidental neither does the amount of money spent by such companies constitute the leading factor in their marketing operations, it goes much deeper than that. In some cases, the cost has been too great for a single product to absorb resulting in a financial loss even though a "marketing" success.

As a means of improving this condition our plan is to assemble a group of manufacturers of non-competing products each of whom would share in the benefits of a merchandising and marketing service at a comparatively nominal cost.

There may be sensational exception but it is safe to assume that behind every advertising and merchandising success will be found long experience, careful study, systematic organization, competent supervision and-- confidence.

By careful study and systematic work a profitable market can be developed or its limitations discovered before incurring excessive expenditure.

The general condition of the market at the moment places products of good quality and low price in a most favorable position for rapid development to replace the higher priced goods. Time was when the high-grade consumer in China could not easily be diverted from an old established brand but all are now looking for products that can be bought somewhere near the old price, and the condition is reversed.

Even with a product that may be very much lower in price than popular brands there is a limit to the price level at which the retail sale may be adversely affected and it may be necessary to make special reductions in wholesale prices to offset the drop in Silver thereby enabling the dealer to reduce his price to the consumer and perhaps save the total loss of the China market for many products. Our analysis of the market



will determine this point. This could be accomplished by allowing "Goods Rebates" to the dealer, as a temporary measure, and the cost absorbed as advertising or sales expediency, and as conditions improve such products will have the advantage over the "sheep" when the rush starts.

To aggressively follow up this advantage with the introduction of low priced substitutes or by calling attention to some already on the market the advertising appropriation need be no larger than is required to do the job as brought out in our investigation. The work will be judged from the sales response received and satisfactory results from a comparatively small expenditure can be assured.

By closer study of the market and conservation of advertising material and space thro proper distribution and the selection of appropriate media, economics can be effected and funds made available for our merchandising service which is nothing more nor less than making the advertising do its work effectively. Advertising, we consider, is only a means to an end altho it plays an important part in the complete selling process. If not followed up it is very often a total loss and little or no attempt has ever been made in China to follow up and analyze situations to assist the advertising with a view to producing sales. Bulk of advertising will not overcome the lack of study and follow-up. Therein lies the tale of many an advertising failure.

Specialty selling is the key to our follow-up which means all advertising is merchandised to the trade. We use it as sales strategy to secure distribution and dealer support which is vital to any selling scheme. This method is very effective in China.

We keep our finger on the pulse of the market by means of a daily sales and market report from which is compiled a permanent "Sales Control Record" which forms the basis of our follow-up. This Sales Control Record is the secret of successful selling operations in any line and is a comparatively new method in this part of the world.

The adoption of a systematic marketing plan and selling schedule will go a long way towards retaining control of consumer sales. It may not control the retail selling prices but it will have a stabilizing effect upon selling prices by providing a basis of calculation for the dealers. This has nothing to do with the fluctuations of exchange and necessary local price changes.

To some extent it serves as a protection to dealer profits because it discourages price cutting. A one price selling policy, as in "indent" selling throws the selling or reselling wide open and the product is at the mercy of unscrupulous dealers with the result that eventually dealer profits are narrowed down to a point that discourages the sale. By rigid adherence to a fixed scale of dealer prices the small dealer or "Hawker" is assured a liberal profit without whose support extensive distribution is not possible in this market.



There are few products that can find effective distribution through the Indent method of selling. There was a time when this could be done but times have changed and easy selling is a thing of the past. Competition is keen in most lines and products of local origin are rapidly making their appearance.

It is no longer reasonable to expect any dealer to order large stocks several months in advance, even on established lines it is difficult to get them to order enough to protect the demand. The uncertainty of the exchange market makes the risk too great for both manufacturer and dealer and the decline in retail sales of many lines during the past year has made the dealers reluctant to buy even the most familiar products on indent.

Under existing conditions indent selling is more and more difficult if not impossible while there is a ready sale for many products if stocks are on hand for immediate delivery at local Currency prices. This does not necessitate the carrying of large stocks in Shanghai. Sales can be estimated and stocks calculated for a 3 or 4 months supply or less, and shipped against a Sight Draft to a reliable Import Agent which eliminates any risk of possible loss through non payment by Native Dealers as May happen if large indent orders are shipped direct. With competent personal supervision at this end there is no risk and the benefits to the manufacturers are incalculable as a means of securing a distribution, either in protecting a market or building it.

Notwithstanding those opportunities little can be accomplished without the support and co-operation of both manufacturer and Import Agent and this can best be given in the form of a "vote of confidence". No matter how much effort is put into the job or how extensive the program, advertising will not work wonders, it must be given time and assistance. China still moves slowly in spite of the rapid strides that have been made during the past ten years and this is a point that should be thoroughly understood by all parties concerned before entering the market.

Long experience shows that a campaign will barely begin to soak in during the first 5 or 6 months. It is the constant repetition that does the work--"tell 'em and tell 'em and some day we'll sell 'em holds true here as elsewhere. We consider the first 6 months as a "test" campaign and base future requirements on sales results obtained.

We work in co-operation with the Import Agent and our duties include:-

- Market Investigation,
- Situation Analyses,
- Creation of Copy and Merchandising ideas,
- Copy writing and Layout,
- Illustrations,
- Direction of all advertising,
- Personal supervision of Sales,
- Specialty Selling and Demonstrating, etc.

Care is taken to see that both the agent and manufacturer are kept in close touch with the progress of our work at all times through detailed monthly reports of expenditures and sales progress. Conditions are analyzed and satisfactory results assured.



We will appoint suitable agents for the handling and distribution of any product and supervise the entire process from placing the product on the market; complete preparation and execution of advertising and selling campaign, followed through to the actual sale.

Our plan gives the manufacturer the benefit of reliable Import Agents long established relations with the native dealers and his long experience in a field of many complications which would otherwise involve large investments in both time and money to acquire, and the advantage of trained marketing specialists with more than 20 years experience in both China and America.

In closing we wish to point out that entirely too much emphasis has been placed upon China's 400,000,000, and too little attention given to the product.

It is absurd to say that the China market consists of 400 million potential customers yet China is an enormous potential market, but the nature of the product and the price for which it can be sold will determine the extent of the market.

One tenth of the population may represent a possible market for many products but its development will require careful study, systematic methods, good advertising, merchandising and sales management and at least one year to determine its possibilities. Established products that can be adjusted to the market condition and promoted will show satisfactory improvement the first year.

There seems to be more or less misunderstanding regarding the value of China Currency. Money is not scarce in China. Witness the continued Real Estate and building boom in Shanghai during the past two years.

Suppose that necessities in the United States should suddenly double in price, what would happen to the consumer demand for many well known products? That is precisely what has happened in China.

The desire for Imported products has not changed and the situation offers an opportunity to the manufacturer of vision to step in and overtake his competitors who are waiting for better times to come, to whom it may then be too late.

We will be glad to give preliminary reports on the marketability of any product.

Albert C. Row

AGR:CD

GREATER SALES THROUGH
EFFECTIVE CORRELATION
OF ADVERTISING WITH
MERCHANDISING
AND SALES EFFORT

ALBERT C. ROW COMPANY

MARKETING
SALES PROMOTION



73 NANKING ROAD
SHANGHAI, CHINA

OUTLINE OF OPERATION.

Market investigation,
Merchandising and copy analysis,
Marketing and Selling plans,
Complete campaign plans,
Advertising Budget and Program,
Preparation of advertising copy and layout,
Supervising production and distribution,
Specialty Selling and Demonstrating,
Daily Sales Reports,
Salesmen's call Records,
Sales Control Records,
Monthly Report of Market-Sales-Advertising.

GREATER SALES THROUGH
EFFECTIVE CORRELATION
OF ADVERTISING WITH
MERCHANDISING
AND SALES EFFORT

ALBERT C. ROW COMPANY

MARKETING
SALES PROMOTION



73 NANKING ROAD
SHANGHAI, CHINA

ADVERTISING BUDGET AND PROGRAM
FOR SIX MONTHS' PRELIMINARY TEST
CAMPAIGN.

As a basis of calculation we have placed the
estimated possible volume at 300 cases per
month at an average wholesale price of \$20.00
per case or \$6,000 per month.

ESTIMATED VOLUME FOR 6 MONTHS \$40,000.
ADVERTISING APPROPRIATION 5%--\$2,000.

Appropriation Allotment.

Newspaper and Magazine advertising---	40%-----	\$800
Direct Mail Letters & Mailing Pieces-	40%-----	800
Window Displays-----	15%-----	300
Novelties, such as Blotters, etc.----	05%-----	100

ESTIMATED REQUIREMENTS FOR THE
SIX MONTHS PROGRAM.

Ads to run	32 3 Col x 8" Newspaper ads)	
Weekly 1st	12 Magazine ads.)	\$679
two months.	Sales Letters, Mailing leaflets	625
Fortnightly	(2000 monthly) (10,000)	
thereafter.	Display appropriation	300
	Total	\$1,604.00
	Contingent Fund	396
		\$2,000.00



ALBERT C. ROW
ADVERTISING
MERCHANDISING
SALES PROMOTION

Example

MARKETING PLAN

Date _____

District SHANGHAI

Import Agent _____

Prices subject to
change according to
exchange fluctuations.

Product HARD CANDY _____ Packets of two.

Size of unit	Style of packing	Dealer Retail List Price	Distributors Prices Discounts	Distributors Rebates	Big Dealers Prices Discounts 4%	Big Dealers Rebates	Small Dealers & Hawkers Prices Discounts	Retail Selling Prices	Percent of Profit for small Dealers
		G.\$ Packs per case	4% & 3% 10 case lots	On orders of 10 cases or over	Single Case lots	Single cases.	Less than case lots	Per Packet of 2 pcs.	Per.....
Packets of Two pieces	100 Packets per carton 100 Cartons per case.	G.\$69.50	G.\$62.13	10% Goods Rebate-- equal to 10 Cartons.	G.\$64.05	5% Goods Rebate-- equal to 5 cartons.	G.\$69.50 Single Cartons 70 ¢ G.	Retail @ 10 Copper equal in Silver coins to Mex \$3.85 per carton or M.\$385.00 per case which @ exchange rate of 30 is about G.\$83.00	
Cost per case G.\$ 54.41 Ex-godown Shanghai. Net selling Price 57.30-after deducting goods Rebate leaving a profit to us of 5%.							Manufacturer to supply free samples and pay all advertising and merchandising expense.		
Figured in Gold for convenience.							If they will stand 50% of goods Rebate we can make a better price to dealer.		

SALESMAN DAILY REPORT

SALES AND MARKET REPORT

Product.....

Shanghai, China

Month Ending..... 193

MARKET

	Distributor	Retail Dealer	Small Shops	Total
Number of Established Dealers				
Number of calls made during month				
Number of New Dealers secured				
Number of Dealers in total				

SALES

	Cases	Gain Loss	Value	Gain Loss
Amount of Sales during month				
Amount of Sales last month				
Amount of Sales same month last year				

ADVERTISING COST FOR THE MONTH

	Cost
Newspapers, signboard, etc.	
Material	
Miscellaneous expenditure	

Name of Shops

Manager
or
Purchaser

ADDRESS

Business
Line

Business
Connections

CALL RECORD

Date Stock Competition Sales

CALL RECORD

CALL RECORD

Competition Sales Remarks Date Stock Competition Sales Remarks Date



ALBERT C. ROW
ADVERTISING
MERCHANDISING
SALES PROMOTION

SALES CONTROL RECORD

Half Year Ending _____

District _____

Import Agent _____

Dealer classification _____

Product _____

Name of Customers and Addresses	SALES												Rebate or Samples Delivered	Total Sales	Semi-annual Rebates	Total cases distributed		
	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount						

PURICO

PURE VEGETABLE FAT
USED AS

**A BUTTER SUBSTITUTE
FOR ALL COOKING PURPOSES**

PURICO is odorless and tasteless and blends perfectly with other materials used. It will not absorb the flavor of foods cooked with it and can be used again and again. It will remain fresh and sweet in warm weather and should not be kept on ice.



**RICHER THAN
PURE BUTTER**

**NOTICE
FOR SHORTENING
AND CAKE MAKING
USE 1/2 LESS THAN
PURE BUTTER**

**PHILIPPINE MANUFACTURING CO.
SEATTLE, WASH., U.S.A.**

NET CONTENTS ONE POUND (454 GRAMS)

PURICO

USED AS
**A BUTTER
SUBSTITUTE**

SERIAL NO 9561

**DO NOT
KEEP ON ICE**

**PURICO WILL
GIVE BETTER
RESULTS WHEN
KEPT IN WARM
TEMPERATURE**

*Specimen of label design
and lithograph printing.*

Specimens of Newspaper ads
reproduced as
handbills also.



SCIENCE now discovers that the ingredients used in Crescent Baking Powder are food elements found in all fresh vegetables and are essential to GOOD HEALTH.

Seventy percent of all baking powder used is of the Crescent type.

A genuine
economy.
Please try it.



Warning —
Use only level
Spoonfuls.



DO YOU KNOW WHY VEGETABLES ARE SO BENEFICIAL?

The items of diet most vitally essential to health and vigor consist of vitamins and fluorids and other mineral salts found in fresh vegetables.

CRESCENT BAKING POWDER contains these same health-giving mineral salts.

Write for free Recipe Books-Chinese, or Foreign.

Sold at all
Provision
Stores.

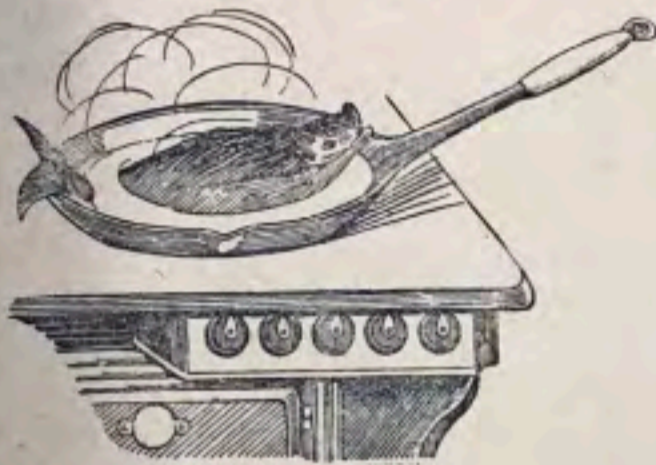


Warning — —
It is stronger.
Use level spoons.

Crescent Mfg. Co.
Far Eastern Division

P. O. Box 947, Shanghai

—again and again



PURICO will not absorb the flavour of foods cooked with it

From Fish to Cake

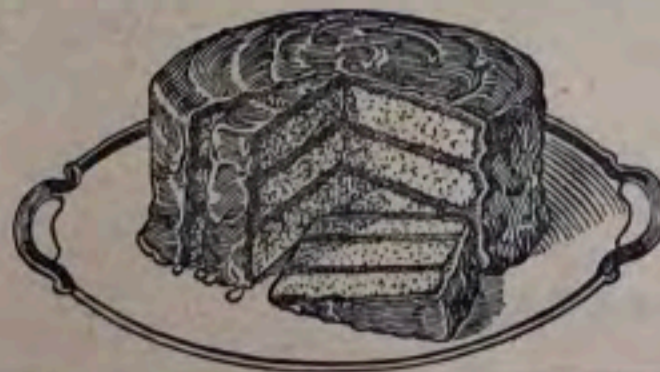


As sweet and rich as before the fish was fried and a perfect shortening for your favourite layer cake



Specify "Purico" when ordering

HIGH IN
FOOD VALUE
LOW IN PRICE



Food Value
Butter—3500 Calories
Purico—4030 Calories

AL OFFICES
FRANCISCO
U.S.A.

ESTABLISHED 1871

GETZ BROS. & CO.

INCORPORATED

IN

U.S.A.

**EXPORTERS
AND
IMPORTERS**

22 NANKING ROAD
P. O. Box 504
SHANGHAI



May 16, 1931.

Mrs. Joseph Fistere,
103 Route Edan,
Shanghai.

Dear Madam:

It is usually through experience that we learn of the good qualities of anything whether it be food, clothing or human beings. With this thought in mind we are sending you a trial tin of "Purico".

We could write pages describing its merits but your own personal experience will be far more convincing than volumes we might write, suffice it to say that "Purico" is pure vegetable fat and is richer than pure Butter. For this reason it requires only two thirds the amount of other good shortening and frying preparations. It can be used wherever butter is needed for cooking and the cost is about half.

You will appreciate this more when we tell you that "Purico" is now in general use at the Country Hospital, Shanghai Sanatorium and many other public and private institutions in Shanghai.

Just one pointer: pour it back into the tin after frying because it will not absorb the flavour of any food, and can be used again and again for any cooking or shortening purpose -- But then we will tell you more about it after you have given it a trial.

Respectfully yours
GETZ BROS. & COMPANY

A. B. Harrington
Manager

CABLE ADDRESS SEATTLE "CRESCENT" - ALL CODES - SHANGHAI "CRESMANUCO."

CRESCENT MANUFACTURING COMPANY

FACTORY AND HOME OFFICE:

CRESCENT BLDG., 661 TO 661 DEARBORN ST., SEATTLE, WASH.

NEW YORK
LONDON
PITTSBURGH
CHICAGO
MINNEAPOLIS
LOS ANGELES
SAN FRANCISCO
SHANGHAI, CHINA
EXPORT DIVISION



COFFEE
TEAS
BAKING POWDER
SPICES
EXTRACTS
FOOD COLORS
MAPLEINE

ALBERT C. ROW
FAR EASTERN RESIDENT MANAGER
HEADQUARTERS-SHANGHAI, CHINA
P. O. BOX 947

*Personally addressed
to members of
Women's Clubs*

Dear Madam:

We have pleasure in sending you herewith our Mapleine Cookery which is the most recent edition of our Crescent Baking Powder Cook Book. It is designed to bring out the many advantages for the use of our well known Maple flavouring for all-around cooking purposes.

This book contains several hundred tested recipes of the most recent development by cooking authorities and we believe that you will find it of unusual value.

Among the many uses for Mapleine, perhaps the best known is for making a delicious Maple syrup for which you will find full directions and other interesting information on the first few pages of the book.

Aside from the fact that it makes a perfect Maple syrup and cake Icings, it is most interesting to note that with the use of Mapleine a quart of Maple syrup costs less than 20 cents gold including the sugar. Compare this then with the present prices of prepared syrups.

Mapleine has been sold in China for more than 20 years and can be obtained from Van Shing & Co. and other leading provision dealers.

Respectfully yours,
CRESCENT MANUFACTURING COMPANY
Far Eastern Division

THE "DOUBLE ACTING" BAKING POWDER - HAS GREATER "RAISING" STRENGTH - COSTS LESS AND BAKES BETTER.

AL OFFICES
FRANCISCO
U.S.A.



ESTABLISHED 1871
GETZ BROS. & CO.

INCORPORATED

IN

U.S.A.

**EXPORTERS
AND
IMPORTERS**

22 NANKING ROAD

P. O. Box 504

SHANGHAI

We believe you will be interested to know of a product that will take the place of butter for all cooking purposes especially at this time when the price of butter is so high.

We refer to Purico, it is not a lard nor margerine, but is even richer than pure butter, so do not confuse it with other frying and shortening preparations which you may be using.

It is quite possible that there are chemists connected with your institution who could verify our statements as to the food value of Purico. Laboratory tests by the American Bureau of Standards show that Purico contains 4080 calories against 3500 in pure butter. The tests also show that the digestibility of Purico is 98 percent against 96 percent for butter. It is flavorless and blends nicely with other materials used or can be mixed with part butter if the butter flavor is desired.

These facts make it most desirable for cooking because it gives you all the richness contained in pure butter at about one half the cost. It is not only cheaper in price but due to its full richness actually requires one third less than butter and about half as much as other shortenings for baking thus reducing the cost still further.

It can be obtained from provision merchants in Shanghai, Hongkong or Tientsin, or your business department can obtain it through their customary source of supply.

For particulars communicate with the undersigned.

Yours very truly,
GETZ BROS. & COMPANY.

發麵粉
月牌



美國開森製廠
廠址 美國西雅圖
遠東分駐處在中國上海
郵政信箱九四七號

康愉快

CABLE ADDRESS SEATTLE "CRESCENT" - ALL CODES - SHANGHAI "GRESMANUCO."

CRESCENT MANUFACTURING COMPANY

FACTORY AND HOME OFFICE:

CRESCENT BLDG., 881 TO 881 DEARBORN ST., SEATTLE, WASH.

NEW YORK
LONDON
PITTSBURGH
CHICAGO
MINNEAPOLIS
LOS ANGELES
SAN FRANCISCO
SHANGHAI, CHINA

EXPORT DIVISION



ALBERT C. ROW
FAR EASTERN RESIDENT MANAGER
HEADQUARTERS-SHANGHAI, CHINA
P. O. BOX 947

COFFEE
TEAS
BAKING POWDER
SPICES
EXTRACTS
FOOD COLORS
MAPLEINE

October 20, 1931

To Our Customers,

Breakfast of Waffles and Sausage with MAPLE SYRUP is a delightful treat on a crisp Winters morning.

- and you can have Maple Syrup and real Maple flavouring even though you may not be able to obtain Maple Sugar.

One teaspoonful of "Mapleine" added to plain sugar syrup makes a Quart of delicious Maple Syrup and costs less than 20 Cents Mex. Sound too good to be true, doesn't it ?

Mapleine is not a synthetic chemical preparation but a healthful, non-alcoholic, Vegetable product. It is highly concentrated therefore convenient for use in remote places. Its flavour is identical with pure Maple Sugar but it has many advantages over maple sugar because it is many times stronger and holds its flavour permanently - will not bake out nor freeze out and will keep in any climate indefinitely.

Crescent Mapleine is now used in millions of homes in America but few know that it can be obtained in China, therefore, in order to introduce it we are making a special offer of a One Ounce bottle for 85 Cents Mex.

Please fill out the attached Coupon and mail it with your next order to the China Inland Mission Business Dept.

P. S. A One Ounce bottle
(85 ¢ Mex) makes six
Quarts of Maple Syrup.

Yours very truly,
CRESCENT MANUFACTURING COMPANY
Far Eastern Division

Albert C. Row
Manager

China Inland Mission,
Business Department.

Please send me a One Ounce bottle of Crescent Mapleine as offered by the Crescent Manufacturing Co. at a special advertising price of 85 Cents Mex.

Name Address

Note to Business Dept Manager : Please forward this Coupon to Shanghai



THE "DOUBLE ACTING" BAKING POWDER - HAS GREATER "RAISING" STRENGTH - COSTS LESS AND BAKES BETTER.

月牌
發麵粉
*Specimen of a sales letter,
This one carries a coupon in a
joint arrangement with China Inland Mission*

CABLE ADDRESS "ARROW"
PHONE 11471

ALBERT C. ROW, MANAGING DIRECTOR
LATE OF B. A. T. (CHINA), LTD.
SHANGHAI

Rec'd JUN 4 1931

ALBERT C. ROW COMPANY

MARKETING
SALES PROMOTION



73 NANKING ROAD
SHANGHAI, CHINA

GREATER SALES THROUGH
EFFECTIVE CORRELATION
OF ADVERTISING WITH
MERCHANDISING
AND SALES EFFORT

東方商市廣告協進社

June 4, 1931.

Mr. A. Bland Calder,
Assistant Commercial Attache,
3 Canton Road,
Shanghai.

Dear Mr. Calder:

Referring to our conversation of this morning I am sending you several copies of our Chinese Cook Book.

This book is designed for the purpose of establishing in the minds of the Chinese consumer the fact that baking powder is an ingredient that can be used for the making of Native Chinese steam bread and cakes as well as for Foreign baking. The general impression has been that "Foreign" baking powder can be used only in the making of Foreign cakes.

Your comments on the situation in the North are certainly very interesting, and I hope that I may be able to talk with you, some time in the near future, along the line of business development in China.

From my own experience in research work and analyzing basic conditions with the view to future development I found that the greatest trouble is that business generally is more interested in immediate profit rather than basic analyses and my problem is a matter of producing immediate results based upon the findings of market analyses that will at the same time build for the future.

Yours very truly,

Albert C. Row
Albert C. Row.

ACR:GD
INC.

CABLE ADDRESS "ARROW"
PHONE 11471

ALBERT C. ROW, MANAGING DIRECTOR
LATE OF B. A. T. (CHINA), LTD.

東方
商市
廣告
協進
社

GREATER SALES THROUGH
EFFECTIVE CORRELATION
OF ADVERTISING WITH
MERCHANDISING
AND SALES EFFORT

ALBERT C. ROW COMPANY

MARKETING
SALES PROMOTION



73 NANKING ROAD
SHANGHAI, CHINA

Marketing in China.

In approaching the subject of marketing imported products in China there are so many elements aside from the functions of Advertising and Selling which have a direct bearing on the success of these factors that serious consideration must be given to their influence upon our operations.

There is a vast difference between Selling and Sales Building. The situation is not one of merely advertising and selling but more of correct local application as well as correct copy and merchandising factors properly followed through to the actual sale and effective correlation of the work cannot be accomplished without a systematic working plan and the supervision of the entire process from advertising copy to the selling policy. This requires a wide range of freedom to those who are entrusted with the task.

This is a particularly difficult subject to discuss at long range as is the case when referring the matter to the manufacturer in the U. S. because some points put forth are likely to be looked upon as armchair theorisms, therefore it may be in order to quote, at the outset, from a recent letter received from the Crescent Mfg. Co. of Seattle, Washington, which is our leading account. Details will be furnished upon request.

"We believe we can look forward with a great deal of confidence to building up better export sales, especially in your territory, this year of 1931, with the good foundation that has been laid by you."

The solution of the abnormal situation with which we find ourselves confronted to-day depends upon a correct interpretation of the condition as it affects imported products and the possibilities of developing consumer demand or retaining it, as the case may be.

This condition has been brought about by the continued drop in Silver combined with the increase of Import Duty which was put into force by the Chinese Government January 1st, 1931. Sales on many "best sellers"



are falling off rapidly as a result of the consequent increase in retail prices and the manufacturers who survive will be of those products which can be adjusted to meet this new condition and who are willing to adopt up-to-date methods of merchandising and sales promotion.

The greatest problem that has always confronted the foreign producer of manufactured food products, which require merchandising in China, has been to secure the fullest volume of sales the market affords without incurring excessive losses in the process. This is doubly important at this time.

This question is the direct source of practically all dissatisfaction and misunderstandings that frequently occur between the Manufacturer and Import Agent. There are very few instances where the changing of agents has solved this problem, and changes are often made in the hope of increasing sales only to find that sales actually decrease because of the change for the simple reason that by the old method the business is based on friendship and controlled by the "Compradore", instead of being built on a solid merchandising policy.

Outstanding marketing successes in China are not accidental neither does the amount of money spent by such companies constitute the leading factor in their marketing operations, it goes much deeper than that. In some cases, the cost has been too great for a single product to absorb resulting in a financial loss even though a "marketing" success.

As a means of improving this condition our plan is to assemble a group of manufacturers of non-competing products each of whom would share in the benefits of a merchandising and marketing service at a comparatively nominal cost.

There may be sensational exception but it is safe to assume that behind every advertising and merchandising success will be found long experience, careful study, systematic organization, competent supervision and-- confidence.

By careful study and systematic work a profitable market can be developed or its limitations discovered before incurring excessive expenditure.

The general condition of the market at the moment places products of good quality and low price in a most favorable position for rapid development to replace the higher priced goods. Time was when the high-grade consumer in China could not easily be diverted from an old established brand but all are now looking for products that can be bought somewhere near the old price, and the condition is reversed.

Even with a product that may be very much lower in price than popular brands there is a limit to the price level at which the retail sale may be adversely affected and it may be necessary to make special reductions in wholesale prices to offset the drop in Silver thereby enabling the dealer to reduce his price to the consumer and perhaps save the total loss of the China market for many products. Our analysis of the market



will determine this point. This could be accomplished by allowing "Goods Rebates" to the dealer, as a temporary measure, and the cost absorbed as advertising or sales expediency, and as conditions improve such products will have the advantage over the "sheep" when the rush starts.

To aggressively follow up this advantage with the introduction of low priced substitutes or by calling attention to some already on the market the advertising appropriation need be no larger than is required to do the job as brought out in our investigation. The work will be judged from the sales response received and satisfactory results from a comparatively small expenditure can be assured.

By closer study of the market and conservation of advertising material and space thro proper distribution and the selection of appropriate media, economics can be effected and funds made available for our merchandising service which is nothing more nor less than making the advertising do its work effectively. Advertising, we consider, is only a means to an end altho it plays an important part in the complete selling process. If not followed up it is very often a total loss and little or no attempt has ever been made in China to follow up and analyze situations to assist the advertising with a view to producing sales. Bulk of advertising will not overcome the lack of study and follow-up. Therein lies the tale of many an advertising failure.

Specialty selling is the key to our follow-up which means all advertising is merchandised to the trade. We use it as sales strategy to secure distribution and dealer support which is vital to any selling scheme. This method is very effective in China.

We keep our finger on the pulse of the market by means of a daily sales and market report from which is compiled a permanent "Sales Control Record" which forms the basis of our follow-up. This Sales Control Record is the secret of successful selling operations in any line and is a comparatively new method in this part of the world.

The adoption of a systematic marketing plan and selling schedule will go a long way towards retaining control of consumer sales. It may not control the retail selling prices but it will have a stabilizing effect upon selling prices by providing a basis of calculation for the dealers. This has nothing to do with the fluctuations of exchange and necessary local price changes.

To some extent it serves as a protection to dealer profits because it discourages price cutting. A one price selling policy, as in "indent" selling throws the selling or reselling wide open and the product is at the mercy of unscrupulous dealers with the result that eventually dealer profits are narrowed down to a point that discourages the sale. By rigid adherence to a fixed scale of dealer prices the small dealer or "Hawker" is assured a liberal profit without whose support extensive distribution is not possible in this market.



There are few products that can find effective distribution through the Indent method of selling. There was a time when this could be done but times have changed and easy selling is a thing of the past. Competition is keen in most lines and products of local origin are rapidly making their appearance.

It is no longer reasonable to expect any dealer to order large stocks several months in advance, even on established lines it is difficult to get them to order enough to protect the demand. The uncertainty of the exchange market makes the risk too great for both manufacturer and dealer and the decline in retail sales of many lines during the past year has made the dealers reluctant to buy even the most familiar products on indent.

Under existing conditions indent selling is more and more difficult if not impossible while there is a ready sale for many products if stocks are on hand for immediate delivery at local Currency prices. This does not necessitate the carrying of large stocks in Shanghai. Sales can be estimated and stocks calculated for a 3 or 4 months supply or less, and shipped against a Sight Draft to a reliable Import Agent which eliminates any risk of possible loss through non payment by Native Dealers as may happen if large indent orders are shipped direct. With competent personal supervision at this end there is no risk and the benefits to the manufacturers are incalculable as a means of securing a distribution, either in protecting a market or building it.

Notwithstanding those opporutnities little can be accomplished without the support and co-operation of both manufacturer and Import Agent and this can best be given in the form of a "vote of confidence". No matter how much effort is put into the job or how extensive the program, advertising will not work wonders, it must be given time and assistance. China still moves slowly in spite of the rapid strides that have been made during the past ten years and this is a point that should be thoroughly understood by all parties concerned before entering the market.

Long experience shows that a campaign will barely begin to soak in during the first 5 or 6 months. It is the constant repetition that does the work--"tell 'em and tell 'em and some day we'll sell 'em holds true here as elsewhere. We consider the first 6 months as a "test" campaign and base future requirements on sales results obtained.

We work in co-operation with the Import Agent and our duties include:-

- Market Investigation,
- Situation Analyses,
- Creation of Copy and Merchandising ideas,
- Copy writing and Layout,
- Illustrations,
- Direction of all advertising,
- Personal supervision of Sales,
- Specialty Selling and Demonstrating, etc.



Care is taken to see that both the agent and manufacturer are kept in close touch with the progress of our work at all times through detailed monthly reports of expenditures and sales progress. Conditions are analyzed and satisfactory results assured.

We will appoint suitable agents for the handling and distribution of any product and supervise the entire process from placing the product on the market; complete preparation and execution of advertising and selling campaign, followed through to the actual sale.

Our plan gives the manufacturer the benefit of reliable Import Agents long established relations with the native dealers and his long experience in a field of many complications which would otherwise involve large investments in both time and money to acquire, and the advantage of trained marketing specialists with more than 20 years experience in both China and America.

In closing we wish to point out that entirely too much emphasis has been placed upon China's 400,000,000, and too little attention given to the product.

It is absurd to say that the China market consists of 40⁰ million potential customers yet China is an enormous potential market, but the nature of the product and the price for which it can be sold will determine the extent of the market.

One tenth of the population may represent a possible market for many products but its development will require careful study, systematic methods, good advertising, merchandising and sales management and at least one year to determine its possibilities. Established products that can be adjusted to the market condition and promoted will show satisfactory improvement the first year.

There seems to be more or less misunderstanding regarding the value of China Currency. Money is not scarce in China. Witness the continued Real Estate and building boom in Shanghai during the past two years.

Suppose that necessities in the United States should suddenly double in price, what would happen to the consumer demand for many well known products? That is precisely what has happened in China.

The desire for Imported products has not changed and the situation offers an opportunity to the manufacturer of vision to step in and overtake his competitors who are waiting for better times to come, to whom it may then be too late.

We will be glad to give preliminary reports on the marketability of any product.

Albert C. Row.

CABLE ADDRESS "ARROW"
PHONE 11471

ALBERT C. ROW, MANAGING DIRECTOR
LATE OF B. A. T. (CHINA), LTD.

American Commercial Attache
SHANGHAI

Ack'd
Rec'd
Ans'd
L. A. M.
NOV 16 1931

東方
商
市
廣
告
協
進
社

J. A.	
C.	✓
S.	
H.	
E.	
R.	✓
K.	
O' H.	
V.	
G.	
M.	
Zee	
Yih.	
Chow	

=====

GREATER SALES THROUGH
EFFECTIVE CORRELATION
OF ADVERTISING WITH
MERCHANDISING
AND SALES EFFORT

=====

ALBERT C. ROW COMPANY

MARKETING
SALES PROMOTION



73 NANKING ROAD
SHANGHAI, CHINA

November Sixteenth
1931

Mr. A. Bland Calder,
Asst. Commercial Attache,
United States Department of Commerce,
3 Canton Road,
Shanghai.

Dear Sir:

Further to our conversation regarding the marketing of American products in China, may we submit further information which will give you details of our view point and we trust will be of some value to you?

In this connection we are attaching an analysis of the Shanghai market regarding merchandising of "Purico", and a copy of our report and suggestions for marketing "Adams Spearmint Chewing Gum".

We believe that our methods differ in many respects from other selling agents in China. To begin with our view point is that of the manufacturer and our position is a good deal the same as a factory branch organization, therefore we view things from their angle. We are advertising and selling agents combined, as well as Import agents. Our experience and training gives us an equally good understanding of these functions. Further, we follow the sale through to the ultimate consumer and our ambition is to eventually organize a system of distribution and merchandising throughout China for a group of manufacturers of non-competing products.

When beginning work on a product, our first move is investigation and our entire operation of advertising, merchandising and sales promotion, is based on the facts obtained. Advertising ideas and sales policy come from a constant study of the product and the market, thus the production of advertising material becomes automatic.

It may be of interest to enumerate the activities involved in the conducting of our present advertising and selling campaign on Crescent Baking Powder which has been in progress for about 18 months. The attached list will give you the details.



Mr. A. Bland Calder.

We wish to assure you that your interest in our work is very much appreciated and of our willingness to cooperate in any way we can with the marketing of American products in China.

Yours very truly,

Albert C. Row
Albert C. Row.

ACR:CD
INC.

Program of Promotional Work
on Crescent Baking Powder now in progress.

SHANGHAI.
Nov. 16, 1931.

1. Signs on Shanghai Motor Buses (outside),
2. Signs on Tram Cars,
3. Large painted bulletins,
4. Newspaper advertising, Chinese and Foreign,
5. Chinese newspaper carries return coupon for sample,
(All replies contain 20 ¢. We have mailed hundreds
to interested Chinese in all parts of China).
6. Magazine advertising,
7. Handbill distribution thro all dealers,
8. Window and shop display material available for all dealers,
9. Advertisements in price list books and pass books of leading provision
dealers,
10. Blotters and miscellaneous material,
11. Chinese and English Cook Books, (mailed to selected lists throughout China)
12. Special guide books for distribution to bakers and confectioners,
13. Sales letters 2500 monthly to Shanghai Foreign and Chinese residents,
14. " " 2000 monthly to Missionaries in Outports,
15. " " 1000 monthly to Select Chinese list, (special offer)
16. Special letters and books to members of American, British and Chinese
Woman's Club,
17. Chinese cook books to all Chinese schools and colleges (about 3000),
18. Samples to Schools, Colleges and Hospitals,
19. Special literature to all Hospitals, Sanitariums, Colleges, doctors, etc.(250),
20. Special folders to Chinese Bakers and Restaurants,
21. Special demonstrator cook,
22. Special Crescent Salesman calling on all small shops, restaurants, hotels, etc.,
23. Foreign young man house to house canvassing,
24. Demonstrator selling samples in Shanghai Chinese schools,
(All samples are sold, not distributed free),
25. Special coupon offer to Missionaries by letter, -- and so on.
Improvements, variations and additions to the above are made, from time
to time, as occasion demands.

In addition to the above our Import representative handles the wholesale
distribution of our product thro his selling organization. This is, in
effect, the Import Department of our organization.

*Daily reports are made and permanent records
are made of all sales and sampling work.
mailings are followed up systematically*

A. C. Low

Mr. Caldwell -
Please consider
this confidential
A.S.P.

Chewing Gum Market Report.

Following is a copy of our report, under date of September 30, 1931, to the American Chicle Company regarding the chewing gum market in China. We have omitted those parts containing personal references.

In order to carry out our proposed program, to introduce Adams Spearmint Gum, the product will require readjustment to existing market condition; first, because the Chinese have acquired the spearmint taste and 90% of the demand for chewing gum is spearmint; peppermint is not a popular flavor with the Chinese. Orientals generally are partial to the more delicate flavors such as Vanilla, Rose, Banana, or Almond, and apparently for this reason, the Spearmint has become very popular. Therefore, for the present, we would suggest that we concentrate on the Spearmint flavor. Second, because the public has been educated to the stick gum and for immediate sales we will have to meet this demand. Even though we believe that there are great possibilities for the development of sales on the Chiclets of Spearmint flavor, we feel that in order to secure a footing in the market, the most logical thing to do is to go after the visible Wrigley business, the entire volume of which is Wrigley's package of six sticks. In order to secure our share of this business, we suggest that your Adam's Spearmint "144's" be put up in package of six sticks similar to the Wrigley packing.

Wrigley's Spearmint, package of six sticks, wholesales at \$21.25 c. i. f. Shanghai. Duty of 35% is paid by the dealer. The package is retailed here for a 20 cent silver piece (small money). Wrigley's P. K.'s, Spearmint flavor, have appeared on the market but only in foreign shops, no attempt has yet been made to popularize the sugar coated nuggets. Adams' Peppermint Chiclets have a wide distribution and are in evidence throughout Shanghai, retailing for nine or ten copper coins, but we are advised that sales are very slow. There is a cheap imitation of Wrigley's on the market but is a complete failure. For your information we are enclosing this package with one stick of the gum and also a wrapper from Wrigley's package with translation. Please note that the Chinese label emphasizes the "mild" taste.

We are informed by your former agents that they still have on hand a few cases of Peppermint Chiclets left over from their last shipment. We are also advised that one of the leading dealers has on hand six cases of Sen Sen Cachous, which they are unable to dispose of even though they are offering them at a considerable reduction in price. We have not gone into the details of this situation but feel that it could be satisfactorily handled.

We note that the price quoted on your Adams' Spearmint "144's" is \$22.50 per case of 50 boxes. If put up in package of 6 sticks, it would make 24 packages to the box as against Wrigley's 20 packages, but we presume the extra expense of wrapping and packing the sticks in packages of six, wrapped in moisture proof wax paper (tin foil is not necessary) would increase the cost and limit your box to 20 packages, the same as Wrigley's. Of course with more packages to the box we would have a big advantage over competition but if the expense of packing necessitates 20 packages per box we will still be able to meet the Wrigley competition with the usual discounts and prices c. i. f. Shanghai. In fact, the marketing of your products in the Orient depends entirely upon a c. i. f. price at port of destination.

You may wonder why Wrigley's Spearmint is put up in package of six sticks. This was done to produce a package that could be sold for one 20 cent silver piece (local currency) because the five stick package would have to be sold for odd cents which would necessitate the handling of many clumsy copper coins. Therefore a precedent has been established and the buyer expects six sticks for his 20 cent piece. However, knowing as we do that there is a very definite demand for a smaller package that would sell for a 10 cent silver piece or less, we are wondering if it would not be possible to pack three sticks to a package. It would undoubtedly be the means of a more rapid development of your line and increase sales of stick gum generally. Please advise us on this point as we consider it very important.

There is no doubt in our mind that Chiclets "100 S" in package of two nuggets each should find a ready market especially amongst the student class, and if properly handled and effectively advertised, should be in big demand among business people of all classes, simple because it can be sold for the nominal sum of 10 coppers, even the best people carry a few coppers. In fact we believe that this package, because of its low purchase price, has far greater possibilities than the stick gum if properly introduced. If brought to their attention many men would buy the 10 copper package simply to unload the copper coins from their pockets, which every one receives in change during the course of a business day, in fact that reason would provide a good merchandising idea. The only way we can account for its lack of popularity at the present time is because of its peppermint flavor for we believe that a great deal of constructive work must have been put into the market of the Chiclets. Our plan is to secure a share of the present demand for the spearmint stick gum for immediate returns, and after getting started, introduce the "Spearmint" flavored Chiclets. Even at that it might prove a difficult task to break down the impression that the words "Chiclets" and "Peppermint" are not synonymous, just as the word "Spearmint" means "Wrigley's" to many people. However, to meet the demand of this market, the retail selling price of the package of two Chiclets cannot exceed 10 coppers therefore it is necessary for us to allow the full 10 and 5% discount to the dealers and we could not undertake the marketing of Chiclets unless your price to us c. i. f. Shanghai.

Other items in your line we believe would be attractive to the Chinese trade. We are particularly attracted by your novelty sticks with the premium redemption wrappers which we notice you are marketing in Manila. This should have a wide appeal to Chinese children, but of course the wrapper would have to be translated and prepared in the Chinese language. "Dentine" should find a ready sale through Foreign ~~the~~ drug store. These latter can be taken up at another time but we feel sure that your line contains several items with exceptional merchandising possibilities in China.

Referring to the first paragraph of your letter of August 10th, we also believe in very conservative methods in introducing a new brand relying principally upon personal effort in sales and merchandising and just enough well planned advertising to carry the momentum of a selling campaign. However, we lay special stress on the value of time and consistent effort. Years of experience in promotional work have taught us the necessity for more merchandising and less advertising in the China market. The work which we do in writing copy and preparing advertising material is done as a part of our sales and merchandising service and not as a means of profit. We are equipped to produce high grade copy and material and the work is charged at actual cost. No "fees" are charged. The entire advertising appropriation is invested in the advertising and merchandising and accounted for in our monthly reports to you with original bills attached, together with voucher copies of all advertising done. We depend entirely upon increased sales volume for our profit.

where our plan differs,

For your information, we are attaching a proposed advertising budget and program. As a basis of calculation we have placed the estimated possible volume for the first year at 600 cases figuring 10% of this volume as an advertising appropriation. The items that we have included in this budget, we believe, are sufficient to carry out an effective introductory campaign for a period of 6 months as a preliminary test campaign. We realize that our estimated volume is very conservative but we prefer to under-estimate the sales rather than run the risk of misrepresentation (the sales may reach 1,000 cases and we hope they will). After the first 6 months we would expect an increase in sales that would enable us to keep the advertising appropriation within five percent. Our purpose is to confine this preliminary test to the Shanghai market.


Under separate cover, we are sending you a Chinese newspaper to give you an idea of the type of advertising being done by foreign firms in China in case you are not familiar with it. It is interesting to note the many well known products represented in the advertisement in this newspaper. At the moment, newspapers are one of the most effective advertising media with which to reach the upper classes, but the illiterate masses can only be appealed to through the poster. The one sheet poster is adaptable for general publicity throughout China. We use posters, sign boards, outside Motor Bus signs, window and shop displays as reminder material, but the basis of an advertising campaign on a product such as chewing gum, is sampling. Sampling has

been for many years recognized as the most appropriate means for the introduction of a new product to the Chinese people. This is even more important at present because the imitation Wrigley brand is of such bad quality that the consumer may be skeptical of any new brand. We would suggest that you include in the first shipment of the stick gum 20 cases of sample. All sampling is done under foreign supervision and each box accounted for.

In the event of an agreement between us we are prepared to go into the matter of shipments and other details of Chinese packing, etc. Every effort will be made to give your company adequate representation and to secure for you the maximum of sales this market affords.

Yours faithfully,

Albert G. Row Company.



ACR:CD
INC.

ADAMS SPEARMINT CHEWING GUM

 ADVERTISING BUDGET AND PROGRAM
 SIX MONTHS' PRELIMINARY TEST
 CAMPAIGN

- o -

As a basis of calculation we have placed the possible volume for the first year at 600 cases or an average of 50 cases per month at G\$ 22.50 per case of 50 boxes G\$ 13,500.00

ESTIMATED VOLUME FOR 6 MONTHS G\$ 6,750.
 ADVERTISING APPROPRIATION 10% 675.

G\$ 675.00 @ Exchange 33 is Mex \$ 2,843.00
 (Note - Exchange rate fluctuates daily and 33 is used here for estimating)

APPROPRIATION ALLOTMENT

Publication Advertising	50%	M\$ 1,421.50	
Merchandising and Display	30%	852.90	
Reminder Advertising	20%	<u>568.60</u>	M\$ 2,843.00

ESTIMATED REQUIREMENTS FOR FIRST SIX MONTHS

70% would be used the first three months in the preparation of material and launching the campaign.

Newspaper Spaces and Periodicals	M\$ 1,000.00		
Art Work and Matraces, etc.	450.00	\$ 1,450.	
Hawker Uniforms, Sample Dist., etc.	400.00		
Window and Shop Displays, etc.	300.00	700.	
5,000 Four color Posters, 20"x30"	250.00		
Motor Bus Signs(Outside)	300.00	<u>550.</u>	<u>2,700.00</u>
	Surplus	M\$	<u>143.00</u>

*Mr. Calder.
 This Budget will serve
 to indicate what we consider
 sufficient money to introduce
 a product under our plan.
 AG*