

The Other End of the Factory¹

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To explain the title I have chosen for my remarks today, I think it would be helpful if we went back and reviewed some of the history of the beet sugar industry; although it may be presumptuous for me to talk about the history of the industry to a group such as this, most of whom have spent their lives in scientific and technological work connected with the growing and processing of sugar beets.

Back in the early days of the industry, when we were first learning how to extract sucrose from sugar beets in this country, there were a great many processing difficulties, and the net result was the processing of a product that was not always uniform in quality and did not always measure up to the cane products in quality. In those days the industry packed and sold the sugar in bulk, and it was consumed by industrial users or it was repackaged into smaller paper bags in the grocery stores.

The pioneers in this industry were men of great tenacity, and no effort was spared to improve the yield and to improve the quality of the sugar taken from the sugar beet. Further than this the leaders of the industry went back of the factory operations to the beet growing process and over the years greatly improved the techniques of beet cultivation and beet harvesting. The results of all of this development work were evident in the quality of the industry's product. The sugar continued to improve to a point where for more than a generation now it has been the equal of cane sugar in every respect. There is no finer sugar manufactured anywhere in the world than the beet sugar processed in the United States. The constant experimentation also resulted in a vastly greater yield of beets per acre and of sugar per ton of beets.

Unfortunately, while all of this tremendous progress was being made by the industry in the technological process, nothing was being said to the consumer to tell the story of this progress; and, as a result, the industry found itself with a real problem at the other end of the factory. This was the problem of taking the sugar to market and selling it effectively and profitably against the existing competition. This problem existed before the war, but when the war came along the problem was pushed into the background; for as you know, there was no difficulty in selling any quantity of sugar that could be produced under wartime conditions. However, after the war had come to a close and sugar production returned to normal, the problem was, in fact, if anything, of greater proportions than it had been before the war.

Something had to be done to help the marketing of the beet sugar industry's product. It was recognized by the leaders in the industry that this problem involved a prejudice against beet sugar which had apparently

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stemmed from the time when beet sugar was not the uniformly unexcelled product that it is today. The industry appointed a committee of sales executives to study the problem and come up with a recommendation to management. This committee of sales executives in turn called in various marketing counsellors, advertising agencies, and others to hear their suggestions and recommendations.

Ultimately the committee decided, and management concurred, that the first thing which had to be done was to conduct a broad marketing study to determine the size and extent of the problems which were hindering the industry's marketing of beet sugar. Foote, Cone & Belding of San Francisco was appointed as agent of the industry to conduct this study. The study itself required a little over seven months of work and was probably one of the most comprehensive marketing studies ever conducted for a single industry.

Because of the controversy involved in the beet-versus-cane sugar question, it was recognized that questionnaires returned by mail could not be relied upon because of the inaccuracy of the sample which would go into the calculation of the final conclusions. Therefore, one of the time-consuming and expensive, but vitally important, phases of this study was the use of the personal interview technique. Personal interviews by field investigators were made through the 22 western states, which is the natural marketing area for the western beet industry; and interviews were completed with more than 5,000 housewives and more than 1,000 retail grocers; plus an independent audit of 3,000 additional retail grocery stores, hundreds of jobbers, chain store operators, sugar brokers, industrial sugar users, institutional sugar users, home economists such as newspaper food editors, teachers, home demonstration agents—in short, the entire area wherein people by reason of their thought or actions have an influence on the purchase and consumption of sugar for use in the home.

After all of these data were gathered and reduced to punched cards, we began our analysis, and the results began to point to a plan. We have not time today to go into the details of the findings of this study, but we did get accurate and correct measurements of the different phases of the problem of how much prejudice exists, where it exists, and where it does not.

A plan of operation began to suggest itself from the findings, and it was a plan to overcome unfair competition. We found that beet sugar was being seriously hurt by a very insidious form of unfair competition. It was not the kind of unfair competition which can be eliminated by enforcement of an existing law or the enactment of a new law, for it was not competition resulting from the action of our competitors—it was an unfair competition resulting from the lack of action of the beet sugar industry over a period of many years. They had hidden their light under a bushel, with the result that prejudices and old wives' tales and lack of understanding kept the consumers of the country from purchasing the product and kept the grocers of the country from handling the product so that it could be purchased by consumers.

This problem was recognized to be industry wide. It was not a problem that could be licked by one company. Accordingly the western beet sugar industry decided to set up an operating organization to conduct a broad, educational advertising and merchandising program to eliminate for all time this unfounded prejudice against our product.

Western Beet Sugar Producers, Inc., a non-profit corporation organized under California state law, came into being in July, 1949. All eleven members of the western beet sugar industry, every producer west of the Mississippi River, is a member of the new corporation. And to show you the importance which is attached to the work which must be accomplished by this new group, I would like to read a list of the directors:

Frank A. Kemp, President, Great Western Sugar Company
W. N. Wilds, President, American Crystal Sugar Company
Merrill E. Shoup, President, Holly Sugar Corporation
Reginald S. Carey, President, National Sugar Manufacturing Company
Russell T. Tutt, Vice President, Garden City Company
D. W. Love, Vice President, Utah-Idaho Sugar Company
A. E. Benning, Vice President, Amalgamated Sugar Company
James E. Ellison, Vice President and Manager, Layton Sugar Company
Thomas Heath, Vice Pres. and General Mgr., Franklin County Sugar Company
Roland Tognazzini, President, Union Sugar Company
Carl Moroney, President, Spreckels Sugar Company

In addition to the board of directors there has been established a planning committee to which the directors have delegated authority and responsibility for the development of specific operating plans to accomplish this tremendous job. The planning committee is in essence the same committee of top sales executives as was responsible for the original survey.

San Francisco was selected as the headquarters point, and we have opened offices and our consumer service kitchens at 2 Pine street in that city. The actual operating organization will be kept small. There are three principal functional groups within the new organization. First, there is advertising—and this includes the formal type of advertising addressed to consumers and to the grocery trade and involves the use of the accepted advertising media such as newspapers, radio, outdoor posters, magazines, and the like.

The second functional group is that of consumer service. We consider this to be an extremely important phase of our program, for it involves the development and dissemination of all types of service material aimed toward influencing the housewife to actions which will ultimately be favorable to our industry's product.

The third functional group is called merchandising. This includes the vast and intricate operations in grocery trade relations and the acquisition and maintenance of the grocery trade's acceptance of beet sugar.

I would like to dwell for a moment on each of these three phases in an effort to give you some insight into the type of operation which is planned for Western Beet Sugar Producers. First, let us look at advertising. There is nothing mysterious about advertising, although it has a variety of reputations in these United States. Advertising is simply a specialized form of selling.

When a customer in the Middle West is in the market for a \$250,000 installation of grain elevator belting, companies which manufacture grain elevator belting can afford to send two or three highly trained technical men to try to sell their brand and get the order. These men might spend two or three months of their time exclusively in this selling job. However, when General Foods wants to sell a package of Jello for seven cents to a housewife in the same community, it is certainly not an affordable proposition to send even one salesman into the prospect's kitchen to try to sell her Jello in preference to other brands of fruit-flavored gelatins.

However, there are sales tools available, and tools that are affordable, to meet this kind of specialized selling requirement. They are called advertising, but this is simply the use of a vehicle such as a magazine which goes into a consumer's home and carries the message about the product that is to be sold.

In our advertising we intend to get this unfounded prejudice against beet sugar out into the open and talk about it. It has been cloaked in a veil of mystery for too long a time, which has been a contributing factor in playing into the hands of competition. We not only intend to talk about prejudice, but we intend to attack it with the truth and thereby kill it off once and for all. We are going to sell the quality of beet sugar. We are not going to be afraid to call it beet sugar. And we are not going to be afraid to compare it with cane sugar. Beet sugar is second to none, and we are everlastingly going to say just that.

In later phases of the program we are going to sell hard the importance of beet sugar—the importance of this vast industry to the agricultural economy of the great irrigated West. At the present time we are using daily newspapers to tell our story. We may, and probably will, in the future use other advertising media such as radio or the magazines or the comic strips or Sunday newspapers. The media will be selected based upon the requirements of the problem at the time.

Let's look now at the plans for the consumer service department. We are fortunate in having secured as our consumer service director the services of a highly trained and very capable person. Miss Irene McCarthy came to us after twelve years with Safeway stores where she was in charge of the Hallmark Testing service. Miss McCarthy is a graduate home economist from the University of California and took her master's degree in foods and nutrition at the University of Iowa. She served her dietetic internship at the medical school at the University of Iowa and is a member not only of the Home Economics association but of the American Dietetics association and of the Institute of Food Technologists.

Miss McCarthy has as her assistant, and as our kitchen technician, Miss Shirley Vollmer, also a graduate home economist who has had a variety of experience in professional work.

One of the important requirements in any consumer service operation is to establish a professional reputation for the department or group. Much of the success of a consumer service operation depends upon the cooperation

of other professional home economists. In addition to going out and getting top caliber professionals like Miss McCarthy and Miss Vollmer, we have established at 2 Pine street a workshop for the Consumer Service department which I think is as fine as any on the Pacific coast. I wish you could all visit the kitchens in San Francisco, but lacking that I have brought along a few slides to show you the type of layout and equipment which we have available for this important work (slides shown) .

The functions of the Consumer Service department can probably be classified under four headings. First, there is the matter of quality control of the industry's products. The industry has recently formed a committee on standards, and the kitchen will be available to assist in testing the industry's products from the housewife's point of view. You people are concerned with laboratory testing of products. The Consumer Service department will provide an additional facility for testing from the point of view of what Mrs. Housewife expects and will insist upon.

Secondly, the kitchens are available to the member companies for testing in the development of new products. As you know, the industry is bringing out specialty sugars, and we have assisted several member companies by putting the proposed product through a series of tests, comparing it with the existing competition and always judging from the point of view of what Mrs. Housewife wants and expects.

In addition to these two types of testing services, the kitchens will develop material to be distributed to the home economists throughout the country. The home economist groups are highly specialized professional people who might be classified as thought leaders, who in their everyday work mold the thinking of the housewives across the country. These are the food editors of newspapers and magazines; radio commentators; teachers; home demonstration agents; and that vast group of home economists in business such as Betty Crocker for General Mills, Frances Barton for General Foods, Aunt Jennie for Lever Bros., and so on.

We will develop material which goes out to these people which will assist them in doing their job. Of course, this material will carry the truth, and nothing but the truth, about beet sugar.

The further broad classification of activities in the kitchens is the development of service material which will be distributed direct to the consumer. This material takes the form of recipe books and leaflets, kitchen cookery hints, and all types of helpful information which will assist the housewife in doing her homemaking job. Much of the material, of course, is distributed via our own consumer advertising.

Turn now to merchandising for a minute—the third department of Western Beet Sugar Producers. Here again we have fortunately gotten an extremely well-qualified person to direct the department. Bill Dugan is our merchandising director and comes to us with a great deal of experience in sales and merchandising of food products.

It is impossible to overestimate the importance of the grocery trade when you have a food product to sell. If we can't get the interest and

cooperation of the grocery trade, from the broker down through the jobber or chain buying office, and right through to every last retail store where the housewife buys her groceries—without their cooperation and support we can't take our product to market. A condition which exists as determined by our original survey is that a great many operators in the grocery trade still think about beet sugar the way they did before the turn of the century. They don't want to carry it because they think their customers won't buy it, and they are not willing to put it in stock to find out. Changing their minds is going to be a long tough job, but it can and will be done because the quality of our product justifies this recognition and support.

We will have in the merchandising department a small group of specialized field merchandising managers whose job it will be to carry the message of our program to all levels of the grocery trade. These men will cooperate closely with the sugar brokers and their member companies' sales personnel. We do not wish to imply in any way that the field merchandising force will replace the sales forces of the sugar companies. We will merely be the representatives of the industry-wide program and will provide the link between that program and the normal staff of brokers and salesmen who sell the individual brands of beet sugar.

In addition to their grocery trade work, the field merchandising managers will do special public relations and sales promotion jobs, working with Parent-Teacher associations, civic and service clubs, and also with the various advertising media which we are using in the various markets.

That is an all too brief summary of the organization and the aims and objectives of Western Beet Sugar Producers. The justification for this broad industry-wide effort is certainly not necessary for this group today. The beet sugar industry is so large and so important in this country that there can be no question of the justification of eliminating a completely unfounded prejudice against a 100 per cent American agricultural product. This job will not be accomplished easily or soon. It will take a long time to undo the state of mind that has taken so long to build up. However, the industry is determined that it will be done. I think the pictures you saw today of our Consumer Service kitchens will indicate that the industry is behind this thing to the finish.

Although the natural marketing area for beet sugar is the 22 western states, our big guns will be trained upon certain sections of the western states in the early stages of the campaign. There are certain areas—notably the vast Rocky Mountain area—which will not receive as great pressure as the areas where beet sugar is not so well known or understood.

Everyone connected with the industry can help in this program. That seems like a weak statement to make, but actually this program and our objectives are somewhat different from most advertising operations. The story we have to tell about the unsurpassed quality of beet sugar is so completely and absolutely true, and can be proved by quoting any authority you care to name, that a little bit of personal selling of this story goes a long way. All of us in the industry are too prone to let George do it. I can

give you a lot of examples about the importance of never missing an opportunity to talk about the quality of beet sugar and to insist upon its proper recognition. I will just give you one.

Recently our field merchandising manager for Southern California was calling on some top grocery operators in Santa Barbara. Santa Barbara is a part of a very large sugar beet producing area. He reported—and we have all of the names and addresses, but they are not important to make the point—he reported that some of the grocery operators in Santa Barbara told him that it was not necessary for them to carry beet sugar because most people were satisfied with cane, and even the big sugar beet growers who were his customers were willing to buy and use cane sugar.

It would take only a few people insisting to the manager of a grocery store to cause him to stock beet sugar, and I would like to sign up every one of you in this room this afternoon to be salesmen for Western Beet Sugar Producers. You can help us solve the problem at the other end of the factory, even as you have collectively solved the problems leading up to and through the factory, by never missing an opportunity to tell the story of beet sugar and particularly to tell the story in the grocery stores where you buy your groceries.