A STUDY OF THE BUYER-SELLER
RELATIONSHIP, BUYER INFLUENCE,
AND NEW PRODUCT SELECTION CRITERIA
IN THE ADOPTION OF NEW PRODUCTS
BY A SUPERMARKET WITH A
BUYER-MERCHANDISER COMMITTEE

Dissertation for the Degree of Ph. D. MICHIGAN STATE UNIVERSITY SHIV KUMAR ARORA 1975





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ABSTRACT

A STUDY OF THE BUYER-SELLER RELATIONSHIP, BUYER INFLUENCE, AND NEW PRODUCT SELECTION CRITERIA IN THE ADOPTION OF NEW PRODUCTS BY A SUPERMARKET WITH A BUYER-MERCHANDISER COMMITTEE

By

Shiv Kumar Arora

Numerous new products developed each year fail, which amounts to a considerable waste of valuable economic resources. Many of these new products are rejected by the marketing channel members. Very little research has been done in the selection of new products at the channel level compared to research at the consumer level. One type of channel member or reseller responsible for high dollar volume and the introduction of a large number of new products is the supermarket chain. Many of the chains are now using buying committees for making new product decisions.

The objective of this research is to study the decision-making process for the acceptance or rejection of new products by supermarket chains which use buying committees. In order to achieve this objective several research questions were investigated: What salesman's qualities are the most important to the buyer in evaluating his performance?

Does a good salesman's performance result in the recommendation of his product by the buyer to the buying committee? How influential is the buyer in the selection of new products? How efficient is a two-man buying committee? What are the major criteria used in the selection of

new products? Do all buyers use the same criteria in the selection of new products?

In order to answer these questions several hypotheses were constructed. They then were tested using data collected at a medium-sized supermarket chain in the Midwest which uses a buying committee consisting of a buyer and a merchandiser. Salesman's performance was used as a moderating variable between salesman's qualities and the buyer's recommendation on the new product to the merchandiser.

The methodology used in this research involved the collection of data in three phases. In the first phase a convenience sample of 52 salesmen handling new products was selected, and their sales presentations to the buyers were taped. Each salesman's qualities were evaluated by the buyer and the researcher on a Salesman's Evaluation Form developed for this study. In the second phase the interactions between buyer and merchandiser concerning new products involved in phase one were taped. A total of 83 new products were discussed in the buyer-merchandiser meetings attended by the researcher. Both salesman-buyer and buyer-merchandiser tapes were transcribed, and the dialogues were analyzed. From these dialogues a list of decision-making criteria used in the selection of new products was prepared. In the third phase the buyers were asked to rate each criterion on a nine-point differential scale ranging from unimportant to very important. Finally, each criterion was pasted on a separate piece of cardboard, and the buyers were asked to rank them.

The Wilcoxon Matched-Pairs Signed-Ranks Test revealed that there was no difference between the ratings of the salesman's overall

performance by the buyers and the researcher. This check was made to ensure that the buyer rated the salesman on that particular sales presentation and did not take into account any previous contacts with the salesman.

Compared to other salesman's qualities, the zero-order correlation coefficients between the salesman's planning and preparation, task empathy (a component of empathy), expertness (a component of source credibility), and overall performance were highest and were positive and significant. Second-order partial correlation coefficients revealed a salesman's planning and preparation and task empathy are the two most important determinants of his overall performance as perceived by the buyer.

Even though the chi-square test showed independence between the salesman's performance and the buyer's recommendation, the analysis of the dialogues for this sample showed that the chances of the buyer recommending the salesman's product are higher if the salesman's performance is above average or better as opposed to average or below (performance as evaluated by the buyer). Furthermore, if the new product handled by the salesman with above average or better performance is not recommended by the buyer, it is due to reasons beyond the control of the salesman.

The hypothesis that there is a positive relationship between the buyer's recommendation to the merchandiser and the buying committee's decision to buy the new product was supported by the chi-square test. In four out of five cases the buyer's recommendation was accepted by the merchandiser. Therefore, it was concluded that the buyer is influential in the selection of new products.

In the "one-to-one" or buyer-merchandiser buying committee under investigation, consisting of a buyer and a merchandiser (at the executive level), a very high percentage of decisions was made (82 percent), a small number of decisions were deferred for legitimate reasons (10.8 percent), and a very low percentage of decisions was deferred for insufficient reasons (7.2 percent). In that sense this type of buying committee is considered to be efficient.

Fourteen criteria for the selection of new products were extracted by analyzing the buyer-merchandiser dialogues. The five most important criteria, in order of importance, used in the selection of new products are: sales potential of the new product; overall potential profit of the product; manufacturer's/supplier's backing; introductory terms and allowances; and potential value to consumer compared to similar products. The other criteria are: uniqueness of the product; manufacturer's coordination of promotion and advertising programs with distribution; service from the supplier; seasonality of the product sale; requests for the product; shelf space requirements; overall packaging; avoidance of duplication; and potential competitive move of manufacturers selling similar products.

The hypothesis that there are no significant differences in the importance ratings of the new product decision-making criteria of different buyers was supported by the Friedman Test and Dual Analysis of Variance.

Since the above conclusions are drawn on the basis of a small sample size, a large data base is needed to validate these results.

A STUDY OF THE BUYER-SELLER RELATIONSHIP, BUYER INFLUENCE, AND NEW PRODUCT SELECTION CRITERIA IN THE ADOPTION OF NEW PRODUCTS BY A SUPERMARKET WITH A BUYER-MERCHANDISER COMMITTEE

Ву

Shiv Kumar Arora

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CHAPTER ONE

INTRODUCTION

Research Objective

The main objective of this research is to study the decision-making process for the acceptance or rejection of new products by a supermarket chain which uses buying committees. In particular, this study focuses on: (1) the relationship between the salesman's qualities and the chain buyer's recommendation on the new product to the buying committee; (2) the extent of the chain buyer's influence in the buying of new products; (3) the effectiveness of two-man buying committees; and (4) the decision-making criteria used by the buying committees in adopting new products.

Rationale

The key to the survival and growth of U.S. business is continuous development of new and improved products. It is becoming more expensive and risky for firms to innovate, but they cannot afford not to do so in the face of mounting competition. This new product development dilemma is of greater concern to the firms than ever before. Various studies (98, 99, 118) have shown that many new products fail, although there is considerable variation in the rate of failure. The varying failure rates are due to the use of different stages of new

product developments and the definitions of the new product.

Furthermore, the life span of successful products is shortened by the quick duplication of the product by competitors.

The numerous new products which fail each year mean that considerable amounts of valuable economic resources are wasted.

Although the problem can never be eliminated, its effects definitely can be reduced through careful planning and effective marketing strategy.

Some research studies have shown that new product failure is generally due to basic marketing weaknesses rather than unsound products. Buzzle and Nourse (28), in a study of the food industry, found that inadequate market analysis, poor timing, failure to obtain adequate distribution, severe competition, and insufficient marketing efforts were particularly significant factors. Angelus (9) analyzed 75 major consumer packaged goods and reported the reasons for failure, in order of importance, as being vague consumer differences, poor product positioning, no point of difference, bad timing, product performance, and incorrect market for the company. A recent study by Abrams (2) indicated the reasons of failure as the consumer's unwillingness to buy, higher price, bad timing, imitation, and poor advertising; similar reasons also were implied by Moran (108) in an article in the Journal of Advertising Research.

An effective marketing strategy design for new products requires knowledge of buyer behavior both at the consumer and the channel levels. Much less research has been done on new product

buying at the latter than at the former level. Since a new product rejected by a channel member is not available to the consumer, it is considered a failure. An understanding of behavior at the channel level will definitely help reduce the risk and cost of introducing new products in the marketplace.

Channel members, or resellers, commonly are referred to as middlemen, selling intermediaries, dealers, distributors, or simply as wholesalers and retailers. They acquire goods for the sole purpose of reselling or renting them to others at a profit. One type of reseller responsible for very high dollar volume and for the introduction of a large number of new products is the supermarket chain.

Supermarket Chains

In 1973, supermarket sales totaled \$80.8 billion, or 76.4 percent of the total dollar volume of all food stores in the United States. The number of supermarkets in operation at the end of 1973 was 43,137 (of which 30,072 were owned by corporate chains), compared to a total of 240,000 food stores in the United States, thus constituting approximately 18 percent of such establishments. Of these 43,137 supermarkets, 33,320 (approximately 14 percent) with annual sales of \$1 million or more accounted for total sales of \$72.5 billion, and 16,886 supermarkets (approximately 7 percent) with annual sales of \$2 million or more accounted for total sales of \$45.325 billion (24).

¹For a recent study see Michael D. Hutt, "The New Product Selection Process of Retail Buying Committees: An Analysis of Group Decision-Making," Ph.D. dissertation, Michigan State University, 1975.

It is evident that it would be very fruitful to study the factors affecting the buying decisions for new products used by the supermarket chains. In particular, their high dollar sales volume, the large number of new products involved, and the small number of supermarkets accounting for most of the sales in the food industry make them especially attractive.

New Product Acceptance Rate

The number of new items offered to the supermarket chains each year is quite large. Graf (54) estimated these in 1967, defined as warehouse items, at 8,750. Progressive Grocer reported that new items are the most profitable ones in the supermarket product mix, and only 10 percent of these were accepted in 1967 due to limited shelf space. Weiss (149), in a 1956 study, reported a similar rate of new product acceptance. Advertising Age (109) stated that 9,450 supermarket items were introduced into the market in 1968, and less than 20 percent met sales goals. But a recent Chain Store Age (150) grocery buying survey indicated that the retailers review only an average of 3,000 deals every year, with the number of new product presentations being much lower; all the chains and wholesalers reported an annual average of 1,300 new product presentations, or 25 per week. The companies reportedly accepted an average of 22 percent of the new items reviewed, or approximately 285 per year. The survey further indicated that 19 percent of the companies accepted 50 or less; 25 percent took on between 51 and 100; 19 percent accepted between 101 and 200; 25 percent took on between 201 and 500; and only 12 percent accepted 501 or more.

The increase in the new product acceptance rate probably is due to the reduction in the number of new items reviewed by the supermarkets. This may be the direct result of a screening procedure now used by the chain buyer, who first talks to sales representatives on the phone and weeds out weak products. <u>Chain Store Age</u> (113) reports that this procedure reduces the number of interviews by 50 percent.

Of all the new items accepted by the supermarket chains, approximately 50 percent survive after 90 days. The product on the shelf must sell, and at a rate that justifies the investment of shelf space. Otherwise, it will be replaced by another product of higher profitability (29). Shelf space is continually reviewed to find the fast and slow movers, to give more space to the former and to eliminate the latter.

Buying Committees

Increased emphasis on chain-wide rather than single departmental requirements has led many chains to shift from the individual departmental buyer to the buying committee system. The buying committee is concerned with the overall chain objectives and profits rather than those of particular stores or departments (52). A recent <u>Chain Store Age</u> (150) grocery buying survey, based on a sample of 48 chains and wholesalers in all sections of the country and representing 4,700 supermarkets, indicated that 63 percent of the nation's retailers are currently using a buying committee.

Grashof (55) has divided supermarket buying structures into three categories: (1) the buyer makes all the decisions; (2) the buying committee makes all the decisions; and (3) a combined procedure, whereby the buyer may or may not reject new items and suggest that certain items be deleted, with the buying committee making most of the decisions.

The rationale for using a buying committee is that it provides a more analytical approach to the selection of new items. Supermarkets using this system believe that by pooling the knowledge of buyers coupled with the opinions of store operations personnel and merchandisers, they can best determine how a particular item or line fits into the store's total concept (35). Many companies also feel that the buyer is often placed under undue pressure by the salesman. Under the committee system, the buyer, after hearing the salesman's presentation, sets aside the proposal until the weekly buying committee meeting. He then presents the new items and sometimes makes specific recommendations. The decision to accept or reject depends on the entire buying committee.

Leed and German (92) have summarized the advantages and disadvantages of the buying committee as follows:

Advantages:

- 1. Permits a wider range of ideas and experience to come to bear in the decision-making process.
- 2. Takes the buyer "off the spot" in his face-to-face relationship with the salesman.
- 3. Allows for a decision to be made in a more scientific atmosphere.

Disadvantages:

- The delay in making the decision to accept a new item-and the subsequent delay in getting the item stocked in the stores. It is important to have the item stocked in the stores when the major advertising programs break.
- 2. Committee meetings that take up valuable time of all buyers—even those who are not specifically involved with the product being presented.
- 3. A disadvantage to the food manufacturer and the sales representative because the buyer does not always present all the facts and sometimes he presents them incorrectly. Also, the buyer does not usually present the new item with the same enthusiasm to the buying committee that the salesman would have in making his original presentation to the buyer.

To these disadvantages the researcher would add two others:

- 4. The seller is usually not given the exact reason why the retailer turned him down. This does not happen in face-to-face confrontation.
- 5. Committee members who do not know much about a product have an equal vote in the committee decision. It is possible that a good product which the chain should buy may be rejected.

Membership of Buying Committee

The number of members and types of executives who serve on buying committees vary from chain to chain. Committee size may range from two to ten, but most have four to six members (92). Buyers are overwhelmingly represented, as a <u>Chain Store Age</u> (150) survey revealed; the survey of 48 chains and wholesalers indicated that 93 percent of the committees included buyers.

One individual usually dominates a committee, and the group tends to vote the way he does (113). Consequently, some chains use a two-man buying committee, consisting of a buyer and a merchandiser

(usually a corporate executive). The buyer makes recommendations concerning new products, but the final decisions rest with the merchandiser. This kind of buying committee is referred to as the "one-to-one" or buyer-merchandiser type. The chains using this form claim it is more efficient than other systems. This type of buying committee probably eliminates disadvantages 1, 2, and 5, listed above, while retaining all the advantages noted previously. Intuitively, this kind of buying committee makes good sense, and we may expect the future trend to be in this direction. The number of chains currently using the "one-to-one" type of buying committee is not known.

Role of Buyer

In the chains using a buying committee, the role of the buyer has become that of a coordinator, or gatekeeper, the funnel through which all communications flow. Indeed, it is a vital role. He is becoming more of a specialist because of (1) an increase in the number of items handled by the chains, (2) limited shelf space, (3) an emphasis on chain-wide requirements, and (4) the availability of assistance from data processing experts. The role of the buyer varies, depending on the organization. In some chains he is responsible for all decisions ranging from new item buying, to store displays, to shelf positioning in his area. In other chains he is supported by a buying committee, which has the authority to make final decisions or which may act in an advise and consent capacity.

The chain buyer receives most of the information about the supplier's offerings through the supplier's salesmen (although some

suppliers use food brokers, manufacturer's representatives, and so forth). These salesmen are the supplier's link with the marketplace and also are the source of much needed information from the marketplace.

Salesman's Classification and Qualities

Several methods for classifying sales positions have been suggested. McMurry (104) used seven broad categories, ranging from the least to the most creative types of selling. Another means has been suggested by Newton (116), using a behavioral science perspective. His four major categories are trade selling, missionary selling, technical selling, and new business selling. Of these four, the one with which this study is concerned is trade selling. Newton describes this as low-key selling supported by the company's selling efforts, and it predominates in food, textile apparel, and wholesaling. Yet another behavioral viewpoint has been discussed by Thompson (141), who sees the trade salesman as a problem solver and an educator (educating the buyer, who in turn educates a buying group). Thompson calls him the "market manager" of a territory. In any case, most of today's channel salesmen are involved in creative selling.

Leed and German (92) have summarized the key points that the buyer wants to hear from the salesman during the sales presentation: product characteristics, suggested shelf location, test market results, suggested retail price, advertising program, special allowances, product handling methods, and sample of the new items. The salesman is generally allowed 15 minutes to make his presentation to the buyer.

The present study shows that the qualities of a salesman as perceived by the buyer influence the decision-making process leading to the selection of new products. The salesman's qualities analyzed here are grouped into three major categories: (1) source credibility-expertness, trustworthiness, and dynamism; (2) empathy--task and social; and (3) preparation and planning. Expertness or competence refers to the expertise, knowledge, ability, or technical understanding of an issue by the source (72). Trustworthiness relates to the source's motivation in communicating about the issue, that is, his objectivity (72). Dynamism is a combination of the potency and activity dimension; examples are confidence, aggressiveness, boldness, and activeness (20, 141). Empathy is "putting yourself in the other fellow's place" (6). Task empathy "refers to material that is specific in terms of the problem that faces the buyer," while social empathy is "the kinds of things the salesman says and does that either leaves the respondent feeling positive, negative, or neutral in terms of his emotional or personal needs" (142). Preparation and planning refers to the efforts expended by the salesman prior to the actual contact with the buyer.

Of the several qualities of the salesman mentioned above, expertness, task empathy, and preparation and planning are the three most important from the buyer's point of view.

The Decision Process

The buyer's filtering process is influenced by several factors: the written and verbal messages about the new product from the salesman, and information from other external sources such as other salesmen, mass media, magazines, other buyers, store visits, and the company's records. Using his evaluation criteria to assess the alternatives, the buyer finally makes his presentation and recommendations on each new product to the buying committee. The committee then decides whether or not to take on the new product, and it makes these decisions using certain criteria. Very few studies have investigated the major criteria used in the selection of new products, and such results as there are show significant differences in the criteria used. These decisionmaking criteria are discussed more fully in Chapter Four.

Scope, Procedure, and Limitations

The main objective of this research, as stated earlier, is to study the decision-making process for the acceptance or rejection of new products by supermarket chains which use buying committees. In order to achieve this objective several questions need to be answered: What salesman's qualities are the most important to the buyer in evaluating his performance? Does a good salesman's performance result in the acceptance of his product by the buying committee? How influential is the buyer in the selection of new products? How efficient is a two-man buying committee? What are the major criteria used in the selection of new products? Do all buyers use the same criteria in the selection of new products? These questions are somewhat broad in nature and must be narrowed down to a manageable form. This is done in Chapter Four.

The data to answer the above research questions were obtained through the use of several techniques: (1) rating of the salesman's

qualities by the buyer and the researcher after each sales presentation on a specially developed salesman's evaluation form; (2) taping of the salesman-buyer and buying committee interactions; (3) rating of the decision-making criteria by the buyers on the questionnaire developed for this study; and (4) ranking of these criteria by the buyers.

There are some limitations to this study: Data from only one chain are collected; a small number of buyers are involved in the study; there may be response bias due to the presence of the researcher during the presentations; and a precise definition of chain efficiency is lacking.

Plan of Study

In this chapter, the research objective, rationale for the study, and various components of the new product decision process used by supermarket chains which use buying committees were presented. In particular, the following were discussed: supermarket sales, the buying committee and its advantages and disadvantages, membership of buying committees, role of the buyer, the decision process, and the scope, procedure, and limitations of this study.

In Chapter Two various components of the decision-making process discussed in Chapter One are combined, and their interrelationship is examined. A model for the new product decision-making process developed for this study is presented, and the boundaries for the literature search are determined.

In Chapter Three the literature review is divided into five broad areas: buyer behavior models; information processing; attitude; salesman's qualities; and small group decision making.

The research questions which need to be answered for this study are discussed in Chapter Four. Some of these questions are then defined more precisely for the research to be operational.

Several hypotheses are constructed from these research questions, and these are discussed in Chapter Five.

The methodology used in this study is outlined in Chapter Six.

Included are the background and organizational set-up of the supermarket under study, research instruments, definitions of new products, data collection, and the statistical tools required.

The data collected for this study are analyzed and the results are discussed in Chapter Seven. In particular, a list of decision-making criteria actually used by the supermarket in the selection of new products is presented, the research hypotheses are tested, the research questions developed in Chapter Four are answered, and the results of the research are examined.

Finally, in Chapter Eight the conclusions drawn on the basis of the results of this study are summarized, the limitations are discussed, and some suggestions for future research are made.

CHAPTER TWO

THEORETICAL FRAMEWORK

Various components of the decision-making process in supermarket chains using buying committees were described in Chapter One. In this chapter, these components are combined, and their interrelationship is examined.

Figure 1 displays a simplified model depicting the new product decision-making process in supermarket chains using buying committees.

The solid lines indicate the flow of information, and the dashed lines indicate feedback effects.

The central focus of this study is the flow of communication, specifically, between (1) the buyer and salesman (referred to as the "buyer-seller dyad" or "interpersonal communication"), and (2) buying committee members (small group decision making). Barnlund (14) has reviewed many definitions of communication, and from among these, one is generally agreed upon: "Communication takes place when a message has been transmitted by a source and the intended point is grasped by the recipient" (43, p. 308). Engel, Wales, and Warshaw (44) have presented an interpersonal communication model between two persons, Mr. A and Mr. B (see Figure 2), which is a composite of many models and theories which have appeared in the vast literature of communication. Mr. A (source) arranges words in a pattern or sequence to be communicated, referred to as encoding. The encoded message is transmitted

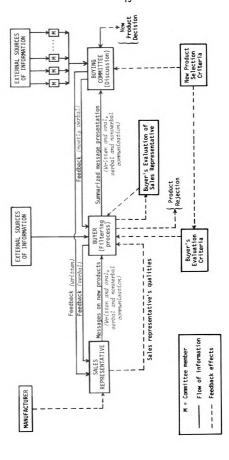


Figure 1. A simplified model depicting the new product decision-making process in supermarket chains using buying committees.

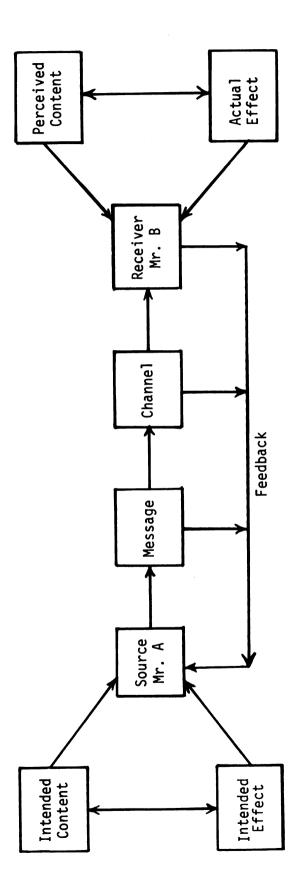


Figure 2. Interpersonal communication.

J. F. Engel, H. G. Wales, and M. R. Warshaw, <u>Promotional Strategy</u>, revised ed. (Homewood, Ill.: Irwin, 1971), p. 19. Source:

through the spoken word or some other type of channel to Mr. B (receiver), who attempts to decode the message and arrive at its meaning. The actual meaning can deviate substantially from the intended meaning through selective information processing by Mr. B. Mr. A receives feedback in the form of verbal and nonverbal responses from Mr. B.

In the interpersonal communication process, the salesman (source) sends messages to the buyer (receiver) on the new products through written and oral, verbal, and nonverbal communication. The salesman receives feedback from the buyer in verbal and nonverbal (A two-way communication takes place.) The information received by the buyer passes through the buyer's filtering mechanism for further processing (43). Not all the stimuli to which the buyer is exposed are allowed to pass through the filter, only those which the buyer wants to process and store in memory. This selective information (from salesman and other external sources), the buyer's information and experience, his evaluative criteria, and his personality characteristics, all form his attitude (43). The buyer reflects his attitude on the new product (when he makes his presentation) through his recommendations to the buying committee. It is important to note that the buyer is not a decision maker, but merely expresses his attitude toward the new product. He plays the role of a gatekeeper. His recommendation with respect to purchasing depends on the strength and valence of the attitude he holds on the new product. 1

¹For the definitions of strength and valence, see "Attitude" in Chapter Three.

In a study similar to the present one, Sweitzer (139) asked the buyer, immediately following the presentation by the salesman, to express his intention to buy. Other factors are involved in the decision-making process, however. Several are:

- 1. The buyer makes his recommendation to the buying committee after reviewing the new item sheet, comparing similar items carried, receiving feedback from other salesmen and buyers, SAMI, and so forth.
- 2. The buyer makes his recommendation to the buying committee after a period of time (varying from one to eight days; generally one to two days). There is a time lag.
- The buyer is not a decision maker. The concept of "intention" involves a buyer's intention to buy a particular brand during some specific time period (72, p. 132).

Thus, the Sweitzer study measured the attitude of the buyer immediately after the salesman's presentation. However, because of the above-mentioned factors, the buyer's attitude may change. He may think and feel differently when he presents information to the buying committee. For instance, during the time lag the buyer's attitude may change because of external sources, such as other salesmen, mass media, trade magazines, store visits, other buyers, the company's records, suppliers' marketing policies, and so forth. These external factors are beyond the scope of this study as defined in Chapter One.

Finally, it is the buying committee which makes the ultimate decision on new products. Therefore, joint decision making in small groups is relevant to this research. The study of small groups involves leadership, membership, size, group conflict, group cohesiveness, and so

forth. Some of the research on the buying committee and its membership has already been discussed in Chapter One.

In summary, the discussion of the decision-making process suggests the search of the literature in the following three broad areas: (1) buyer's information processing and attitude; (2) salesman's qualities; and (3) small group decision making as it relates to committees.

CHAPTER THREE

SURVEY OF LITERATURE

In the previous chapter a model depicting the decision-making process for accepting new products in those supermarket chains which use buying committees was presented. This chapter reviews the literature and discusses relevant theories and models which explain the various aspects of the decision-making process pertinent to this study.

The literature review is divided into five broad areas: buyer behavior models; information processing; attitude; salesman's qualities; and small group decision making. The discussion of buyer behavior models is included because it is vital to an understanding of the buyer's information processing system and his attitude.

Buyer Behavior Models

Buying and selling differ considerably in industrial and consumer markets. Consequently, efforts are being made to develop a model to explain buyer behavior in the two markets. Most of the models developed to date have been directed towards consumers, and relatively little has been done to explain the behavior of industrial buyers. While there are differences, consumer behavior models tend to provide the basic framework for the industrial buyer behavior models

(148). The major difference between the two is that the industrial buyer behavior models involve multiple organizational influences on the buyer, and the consumer models do not (multiple influences from family members do affect the consumer but are not incorporated in the models). Sheth (133) has suggested a theory of family buying decisions involving joint decision making. Howard and Sheth (72) point out that at a conceptual level the constructs used to explain buyer behavior for industrial buyers and consumers may be identical. Therefore, the relevant constructs from the consumer behavior models are used in this study.

There are several models which have been proposed to explain consumer behavior: the Nicosia model (117); the Andreason model (8); the holocentric model of consumer behavior (100); the Engel, Kollat and Blackwell model (43); and the Howard-Sheth model (72). The last two have gained the most popularity. The authors of both models have thoroughly documented the research in the behavioral sciences relevant to marketing. However, the Howard and Sheth model is considered to be the most thorough, comprehensive, and well-articulated consumer behavior model published to date. Compared to other models, it is distinguished by a richer specification of variables and their interrelationships, and it attempts a much deeper and more detailed integration of theoretical positions from several behavioral sciences (97).

Howard and Sheth's (72) theory of consumer behavior consists of four sets of abstractions, which they refer to as constructs or variables. These are: (1) input variables, (2) output variables, (3)

¹Also see Jagdish N. Sheth, "A Model of Industrial Buyer Behavior," <u>Journal of Marketing</u> 37 (October 1973): 50-56.

hypothetical constructs, and (4) exogenous variables. The <u>input</u>

<u>variables</u> are essentially the stimuli from the buyer's environment

(social, significative, and symbolic). The <u>output variables</u> are

attention', brand comprehension', attitude', intention', and purchase'.

The input and output variables are the least abstract of the four

constructs. The output variables are the measurable counterparts

of certain of the hypothetical constructs and hence are designated

with a prime. The <u>hypothetical constructs</u> are of two types: perceptual

and learning. The <u>perceptual constructs</u> are attention, stimulus ambiguity, perceptual bias, and overt search. The <u>learning constructs</u> are

motives, brand comprehension, choice criteria, attitude, intention,

confidence, and satisfaction. The <u>exogenous variables</u> are importance

of purchase, personality variable, social class, organization, time

pressure, and financial status.

Engel, Kollat, and Blackwell's (43) multimediation model of consumer behavior can be divided into four parts: (1) the individual's psychological make up, consisting of stored information and experience, evaluative criteria, attitudes toward alternatives, personality, and filter; (2) information processing, consisting of exposure, attention, comprehension, and retention; (3) the decision process, consisting of problem recognition, internal search, external search, purchase, and outcomes; and (4) the influence of external constraining forces such as norms, family, income, and so on.

Howard and Sheth (72) state that activation or change in any of the variables in response sequences (the network of relations among the output intervening variables) depends on (1) the buyer's internal

state (classified into the attention, attitude, and intention constructs) and (2) a series of factors involving mass communication, such as source, channel, and message, which are beyond the scope of this study. The buyer's internal state is very important in the study of symbolic communication (mass media and word-of-mouth). Therefore, the literature on attention and attitude should be examined because these are the two hypothetical constructs pertinent to this study. The literature on attention is reviewed under the broader concept of information processing. The "intention" construct, which links attitude with the purchase, is deleted because the buyer is not a decision maker, and he only makes his recommendation to the buying committee, thus reflecting his attitude (the affective component) only.

Information Processing

The senses of each individual are constantly and overwhelmingly exposed to environmental stimuli. This sensory information is interpreted by a complex mechanism (information processing) to extract the content meaningful to the individual. Cognition is a broader term generally used to describe information processing. Neisser (112, p. 4) defines cognition as "all the processes by which the sensory input is transformed, reduced, elaborated, stored, and used." The vast number of incoming stimuli are regulated by the process generally referred to as "filtering."

The Filtering Process

The incoming stimuli pass through a filter which regulates the inflow. Only those stimuli which receive intensive analysis pass through the filter to become part of the individual's memory and available for decision making. This selective or filtering process occurs because the individual's central nervous system cannot attend to all stimuli which are received and therefore must be selective (43). Deutsch and Deutsch (41) imply the existence of the filtering process and suggest that the individual (buyer, in this case) weighs the significance of the incoming information according to some importance criteria. The data which meet these criteria receive the individual's attention.

Almost all the buyer behavior models explicitly or implicitly include the filtering process. Howard and Sheth (72) describe three sources by which the buyer controls the nature of the flow of information into his nervous system. These hypothetical constructs are attention, overt search, and perceptual bias. Howard (70) concludes that the buyer takes in only that information which he expects will be useful in making purchase decisions.

There is general agreement among researchers regarding a short-term memory in the filter; here the incoming information is stored while receiving preliminary interpretation. Neisser (112) terms the two parts of this short-term memory as "iconic" and "echoic." In the case of iconic memory the visual impressions persist for at most one second after the stimulus itself has terminated. A similar process for

auditory stimuli is referred to as echoic memory. Far more stimuli receive this preattentive processing than actually enter into the memory (43).

In view of the above, it could be inferred with regard to this study that the buyer's selection criteria to control incoming stimuli are functions of both his purchasing criteria and his affective state toward the salesman and the product he is selling.

It should be pointed out that although there is considerable support for the existence of a filtering process and some sort of weighting of importance construct, as suggested by Deutsch and Deutsch (41), its exact nature and functioning is not very clear.

Phases of Information Processing

In the Engel et al. model (43),² the filtering process takes place within the central control unit, consisting of the filter, information and experience, evaluative criteria, attitude, and personality. The filter is the most important part of the central control unit because it regulates the inflow of stimuli. They have ably summarized the research on information processing, and they describe the four phases of this processing as (1) exposure, (2) attention, (3) comprehension, and (4) retention. In the Engel et al. model the filter works at all stages of information processing, thus implying that attention does not guarantee comprehension, and

²This section is adopted from the Engel, Kollat, and Blackwell model. See James F. Engel, David Kollat, and Roger Blackwell, <u>Consumer Behavior</u>, 2nd ed. (New York: Holt, Rinehart & Winston, Inc., 1973), pp. 209-225.

comprehension does not guarantee retention. The research pertinent to the four stages noted above is reviewed below.

Exposure is said to occur when an individual is confronted with a stimuli in such a way that one or more of his senses is activated.

Selective exposure is a process by which an individual censors his incoming stimuli. Howard and Sheth (72) consider selective exposure and selective retention as part of their hypothetical construct, "perceptual bias." Although there is some disagreement among researchers about the existence of selective exposure, it is generally agreed that the individual does censor incoming stimuli to avoid disturbances of existing beliefs and dispositions. This is referred to as "maintenance of cognitive consistency."

Attention is defined as "the taking possession by the mind, in clear and vivid form, of one out of what seems several simultaneously possible objects or trains of thought" (77). The stimuli temporarily are stored in the memory through a preattentive processing, followed by analysis of pertinence. Preattentive processing is the response of an individual to a new stimulus (by one or more senses), and stimuli considered to be important are allowed to pass through the filter. The process of determining pertinence, referred to as <u>focal attention</u> by Neisser (112), involves: (1) the influence of need states, both physical and psychological; (2) perceptual vigilence, a form of selective attention in which words that connote important values often are perceived more readily (122); (3) perceptual defense, or delay or avoidance of threatening or low valued stimuli, the opposite

of perceptual vigilence; and (4) maintenance of cognitive consistency, which is the tendency to resist changes to avoid disturbances of existing beliefs and dispositions.

<u>Comprehension</u> is a process whereby the filtering system may categorize the meaning of the stimulus in a way which deviates from objective reality. The two most important methods are distortion of physical stimulus properties and miscomprehension of the communication message content.

Retention refers to the fact that, due to the highly selective nature of long-term memory, not every stimulus is retained. Howard and Sheth (72) consider selective retention as a part of the hypothetical construct "perceptual bias."

Attitude

Attitude is one of the most important constructs in understanding buyer behavior. Almost every buyer behavior model uses this hypothetical construct, although the definition of attitude may differ. There are several definitions in the literature. Allport (5) defines attitude as "a mental and neural state of readiness to respond which is organized through experience and exerts a directive and/or dynamic influence upon individual's response to all objects and situations with which he is related." Katz (79), using a functional approach to attitude, describes its four major functions as (1) instrumental, adjustive, or utilitarian; (2) ego-defensive; (3) value-expressive; and (4) knowledge. Another framework based on the work of several

theorists suggests the three main components of attitude are cognitive, affective, and conative, or action tending (17). The cognitive component consists of beliefs the individual holds about the object, including evaluative beliefs, or the attribution of favorableness or unfavorableness, positive or negative valences, "goodness" or "badness" (86). The affective component relates to emotions or feelings toward the object, such as like or dislike. The conative or action tendency components consist of the behavioral aspects of an attitude, more precisely, the potential or readiness to respond. This latter classification of attitude is most widely accepted.

Howard and Sheth (72) use all three components discussed above, but only in a restricted sense. They define attitude as "a cognitive state that on a number of dimensions reflects the extent to which the buyer prefers in terms of motives each brand in his evoked set in relation to all other brands in that set. It represents only a directive motivational effect, not an energizing or arousal effect" (p. 416). They use another hypothetical construct, "intention," to link attitude with purchase. In the Engel et al. model (43) both stored information and evaluative criteria are conceived to be the components of attitude.

Another concept relating to attitude which is pertinent to this study is referred to as "salience." It is the quantity of an attribute desired in a product. The salience attribute may vary among buyers.

Measurement of Attitude

With regard to the measurement of attitude, Hughes (73) reports that there are at least three measurable properties: valence, strength, and intensity. Valence is positive if the attribute is perceived as goal facilitating, and negative if it inhibits goal attainment.

Strength refers to the degree or probability of goal attainment.

The strength of an overall attitude is proportional to the number of product attributes that are perceived as facilitating or inhibiting goal attainment. Attitude intensity reflects a person's concern with a goal.

Salience is generally measured by asking the subject to weight or rank attributes according to their importance to him (73). The probability of acting favorably toward the brand is a function of the products of salience and valence (Hansen, 59; Hughes and Guerrero, 74; Hughes and Naert, 75).

Theories of Cognitive Consistency

There are several theories of cognitive consistency in the literature. Osgood (119) considers conceptual conflict in terms of mediating responses to various signs (stimuli). Festinger's (47) dissonance theory focuses on the relationship between cognitive elements (beliefs, evaluations, perceptions) and overt behavior. When dissonance is present, the individual tries to reduce it, and its strength depends on the importance of the areas in which the conflict occurs. Most of the application of Festinger's dissonance theory in marketing is in the post-transaction period. In the cognitive imbalance theory,

imbalance exists when two positively or two negatively valued elements are disassociatively linked or when a positively valued and a negatively valued element are associatively linked (1). In either of these cases, there is postulated to be a "pressure towards the attainment of cognitive balance." Heider's (63) balance model is very similar to the cognitive imbalance model just described, and Osgood and Tannenbaum's (121) congruity model is a refinement of Heider's balance model.

Berlyne (22) suggests a theory of conceptual conflict.

Individuals tend to associate incoming information with other concepts, and six types of conflicts may arise: (1) doubt, the tendency to both believe and disbelieve the same statement; (2) perplexity, wherein factors lead the subject toward a number of mutually exclusive beliefs; (3) contradiction, or symbolically illogical sequences; (4) conceptual incongruity, wherein two properties coexist contrary to the individual's belief that they are unlikely to do so; (5) confusion, or stimulus patterns that are ambiguous or can be confused with another; and (6) irrelevance, the inability of the individual to clearly link thoughts, so that a state of discomfort emerges.

Implications for the Buyer-Seller Relationship

Attitude change is one of the most important objectives of the marketer in personal selling. In buyer-seller interactions the salesman constantly tries to persuade the buyer to have a positive attitude toward his product, if the buyer already does not. The positive attitude of the buyer toward the salesman is also important. An imbalance

occurs when the salesman has a positive attitude toward his product (as he normally does) and the buyer has a negative attitude toward the product or salesman. According to the congruity, balance, and dissonance theories, to restore balance, the buyer must change his evaluation of the salesman or the product.

In the buyer-seller relationship, the buyer's satisfaction may arise from the opportunity to make sound purchasing decisions. Anything the seller can do to help the buyer in this endeavor will create positive affective values in the buyer toward the salesman. The salesman can facilitate this process by providing pertinent information and by reducing the buyer's conceptual conflict, thus enhancing cognitive consistency. Pertinent information will receive more attention from the buyer and hence may affect his attitude. Therefore, careful planning and preparation on the part of the salesman are very important for effective communication between the buyer and the seller. This kind of planning coupled with high source credibility and high empathy can help reduce the buyer's conceptual conflict. Another factor which helps mold the buyer's attitude toward the salesman's product is the buyer's purchasing decision-making criteria. The salesman can utilize the understanding of these criteria to his advantage through task empathy.

All of these qualities of a salesman (source credibility, empathy, and planning and preparation) are discussed in the next section.

Salesman's Qualities

One facet of an individual's personality is composed of definite predispositional attributes, called traits. A <u>trait</u> is defined as "any distinguishable, relatively enduring way in which one individual differs from another" (58). With this definition in mind, traits can be considered as individual difference variables. Guilford (58) points out that traits are common to many individuals, while Mischel (107) concludes that traits vary in absolute amounts among individuals. Generally, traits are assumed to be relatively stable and to exert fairly universal effects on behavior regardless of the environmental situation (128). Therefore, traits could be used to predict behavior.

The distinguishing features of salesmen with which this study deals are more appropriately referred to as "qualities" rather than traits. The following definitions from Webster's New World Dictionary of several words which often are used interchangeably help clarify the choice of the word quality: 3

trait--specifically applies to distinguishing quality of a personality.

characteristic--suggests the indication of a quality that is peculiar to, and helps identify, something or someone.

attribute--is a quality assigned to a thing, especially one that may reasonably be deduced as appropriate to it. quality--the broadest in scope of these terms, refers to a characteristic (physical or nonphysical, individual or typical) that constitutes the basic nature of a thing or is one of its distinguishing features.

³Webster's New World Dictionary of the American Language, college edition (New York: The World Publishing Company, 1956), pp. 245, 1189.

Referring to the simple interpersonal communication model presented earlier, the source (the salesman) comes in face-to-face contact with the receiver (the buyer). The main purpose of the salesman is to communicate with the buyer about his product and influence and/or persuade the buyer to purchase it. When the buyer has no authority to make decisions, the salesman's main purpose is to influence and/or persuade the buyer to make a favorable recommendation to the buying committee, hoping his product will be accepted.

The buyer's recommendation/decision to buy the product depends in large measure on how much he believes the salesman's words or actions, or in other words, how much trust, confidence, and faith he has in the salesman's words and actions. According to Heider's theory, the salesman's success in many instances depends on his credibility as a source because the level of credibility that the respondent (buyer) assigns to the salesman in turn directly affects how he views the salesman's products, or services (151). This variable is discussed in the literature as "source credibility" and is an important salesman's quality.

In the interpersonal communication model discussed earlier, the source (salesman) has both an intended content and an intended effect for the message. For this intent to be encoded into a message, the source must place himself in the respondent's (buyer's) position through the process of empathy. Therefore, empathy, or the ability of the salesman to place himself in the respondent's position is another important salesman's quality.

Yet another factor affecting the buyer's decision process, as suggested by Thompson (141), is a salesman's planning and preparation prior to the actual presentation. Thompson calls this the "sales call objective," which is selected from strategy (salesman's plan). Planning is intertwined in all the activities of a good salesman. It is defined as the process of thinking ahead about what must be done and about why, when, where, and how it must be done. To be effective the salesman must plan. The importance of planning and preparation is further magnified by the limited time allotted by the buyer to the salesman for making his presentation.

In summary, a credible, empathetic, and well-prepared salesman is more likely to receive the buyer's attention. In the following pages the literature regarding these three main qualities is reviewed.

Source Credibility

Communication research has consistently validated the conclusion that a source with "high credibility" is much more effective than one with "low credibility" in the communicating, influencing, and persuading processes. A number of studies using single but differing source attributes show that when that attribute was present in the source message, the message was perceived to be more credible by the receiver. Some of the variables used in these studies were perceived objectivity (69); competence (64); the source's prestige (3); trustworthiness (68); and lack of manipulative intent (147).

A number of studies have used two source attributes as a measure of credibility. One of these, the well-known experiment conducted by

Kelman and Hovland (82), used expertness and trustworthiness as two components of source credibility. Three versions of a radio broadcast were listened to by three groups of high school students. The same speaker and speech were used, but the speaker was introduced differently each time, first as a court judge (high credibility), then as a person drawn at random from the audience (neutral credibility), and finally as a juvenile delinquent (negative credibility). The results showed that the higher the credibility, the greater the source effectiveness. In another study, Hovland, Janis, and Kelley (67) concluded that two dimensions of the source were especially relevant to effective communication: perceived expertness and perceived trustworthiness.

In general, credibility is considered to consist of the two components discussed above, trust and competence (67, 68, 80, 82, 103). Trust relates to the source's motivation in communicating about the issue, that is, to his objectivity. The traits which are associated with trust are honesty, fairness, reliability, dependability, and open-mindedness. Competence refers to the expertise, knowledge, ability, or technical understanding of an issue by the source (72).

Another interesting approach to the study of credibility has been suggested by Rarick (123), who proposed two elements of credibility, namely, a cognitive element that reflects the source's prestige and competence, and an affect element that reflects its trustworthiness and likeability.

Several studies suggest components other than competence (expertness) and trustworthiness (130). Berlo, Lemert, and Mertz

(20) reported that receivers evaluate source credibility according to the source's perceived "safety" (his manipulative intent and predictability), "qualification" (his topic-bound expertness as well as his general ability and intelligence), and "dynamism" (a combination of potency and the activity dimension). Mertz (106) further pursued the work of Berlo, Lemert, and Mertz and reported that safety, qualification, and dynamism were the principal determinants influencing acceptance in cases where the subjects perceived the messages as uniformly high or low on all three of the evaluative dimensions.

McCroskey (102) reported components of credibility were "authoritativeness" and "character."

Most of the studies discussed above used semantic differential or Likert-type scales. Others used factor analysis to isolate the principal components, selection being based on the strength of association and the purity of factor loading (21, 102, 130).

The dimensions of source credibility as identified by Berlo and Lemert (19) are used here. In addition to the two most widely accepted components, expertness and trustworthiness, they use a third, dynamism. The qualities which are associated with dynamism are confidence, aggressiveness, energy, boldness, decisiveness, and activeness. This variable is included in this study because the quality of dynamism, balanced with expertness and trustworthiness, enhances the credibility of the salesman. Too much dynamism, however, will reduce the salesman's source credibility (141).

There is some question about the credibility of the source being topic-bound, that is, the source is considered credible only on some issues or subjects. This differential credibility in the same individual may be due to the individual's competence rather than his lack of trustworthiness or dynamism.

An interesting phenomenon reported in the literature in connection with source credibility is called the "sleeper effect," which implies that the credibility of the source is inversely related to retention of attitude change (66, 68). What probably happens is that the individual fails to associate the message with the source after a period of time, even though he may not forget the source. Then, if the credibility of the source is reinstated after a period of time, the effect is to create a greater attitude change by a highly credible source and less change by a less credible source (72).

Empathy

There are a number of definitions of <u>empathy</u> in the literature."

"Putting yourself in the other fellow's place" is implied in most of the definitions (6). Phrases such as "putting yourself in the other fellow's shoes" and "seeing through the other fellow's eyes" also are commonly used. Such definitions suggest an identity between the empathizer and the individual with whom he empathizes. However, other definitions stress the detachment and the objectivity of the empathizer.

[&]quot;The literature survey by Sweitzer on empathy was helpful. See Robert W. Sweitzer, "The Behavioral Factors Affecting the Flow of Information in the Buyer-Seller Dyad," Ph.D. dissertation, Michigan State University, 1974.

For example, English and English (45) explain empathy as "the comprehension of the state of mind of another person without feeling (as in sympathy) what the other feels. While the empathic process is primarily intellectual, emotion is not precluded, but it is not the same emotion as that of the person with whom one empathizes. The attitude in empathy is one of acceptance and understanding or an implicit 'I see how you feel.'" Rogers (126) describes the empathic state as one of perceiving "the internal frame of reference of another with accuracy and with the emotional components and meaning which pertain thereto, as if one were the other person but without ever losing the 'as if' condition. If this 'as if' quality is lost then the state is one of identification."

The role-taking aspect of empathy is stressed in some definitions. Dymond (42) defines the empathic process as "the ability to put yourself in the other person's position, establish rapport and anticipate his feelings, reactions, and behavior."

The main concepts in other definitions found in the literature stress the reciapathy-interactive component of the process (111); view empathy and role reversal as mutually complementary (27); see empathy as an intellectual and detached process (33); or consider the two aspects of empathy to be identification with the other person and an awareness of the object's feelings by awareness of one's own feelings (46). Thus, besides the generally accepted notion of empathy, namely, "to put yourself in another person's position," there is the aspect of "interaction," implied in the above definitions. This, indeed, is an

important dimension in the study of interpersonal communication effectiveness (125; 127).

Sympathy has been alluded to, and it is important to distinguish between empathy and sympathy. Both slice across the main classes of man's emotions. Krech and Crutchfield (87) have named six classes of emotions: (1) primary emotions: joy, fear, anger, grief; (2) emotions pertaining to sensory stimulations: pain, disgust, or delight; (3) emotions pertaining to self-appraisal: shame, pride, guilt; (4) emotions pertaining to other people: love, hate, pity; (5) appreciative emotions: humor, beauty, wonder; and (6) moods: sadness, anxiety, elation. According to them, empathy is "feeling the same emotion that is being expressed by another person, for example, feeling fear when another person shows signs of fright," whereas sympathy is "the experience of positive emotion pertaining to the emotional state or circumstance of another person, such as the mother's feeling of protective tenderness toward her frightened child" (87). An empathetic person can play the role of another individual, while a sympathetic person may or may not do so.

Thompson (140) describes another dimension of empathy in the case of salesmen. Besides role playing, there is "role-taking," that is, adopting the attitude or perspective of the other person. He explains that "not only must the salesman be empathetic, but he must have the ability to project this quality. He must project so that the prospect knows the salesman understands his situation and problem."

Cotrell and Dymond summarize the characteristics of empathetic individuals as: emotionally expressive, insightful, outgoing, optimistic, warm, interested in others, flexible, and having had satisfactory family relations in childhood (95).

Empathy is a learned quality. It begins early in childhood through learning to take the role of another. As the child matures, he is introduced to the expectations of those around him. By this means he acquires a common set of meanings and definitions, which improves the effectiveness of the communication process (43). Most individuals use the quality of empathy without knowing it; knowingly, the individual can use the quality to his real advantage.

Mayer and Greenberg (101), after seven years of field work, concluded that empathy and ego drive are the two most important traits of the salesman. Using this information they were able to make fairly good predictions about the subsequent performance of applicants for sales positions in three different industries. Rogers and Bhowmik (127) hypothesized that the source having a high degree of empathy will be positively associated with effective communication. Most of the studies support this hypothesis.

Thompson (142) divides empathy into two main parts: task and social. Task empathy "refers to material that is specific in terms of the problem that faces the buyer, that is, the task that the buyer is involved in, at least, as it pertains to the product the salesman is selling." Social empathy is "the kind of things the salesman says and does that either leaves the respondent feeling positive, negative, or

neutral in terms of his emotional or personal needs. Such as need for intellectual discussion of the subject, recognition, superiority, and so on." Task empathy is much more important than social empathy in industrial buying situations. This dual classification of empathy seems to be pertinent to the type of interpersonal communication under investigation in this study; therefore, it has been adopted here.

Measurement of Empathy

Regarding the measurement of empathy, a wide variety of approaches has been used. Kurtz (89) summarizes these in four categories: (1) predictive, (2) situation, (3) perceived, and (4) rating. The predictive approach involves predicting the behavior of another (83; 10). In the situation approach, empathy is measured by the response of the subject to some standardized situation, for example, video tapes and role playing sessions (78). The perceived approach measures empathy by asking the subject to rate how empathetic he perceives another to be (15; Barret-Lennard labeled this "experienced" or "perceived" empathy). Finally, in the rating approach, trained judges rate the subjects on empathy (30; 146).

All these methods have some serious drawbacks and have been criticized by many researchers. However, Kurtz (89) reports that client perceived empathy, based on the Barret-Lennard relationship inventory, is the best predictor of all indexes of counselling outcomes.

Planning and Preparation

In supermarket chain buying each contact of a salesman with a buyer is a unique situation because the food industry operates in a highly competitive market, and the buying firms differ in terms of their objectives, marketing policies, size, markets in which they operate, and so forth. Therefore, the salesman should have an objective for each sales call within the framework of his firm's marketing policies. After establishing his sales call objective, the salesman is ready to plan his sales call. Planning is referred to as the process of deciding in the present what to do in the future, or the process of thinking ahead to what must be done and why, when, where, and how it must be done (141). This means that a salesman must do a great deal of preparation and planning prior to the actual contact with the buyer. Although a great deal of work is required of the salesman, the chain's ability to buy in bulk (hence a large reward for salesmen) more than outweighs these efforts.

Obviously, poor preparation and planning may result in sales being lost. The importance of a good sales presentation has been highlighted in the <u>Chain Store Age</u> (150) grocery buying survey based on a sample of 48 chains and wholesalers in all sections of the country. The survey represented 4,700 supermarkets with an annual sales volume of \$12.2 billion:

Thompson discusses planning and preparation as sales call objective. See Joseph W. Thompson, Selling: A Managerial and Behavioral Science Analysis, 2nd ed. (New York: McGraw Hill Book Company, 1973).

To determine what they think about how sales reps do their jobs, buyers were asked to rate salesman as excellent, good, fair or poor in six vital categories: preparation of sales presentation, knowledge of product, knowledge of promotions and terms, knowledge of current market, follow through at retail level, and follow up on complaints and problems. Buyers rated sales representatives good in the first three areas and fair in the other three. Overall, they felt that salesmen were strongest in their sales presentations.

While there is no specific indication of the overall degree of satisfaction with sales presentations, buyers were more prone to identify the salesman's weak points rather than his strength.

Of the companies responding to the survey, 69% made negative statements concerning weak points in the salesman's presentation, 25% felt that they were strong in some areas, and 6% offered no opinion at all.

Concerning weaknesses, 38% of the companies were uninformed about their operations and lacked knowledge of their distribution system. In addition, 13% of the companies felt that salesmen showed weak unwanted items, while another 13% said they showed too many items and made their presentation too long. Still another 10% felt that salesman did not do enough follow through work [pp. 54, 56].

Another <u>Chain Store Age</u> (145) study, a general merchandise survey of 70 chains and wholesalers in all sections of the country, representing 4,400 supermarkets with a combined annual sales volume of \$945.5 million, produced similar results. In addition, the survey pointed out that

presentation of too many items and too many lines or too long presentation with films and flip charts were criticized by some companies while others noted that too many salesmen think they have to start a presentation with chit-chat. "I want them to sell and run," said one buyer [p. 67].

Today's buyers are very much concerned with salesmen's presentations because they do not want their valuable time wasted. A picture in a <u>Chain Store Age</u> article (145) vividly reflects this mood. The caption under a drawing of an owl reads: "You have 15 minutes, use it wisely!"

Two techniques seem to have eliminated, or at least minimized, those salesmen who are ill prepared or have nothing to sell as far as the chain is concerned: (1) the use of a third party for scheduling salesmen, and (2) an in-depth education program on the way the chain's buying system works (113).

Levitt (93, 94), using an experimental design, investigated the effect of the company's image and the quality of sales presentation in obtaining a first product hearing (low risk decision). He concluded that the higher the risk in the purchase decision, the more likely it is that a good sales presentation will trigger a purchase.

From the discussion it is clear that careful planning and preparation lead to a good sales presentation, and a good sales presentation (as perceived by the buyer) has a positive effect on the buyer with respect to the salesman's product offering. Therefore, the planning and preparation variable is an important one in the interpersonal communication of the buyer-seller dyad and hence has been included in this study.

Small Group Decision Making

A group, by definition, involves interaction, performance (actions and reactions), and expectations. Informal structuring and the creation of interpersonal bonds occur in all groups after a certain period of interaction (65). In interacting, group members not only develop norms which define expected behavior, but also exert strong pressure upon each other to conform to the norms. Festinger (48) indicates that the more stable and cohesive the group, the more likely it is that conforming behavior will occur. When members do not conform

to the group norms, they are considered deviant, and problems occur because of the conflict thus engendered.

Stogdill (137) has synthesized and explained some 800 research studies on individual behavior and group achievement. His theoretical model of organizational behavior is based on nine variables grouped into three classes: input, intervening, and output variables. The three input variables are: (1) member interaction, an action-reaction sequence in which the reaction of any member in a group is a response to the reaction of another member; (2) individual performance, one element of the action or reaction that constitutes the task-oriented work of an interaction system; and (3) individual expectation, or readiness for reinforcement. The three intervening variables are: (1) group structure, that is, the differential regularities of action and reaction exhibited in the positions in a system which is composed of two subsystems, the position and role systems; (2) member satisfaction, or the sense of personal well-being one feels when one's goals or expectations are being met; and (3) task-oriented work, composed of all the actions and reactions which maintain the structure and accomplish the purpose of the group. Finally, the three output variables (describing group achievement) are: (1) productivity, or the degree of change in expectancy values created by task-oriented work; (2) group responsiveness (drive), which is freedom from restraint in action toward a goal; and (3) group integration (cohesiveness), or the ability of the group to maintain structure and function under stress, and meet the group's need for structural stability, coordination, unity, and loyalty.

Cyert and March (38) have developed four concepts which describe some of the dynamics of organizational decision making:

(1) uncertainty avoidance means that organizational members are motivated by a desire to reduce uncertainty; (2) problemistic search focuses on the organizational decision process; (3) organizational learning recognizes that organizations, like individuals, adapt to goals, attention rules, and search rules over time; and (4) quasi-resolution of conflict recognizes that latent conflict exists among goals in most organizations, and a number of mechanisms are used to reduce goal conflict. Webster and Wind (148) provide evidence that all four concepts discussed above are applicable to organizational buying behavior.

To better understand buying, it is essential to recognize that different roles are played by the different organizational members in the buying decision process. Webster and Wind (148) have described five distinct roles played by the different organizational members and refer to them as "buying centers": (1) users exert influence individually or collectively; (2) influencers influence buying or usage decisions directly or indirectly; (3) buyers select suppliers and arrange terms of purchase; (4) deciders possess formal or informal power to determine the final selection of suppliers; and (5) gate-keepers control the flow of information into the group. Sheth (132) has also described the influence of multiple buyers as a central component in his model of industrial buyer behavior.

This study is concerned with a specific type of group decision making, the committee. In a most simplified form, a committee is a group of individuals to whom some matter is relegated. Various definitions suggest that a "committee is a special type of meeting, characterized by a limited membership, a specific task or goal, a designated leader, and an explicit or implicit plan of action" (4). It is these characteristics of group action that separate the committee from other organizational devices. The committee under investigation in this study is the buying committee, which is charged with the responsibility of selecting new products, promotional deals, special promotional programs, store displays, and so forth, on a centralized basis for the various stores of the supermarket chain.

In the remainder of this section the literature on committees is reviewed. Specifically, the functions, advantages, disadvantages, group size, leadership, and membership, including conflict and cohesiveness among group members of the committee, are discussed.

Functions of Committees

The managerial functions of and the degree of authority to make decisions possessed by committees vary considerably and depend on the task and responsibility delegated to the committee. Such groups are generally established to achieve economy and efficiency within the enterprise. Healey (61) points out that the committees provide service, coordination, advice, and control to formal organization units. They do not create direct salable value, nor do they supervise operative employees who do create such value. Business executives have described the

functions of committees as: (1) exchanging views and information; (2) recommending action; (3) generating ideas; and (4) making policy decisions (36).

Buying committees in supermarket chains do perform managerial functions and decisions. They are established as a part of the organization structure, with specific responsibility and authority, and in that sense they are formal committees.

Advantages of Committees

Koontz and O'Donnell (85) have noted several advantages of committees.

- 1. Group deliberation and judgment is the most important reason for the use of committees. A group of people brings to bear on a problem a wider range of experience than a single person, a greater variety of opinion, a more thorough probing of the facts, and a more diverse training in specialized aspects. Sometimes the results obtained by group judgment are superior to those obtained by individual judgment.
- 2. <u>Fear of authority</u>, or fear of delegating too much authority to a single person, can be avoided by using a committee. In supermarket buying, the decisions to buy new products are made on a chain-wide basis by a centralized buying committee.
- 3. Representation of interested groups is more possible under a committee system. A recent Chain Store Age (150) grocery survey showed that many companies (40 percent) are increasing the representation of store and department managers in their buying committees.

 Some (10 percent) even are including warehouse managers.

- 4. <u>Coordination of plans and policies</u> is enhanced by committees. Individual members are given a first-hand picture of overall plans and an opportunity to make suggestions to improve the plan on the spot.
- 5. <u>Transmission of information</u> to concerned individuals, simultaneously, is another advantage of a committee.
- 6. <u>Consolidation of authority</u> for decision making is easier through committees.
- 7. Motivation through participation, or wider participation in decision making, is another advantage. Persons who take part in planning a program or making a decision usually feel more enthusiastic in accepting and executing it.
- 8. Avoidance of action, or delay, can be one use to which committees are put.

Disadvantages of Committees

Koontz and O'Donnell (85) also have listed several disadvantages of committees.

- 1. <u>High cost in time and money</u> is a frequently voiced objection to committees. Since time costs money, meetings are seen as expensive. Tillman (144), however, reports that executives object less to scheduled committee activity than to the time actually spent in such meetings.
- 2. <u>Indecision</u> may result. The time required for thorough deliberation and discussion of peripheral issues and difficulty in

reaching agreement often result in adjournment without actions being taken or in redecision.

- 3. A tendency to be self-destructive stems from the fact that invariably one man emerges as the leader. When an individual becomes dominant, he in fact becomes the decision maker, and the role of other group members becomes one of follower or adviser. If the committee ceases to operate as a group of equals, the politics of the situation may lead to very bad recommendations or decisions.
- 4. Splitting of responsibility means that authority is dispersed throughout the group, and the individual member does not feel the same degree of responsibility as if he personally were charged with the same task. No one logically feels accountable for the action of the group or feels personally responsible for his action within it.
- 5. Minority tyranny results from the fact that committees generally tend to seek unanimous or near unanimous conclusions or decisions; thus, minority members have a strong position. By their insistence upon acceptance of their view, or of a compromise position, they exercise an unwarranted tyranny over the majority.

Committee Size

The size of a committee, as a rule, should depend on the breadth of expertness required for the task to be accomplished. At the same time, size should be limited to avoid wasting time or fostering indecision. Most classical literature suggests that the typical committee is (and should be) relatively small (50), and the size referred to varies from three to twelve, with most writers recommending four to six

members. Berwitz (23) recommends seven members, Newman (115) suggests three to four, R. C. Davis (40) endorses three to nine members, Kriesberg (88) suggests five to six, and Keith Davis (39) recommends five.

Tillman (144), in a survey of 1,658 committees, showed an average membership of eight, but when asked for their preference, the 79 percent who responded to the survey suggested an ideal committee size of 4.6 members.

In meetings with a fixed time allotment, as group size increases the opportunity for each member to communicate is reduced, and the type of communication becomes different among group members (13; 136). Increasing size also seems to limit the extent to which individuals want to communicate. This is evident in a study by Gibb (51), which found that as group size increases, a steadily increasing proportion of group members report feelings of threat and less willingness to initiate contributions.

A decrease in group size also has dysfunctional effects.

Slater (134) reported that small groups of two, three, or four were complementary, but felt that the members engaged in superficial discussion and avoided controversial subjects.

The analysis of small groups suggests that small group members are generally too tense, passive, tactful, constrained to work together in a satisfying manner, and afraid of alienating others (50). Bales and Borgatta (12), in a study of groups of two, supported these findings. Back (11), studying two-man groups which differed in cohesiveness,

observed that more influence was exerted in high cohesive than in low cohesive groups. Members of the former felt that more influence was exerted in high cohesive than in low cohesive groups, and that more influence was exerted upon them. Members made more effort to agree and made more changes toward agreement in high cohesive groups.

There are problems in groups larger than two also. Groups of three are plagued with the problem of an overpowerful majority, since two members can form a coalition against the unsupported third (50). Four-member groups, when split into two opposing groups of two, lead to higher rates of disagreement and antagonism than do odd-numbered groups (12). Filley (49) indicates that the ideal committee size is five, when the five members possess adequate skills and knowledge to deal with problems facing the committee.

With regard to supermarket buying committees, Leed and German (92) report a membership of four to six individuals is the norm.

Committee Leadership

If the committee is to be successful, it is very important that there be a chairman who can direct activity and guide thinking. The importance of chairman control in committee action has been demonstrated in several studies (129; 18; 131).

A great deal of the literature deals with two types of small group needs: task and social. Apparently a good leader must satisfy both these needs. Benne and Sheats (16) define the two roles of a leader as: (1) the task role, related to the direct accomplishment of group purpose, and (2) group-building and maintenance roles, which

involve group integration, harmonizing, compromising, and conflict reduction. Many other studies have concurred that these are the two main roles of the leader, although they use different terminology. The combination of these two leadership roles is suggested in many studies, and apparently this is the most desirable situation. For example, Filley and House (50) investigated and supported by empirical evidence concerning task-oriented groups the following proposition: "Efficient and effective committee operation requires a leader who is directive and task oriented in his behavior."

Committee Membership

For the committee to be effective, members should be both functionally (possessing technical knowledge) and personally (possessing analytical and social skills) qualified for the task. Members may be appointed by a superior, selected formally or informally by committee members, appointed by formal or informal election processes, predetermined by office or job contact, or may volunteer.

The attractiveness of a committee is a function of the needs of the individual and the properties of the group (31; 96). Success depends to a great degree on the cohesiveness of the group because a cohesive group is cooperative, and a cooperative group is productive. This statement is supported by many studies which have shown that "group members who have been motivated to cooperate show positive responses to each other, are more favorable in their perceptions, are more involved in the task, and have greater satisfaction with the task" (60). Many other studies suggest that groups whose members

compete privately or otherwise seek to fulfill personal rather than group needs (57; 53; 153). Filley and House (50) show general, if not consistent, support for the following proposition: "Integrated, cooperative committee membership is more effective in meeting committee goals than nonintegrated, competitive membership."

Therefore, the committee operation can probably be enhanced by (1) selecting members whose personal needs are not so intense and (2) directions to the group which strengthen motivations of a cooperative nature (34).

The membership of buying committees in supermarket chains varies from one chain to another. Membership may consist of any combination of buyers, merchandisers, corporate/division executives, operation executives, advertising managers, store supervisors, warehouse managers, and others. Members generally are appointed by supervisors. A Chain Store Age (150) grocery buying survey of 48 chains and wholesalers reported the following in response to this question: "What executives sit on buying committees?"

	Percentage
Buyers	93
Merchandisers	57
Corporate/Division Executives	53
Store/Department Managers	40
Sales/Marketing Executives	30
Operations Executives	20
Advertising Managers	13
Store Supervisors	10
Warehouse Managers	10
All Others	20

From the above responses it is clear that buyers are overwhelmingly represented on buying committees. As indicated, other executives significantly involved in the committees are merchandisers and corporate and division executives. The concern of many companies about how store level people view buying decisions is reflected in the use of store and department managers in 40 percent of the companies.

CHAPTER FOUR

RESEARCH QUESTIONS AND THE SCOPE OF RESEARCH

As defined in Chapter One, the objective of this study is to examine the decision-making process for the acceptance or rejection of new products by a supermarket chain which uses a buying committee. In light of this objective and the discussion in Chapters Two and Three, several research questions can be formulated. These are presented in the first section of this chapter. In the second section, the scope of the research is defined by narrowing down the research questions so as to make the research operational.

Overview

As pointed out in Chapter One, the role of the supermarket chain buyer is changing. He is becoming more of a specialist. He has the responsibility of listening to presentations by the salesman on new products in his assigned area. He eliminates the "obvious rejects" and presents all the other products to the buying committee, which generally meets once a week. The buying committee listens to the buyer's recommendations and may ask questions about various aspects of the new product and the manufacturer's planned promotions, introductory allowances, price structure, deals, test market results, and distribution. The final buying decision is made by the committee.

More and more supermarket chains are now using buying committees.

According to a <u>Chain Store Age</u> (150) grocery buying sample survey, 63

percent of the nation's retailers are currently using a buying committee, and 93 percent of the companies reported that buyers are involved in the buying decision.

Research Questions

The research questions are divided into three groups: (1) salesman's qualities and new product decisions; (2) decision making in buying committees; and (3) new product decision criteria. Each of these is discussed in turn.

<u>Salesman's Qualities and New Product</u> <u>Decisions</u>

The supermarket chain buyer is becoming more of a specialist because he has more education; has more information at his finger tips, thanks to data processing experts; is more up to date; and can exercise tighter control. This change in the buying situation places heavy demands on a salesman trying to sell his product. The change in the buyer's role has changed the salesman's role considerably. The salesman no longer comes directly in contact with the decision maker, in this case the buying committee, which has the responsibility of making the final decision on the new product. Contact with the committee is through the buyer, who acts as a "gatekeeper" or link between the two. The salesman, therefore, must do a good job of educating the buyer, who, in turn, educates the members of the buying committee. The

question is raised of possible misrepresentation of information by the salesman and possible loss of information, due to the buyer's personal bias, before the buyer makes the presentation to the buying committee.

Since the buyer is the salesman's representative in the committee (the decision-making group), the salesman must provide the right kind of information to the buyer on all aspects of his product. In other words, his sales presentation should have a positive effect on the buyer's attitude. It is reasonable to expect that a good salesman's performance would lead to a favorable recommendation on the product by the buyer to the buying committee. The question then arises:

1. Does a good performance by the salesman result in acceptance of his product by the buying committee?

The answer to this question is not known, although intuitively one might expect it to be "yes." Several factors must be considered. First, the decision is not made by the buyer, it is made by the buying committee. Second, the buyer does his own research on the product as well as on related products to evaluate his various alternatives. Third, the new product may not meet one or more important decision—making criteria of the buying committee. The first factor has already been discussed, but the second and third factors have some interesting implications.

(1) If there is no correlation between the salesman's performance and the buyer's recommendation and/or the buying committee's

decision, then a simple "order taker" type of salesman would be adequate for the job. This certainly seems unlikely to be true.

- (2) If the salesman is fully cognizant of the decision-making criteria used by the buying committee, it will help him better plan and prepare his sales presentation.
- (3) If the salesman knows that his product does not meet one or more important decision-making criteria of the buying committee, and also knows that his product will be rejected on that basis, he need not present his product to the buyer, thus saving both the buyer and the salesman a great deal of time and effort.
- (4) If the salesman's performance is good and the product is still rejected, does it mean there is no correlation between the salesman's performance and the buying decision? Or, does it mean that the reasons for the rejection of the product by the buying committee are beyond the control of the salesman?

In order to be able to educate the buyer, the salesman should be well informed on all aspects of his and his competitors' product. He needs to be an "expert." Since the buyer is responsible for hundreds of items in his area, the salesman can make the buyer's job easier by understanding the way he does his job and the evaluation criteria he uses. In other words, he should have high "task empathy." Due to the limited time allotment in which the salesman must make his presentation (normally fifteen minutes), he must plan and prepare his presentation. One of the most common complaints from buyers is that salesmen do not come prepared for their appointments.

As noted in Chapter Three, planning and preparation, task empathy, and expertness appear to be the most important qualities of the salesman as perceived by the buyer. This raises another important question:

2. Is there a positive relationship between the salesman's qualities (preparation and planning, task empathy, and expertness) and the salesman's performance?

If there is a high positive correlation between the salesman's qualities (preparation and planning, task empathy, expertness) and salesman's performance, and also a high positive correlation between the salesman's performance and the buyer's recommendation to buy a new product, then it may be concluded that the salesman's preparation and planning are positively related to the buyer's recommendation to buy. Salesman's performance is, therefore, a moderating variable between the salesman's qualities and the buyer's recommendation on the salesman's product to the buying committee.

<u>Decision Making in Buying Committees</u>

According to Mueller and Graf (110), "in the nation's chain and independent supermarkets, two-thirds of the new items accepted at the warehouse are ordered on the individual store manager's own decision, and only one-third represent forced distribution." Recent studies indicate that new products are forced on the stores unless the movement in a particular store is very small or the new products are taken "on a limited store basis."

There is some question as to whether the chain buying committee is really the decisive factor regarding which new products enter the chain's assortment. According to Borden (26), the responsible buyer's inclination or recommendation is highly important to and influential in the committee decision. He points out that the buyer is the key because he controls what is communicated to the buying committee, thus exerting influence on the buying decision. The committee, in turn, exerts some important indirect effect on the buyer's evaluative criteria and decision-making process. The committee also serves as a "buffer" between the buyer and the salesman because it offers a means of resisting sales efforts and is a good excuse for avoiding involvement and commitment with the salesman. As noted previously, the size of buying committees varies, but the two-member committee consisting of a buyer and merchandiser (generally at the executive level) is becoming more common. This type is referred to here as a "one-to-one" buying committee and is claimed to be more efficient than one with more than two members, but there is no research to support this claim. The advantages and disadvantages of buying committees in general and the buyer-merchandiser type in particular were discussed in Chapter One.

In view of the above discussion, the following questions need to be answered:

- 3. How influential is the buyer in the selection of new products in chains using buying committees?
- 4. How efficient is a "one-to-one" buying committee compared to the buying committee composed of more than two members?

Question number four is a very broad one and must be narrowed down in order for the research to be operational.

New Product Decision Criteria

Very few studies have investigated decision-making criteria and their importance in the selection of new products for supermarket chains. The A. C. Nielson Company (110) conducted a study in which store managers were asked to rank on a three-point scale the importance of different elements in swaying their decision to accept a new item.

The final ranking showed:

Evidence of consumer acceptance	2.5
Advertising/promotion .	2.2
Introductory terms and allowances	2.0
Why item was developed	1.9
Merchandising recommendations	1.8

The first three items have been reported as the most important criteria in other studies also (26, 105).

Graf (54) asked buyers to rate the criteria for selecting new products on a scale of zero to three. The results were as follows:

Advertising/promotion program	2.7
The item description	2.5
Evidence of consumer acceptance	2.3
Introductory terms and allowances	2.3
Reasons for the item development	1.4

In a recent doctoral study, Sweitzer (139) asked seven different buyers in a medium-sized supermarket chain in the Midwest to rate the importance of eighteen different decision-making criteria for selecting a new product. Measurement was on a nine-point scale ranging from unimportant to very important.

Sweitzer simply reported the data without any analysis.

Although the sample size was too small to permit conclusions to be drawn, if the means of each criterion are calculated and the ranks are determined on the basis of their mean value, the following top five criteria are obtained:

Profit potential of the product
Potential value to consumer
Amount of advertising/promotion
Timing of manufacturer's promotion
Performance requirements associated with promotional deals.

Kolter (84) points out that whatever criteria are used in deliberations, they are rarely reduced to explicit, written directives or used with formal weighting by the buyer. He suggests that the seller stands a better chance if he can support good consumer acceptance, has a well-designed and extensive introductory advertising and promotions plan, and offers deals as incentives to the retailer.

The studies mentioned above are too few in number and show too great a difference in the decision-making criteria to permit any definite conclusions. Moreover, the methodology used was to ask the various entities (buyer, buying committees, store managers) to rate the importance of different criteria in selecting new products for the supermarket chain. In most of the studies it is not clear how the researchers arrived at the different decision-making criteria, or whether the individuals rating these criteria had any option to add any of their own which they felt to be important.

¹For calculations, see Appendix D.

Sweitzer's (139) data were further analyzed by this researcher to find if there were any significant differences in the importance ratings of the various criteria by different buyers. By using a Friedman Test (37), the hypothesis that there are significant differences in the importance ratings of the various criteria by different buyers was accepted at α = .01. The above hypothesis was also supported by the Dual Analysis of Variance (90).

Since no conclusions can be drawn on the basis of the results of the above studies with respect to the decision-making criteria, and their degree of importance, used in the selection of new products by the supermarket chains, the following questions remain unanswered:

- 5. What are the major criteria used in the selection of new products?
- 6. Are there significant differences in the importance ratings of the new product decision-making criteria of different buyers?

It is important for all concerned--the manufacturer, the salesman, and the chain--to know the decision-making criteria used by the supermarket chains in the selection of new products. It will help the manufacturer to develop new products and train salesmen to be more effective. With such knowledge, salesmen could better plan their presentation of new products and provide more accurate, vital feedback to the manufacturer. The chains could benefit directly and indirectly. Indirectly, better informed salesmen and manufacturers would be beneficial. Directly, chains might benefit by using computers to reduce the number of new items, thus reducing the waste of management time, by screening out "no chance" products prior to the presentation by

the salesman. One such effort has been made by Grashof (55). He used 13 variables (product decision criteria) in three different models to obtain "product scores" which formed the basis for assigning new product offerings to "no chance" and "consider further" categories. The variables used were copied from the "Product Presentation Sheet," which salesmen must complete prior to product presentation. Grashof concluded that management time could be reduced considerably with his procedure but warned that a larger data base is needed to validate the results.

The Scope of Research

Of the six research questions raised in the previous section, some are straightforward, and others must be narrowed down in order for the research to be operational. Before doing so, however, it would be appropriate to discuss the uniqueness of this study. A disguised method was used for gathering most of the data; the individuals involved were not aware of the intentions of the researcher. This was accomplished by analyzing "dialogues" between the various entities instead of asking them direct questions. This technique is somewhat similar to the Mark-Cell Analysis described by Thompson (141). New product presentations of salesmen to buyers were taped, and a record of the new products presented was kept. The presentations of these new products by the buyers to the merchandiser were then taped. Both the buyer-salesman and buyer-merchandiser tapes were later transcribed by the researcher for the purpose of "dialogue analysis." Selected dialogues from the transcriptions are included in Appendices B and C.

The researcher selected this method because it seems to ensure unbiased answers. However, the presence of the researcher might have introduced response bias. This is the first time this approach has been used in isolating new product decision-making criteria and in studying the influence of the buyer in the selection of new products in the supermarket chain. Because of the unique methodology, it was feasible to collect data from only one supermarket chain for this study. This chain used a two-man buying committee consisting of a buyer and a merchandiser, defined as a "one-to-one" buying committee.

<u>Salesman's Qualities and New Product</u> <u>Decisions</u>

The first question raised in the previous section was: "Does a good performance by the salesman result in acceptance of his product by the buying committee?" It is more appropriately answered by splitting it into two parts. The first deals with the relationship between the salesman's performance and the buyer's recommendation to the buying committee. The second deals with the extent of buyer influence on the buying committee in the selection of new products, which is the same as the third question in the previous section. Therefore, the research question to be answered is:

1. Does an above average or better salesman's performance result in a favorable recommendation by the buyer to the buying committee?

The answer is obtained by cross-tabulating data on the salesman's performance and the buyer's recommendations on new products to the buying committee. Since the buyer's recommendation was involved,

he was asked to evaluate the salesman's performance. Also it was important that the buyer evaluate each salesman on a particular presentation; obviously, the results would not be meaningful if the buyer's evaluation took into consideration earlier presentations on other products. To overcome this difficulty each salesman's performance was evaluated by both the researcher and the buyer based on that particular sales presentation. These evaluations thus formed matched pairs; when they were statistically tested, a significant difference in the researcher's and buyer's evaluations of the salesman's performances would mean that the results would be invalidated.

The reasons for rejecting new products presented by the salesmen rated above average or better on the performance scale are discussed in Chapter Seven. These reasons were extracted from the buyer-merchandiser interactions.

The second question was: "Is there a positive relationship between the salesman's qualities and the salesman's performance?" It has been modified because of the interrelationship between the salesman's qualities. All three qualities, namely, planning and preparation, task empathy, and expertness, are related to a salesman's performance. Therefore, the question to be answered is:

nerefore, the question to be answered is:

2. Are there significant positive relationships between the salesman's planning and preparation, salesman's task empathy, salesman's expertness, and salesman's performance?

The buyers were asked to evaluate the salesman's planning and Preparation, task empathy, expertness, and performance.

Decision Making in Buying Committees

The third question raised previously is slightly modified and restated below:

3. How influential is the buyer in the selection of new products in chains using a buyer-merchandiser buying committee?

This question is answered by finding agreement between the buyer's recommendation and the merchandiser's decision in the selection of new products. A high degree of agreement between the two would mean that the buyer is very influential in new product selection. The buyer's recommendations and the merchandiser's decisions to buy were extracted by the researcher from the buying committee transcriptions.

The fourth question was: "How efficient is a 'one-to-one' buying committee compared to the buying committee composed of more than two members?" It was necessary to modify this question because it is too broad. The question as stated can be answered by comparing the efficiency of "one-to-one" buying committees with others composed of three, four, five, and more members. Further insight can be gained by comparing the efficiency of committees consisting of the same number of members but differing in types of membership. In this study, the "one-to-one" buying committee, which is claimed to be more efficient than those with more than two members, was chosen as the focus. A problem in answering this question is defining the word efficient. In this study the buying committee is considered "efficient" if the percentage of decisions deferred by it is very low. A low percentage would mean that the committee made most of its decisions either in

favor of or against a new product, rather than postpone the decision.

Therefore, the question to be answered is:

4. What percentage of decisions is made and what percentage of decisions is deferred in a buyer-merchandiser buying committee?

The answer is obtained by simply tabulating the number of decisions on new products made and deferred by the buying committee.

New Product Decision Criteria

The fifth question raised previously is straightforward and is restated below:

5. What are the major criteria used in the selection of new products?

The list of major criteria actually used in the decision-making process was prepared from the tape transcription of buying committee meetings.

The sixth question raised in the previous section also is straightforward:

6. Are there significant differences in the importance ratings of the new product decision-making criteria of different buyers?

To answer this question the buyers were asked separately to indicate the importance of each criterion on the list prepared from the buying committee transcripts. They then were asked to rank all the decision-making criteria, and they were given an opportunity to add any which they felt were important. (See Appendix F.)

Summary of Research Questions

This research attempts to discuss the following six questions:

- 1. Does an above average or better salesman's performance result in a favorable recommendation by the buyer to the buying committee?
- 2. Are there significant, positive relationships between the salesman's planning and preparation, salesman's task empathy, salesman's expertness, and salesman's performance?
- 3. How influential is the buyer in the selection of new products in chains using a buyer-merchandiser buying committee?
- 4. What percentage of decisions is made and what percentage of decisions is deferred in a buyer-merchandiser committee?
- 5. What are the major criteria used in the selection of new products?
- 6. Are there significant differences in the importance ratings of the new product decision-making criteria of different buyers?

CHAPTER FIVE

RESEARCH HYPOTHESES

In the previous chapter several broad questions were raised and then were narrowed down in order to make the research operational. In this chapter the research hypotheses to answer the questions raised in the previous chapter are proposed.

Some questions raised in the previous chapter are rather direct and are answered by simply tabulating the data. However, others hypothesize a relationship among the variables which must be tested by using statistical techniques. The hypothesis is either accepted or rejected on the basis of pre-established criteria, which generally involves a notion of probability.

Four hypotheses are proposed in this study. These are grouped under three headings, as discussed in the previous chapter, and are shown graphically in Figure 3.

Salesman's Qualities and New Product Decisions

The following two hypotheses pertaining to a salesman's qualities and the buyer's recommendation to the buying committee are proposed.

Hypothesis 1

There is a significant positive correlation between the salesman's (1) planning and preparation and overall performance, (2) task empathy and overall performance, and (3) expertness and overall performance.

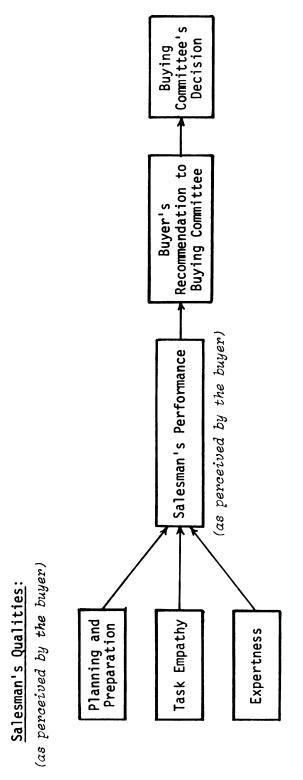


Figure 3. Hypothesized relationships.

In the buyer-seller dyad, three qualities of the salesman, namely, his credibility, his empathy, and his planning and preparation, as perceived by the buyer, are believed to be positively associated with the salesman's performance (as evaluated by the buyer). As discussed earlier, a salesman's planning and preparation, his expertness (component of source credibility), and task empathy (component of empathy) are particularly important to the industrial buyer. He pays more attention to the salesman who is rated high in these qualities.

Since a well-prepared salesman is generally ranked high on expertness and task empathy, a salesman's performance could be measured by any of the three qualities. This interrelationship among the qualities (independent variables) is referred to as "auto correlation" (90). An independent variable is one which is used to predict another, or dependent, variable, which somehow varies with it. In this case a salesman's qualities are independent variables, while his performance is a dependent variable.

Because auto correlation exists, the correlation coefficients between the salesman's performance and each of the salesman's qualities are determined. This process reveals which is the most important predictor of the salesman's performance.

Hypothesis 2

There is a positive relationship between the salesman's performance as perceived by the buyer and the buyer's recommendation to the buying committee to buy the new product.

Research supports the contention that the respondent pays more attention to a source which is high in credibility. More attention by

the respondent could produce a favorable attitude toward the source and the subject (72). Task empathy and planning and preparation are believed to have similar effects. In this study the salesman's performance as perceived by the buyer is used as a moderating variable between the salesman's qualities and the buyer's recommendation to the buying committee on the product presented by the salesman. This hypothesis follows from hypothesis 1.

A buyer's favorable attitude toward the salesman's product would be reflected in the positive recommendation (to buy) on the part of the buyer to the buying committee. The degree of persuasion by the buyer needed to convince the buying committee to accept his recommendation depends on the strength and valence of the buyer's attitude, which in turn is believed to be affected by the salesman's performance. Therefore, it is reasonable to expect that a higher salesman's performance is related to "buy" recommendations by the buyer.

Decision Making in Buying Committees

It is reasonable to expect that the buyer is influential in the selection of new products. If this fact is established, and if the first two hypotheses are accepted, the salesman's qualities can be related to new product selection. Therefore, the following hypothesis is proposed:

<u>Hypothesis 3</u>

There is a positive relationship between the buyer's recommendation to the buying committee and the buying committee's decision to buy the new product.

The "one-to-one" buying committee is essentially a "buyer-merchandiser" dyad. Social influence, therefore, takes place. Kelman (80, 81) suggests three distinct types of social influence: compliance, identification, and internalization. Compliance occurs when one person accepts the influence of the other because he sees this as a way of achieving a desired response from the other (he may or may not believe in the source). Identification occurs when an individual is influenced by the communication because of a role relationship with the other person that forms a part of his self-image. Internalization occurs when one person accepts the influence of the other because the induced behavior is congruent with his value system. All three influence processes are operative in the buying committee decision-making process.

Some studies support the above hypothesis. Borden (26) reported that the buyer's inclination or recommendation was highly important to and influential on the committee decision. A high degree of agreement between the buyer and the merchandiser is to be expected because of the social influence between the two.

New Product Decision Criteria

It is important for both the chains and the manufacturers to know whether all buyers attach equal importance to the various decision-making criteria used in the selection of new products. This information is useful to the chains because if all buyers do not attach approximately the same importance to the decision-making criteria, chains should find out why. It could be due to the differences in

buyer's personalities, in product categories, or simply ineffective communication. The manufacturers would find such knowledge useful because it could help them in developing and marketing new products; the salesman also would be assisted in presenting his product.

In view of the above, the following hypothesis is proposed:

Hypothesis 4

There are no significant differences in the importance ratings of the new product decision-making criteria of different buyers.

Only a few studies indicate that there are differences between buyers with respect to the importance of new product selection criteria (54, 110, 139). The hypothesis presented here contradicts existing research because the researcher believes that the differences in past results are due to the methodology used. Two possible reasons may explain the differences in previous studies: (1) the use of different entities, such as buyers, store managers, and merchandisers, has failed to pinpoint who the decision maker really is, and (2) the data in most of these studies were collected through mail questionnaires.

As noted earlier, the methodology used in this study is unique. The criteria actually used by the buying committee were isolated from the actual dialogues between the members during the decision-making process. The buyers then were asked to rank and rate these criteria. If the fourth hypothesis is accepted, it would suggest that prior studies either did not use the correct entities or the correct criteria. If the hypothesis is rejected, it may be concluded that the differences in buyers' ratings are either due to respondents' personality characteristics or to the different categories of the product involved.

CHAPTER SIX

METHODOLOGY

This chapter is divided into five major sections. The first deals with the source of data, which includes the background and organizational set—up of the supermarket chain studied. The research instruments used in this study are detailed in the second section, and the third section deals with the definitions of new products. Section four outlines the data collection procedure, and the statistical tests used in this study are discussed in the last section.

Source of Data

Research was conducted at a midwestern supermarket chain based in Detroit, Michigan. Its background and organizational set-up are discussed below.

Supermarket Background

The supermarket chain studied operates approximately 42 stores with annual sales totaling over \$200 million. The chain's performance has been well above average in the past several years. The firm's

¹The supermarket background data is taken from J. W. Thompson, Selling: A Managerial and Behavioral Science Analysis, 2nd ed. (New York: McGraw Hill, 1973), p. 56. Also see J. W. Thompson, CASE 1000, Graduate College of Business, Michigan State University, 1974 (unpublished), included by the permission of the author.

research department, devoted to studying consumers needs, has analyzed the market in terms of population, ethnic groups, age, family, and income. Research has specifically determined what the actual or potential customers want from the ideal supermarket. As a result, over the years this supermarket chain has changed its product mix, pricing structure, promotional activities, involvement in community affairs, and the environment (when possible and practical) in each of the supermarkets (for example, kinds of aisles and displays). The development of a full-scale, internal public relations program has caused employees to view themselves as members of the organization. Because of their customer orientation, the management claims that their clientele views the various stores as its own--the place at which it wants to shop.

Organizational Set-Up

The salesman's contact in the supermarket chain is a buyer. Each salesman must make an appointment in advance, explaining briefly the product he would like to present. If the buyer is interested, he will grant an interview which generally runs for 15 minutes, unless a longer appointment is arranged. If the salesman's new product offerings fall under the responsibility of different buyers, he must make separate appointments with each one. The buyer listens to sales presentations only on Wednesday and Thursday between 9:15 and 11:45 a.m. The salesman is required to fill out a "New Product Information and Buyer's Approval Form" for each of the new products prior to the sales presentation. This form includes a great deal of information, such as

packaging, pricing, suggested retail price, percentage profit, guarantees, allowances, producer's advertising, merchandising displays and sales aids, major retailers stocking items, shipping information, and store handling. (A copy of the "New Product Information and Approval Form" appears in Appendix G.)

The buyer analyzes pertinent information on the new products from various external and internal sources. The information sheet, salesman's presentation, SAMI, and company records are the major sources. He evaluates the new product along with other alternatives and makes his presentation to the merchandiser, once a week, generally on Friday. The buyer recommends for or against the new product, and the merchandiser has the overall responsibility of making the buying decision. The chain claims that the two-man committee, described here as the "one-to-one" or buyer-merchandiser buying committee, is much more efficient and practical than other forms. The committee meeting generally lasts from 30 to 90 minutes. The committee used by this chain consists of a buyer and a merchandiser. These latter also have the title of vice president or director of a department and are responsible for all the items in their respective areas. Each merchandiser is supported by several buyers.

The chain has six merchandisers, nine buyers, and a manager of consumer affairs. Product categories are equally divided among the buyers. Three merchandisers who work on their own and have no buyer reporting to them are called buyer/merchandiser. These three are excluded from the research because they deal directly with the salesman and make their own buying decisions.

The merchandisers report to the vice president and director of marketing, who in turn reports to the president of the company.

Research Instruments

To evaluate the qualities of the salesman as perceived by the buyer, a "Salesman's Evaluation Form" was prepared. Each buyer was requested to fill out this form immediately following the sales presentation and departure of the salesman. It was important that this be done while the sales presentation was fresh in the buyer's mind. Due to the buyer's tight schedule and the need to evaluate the salesman's qualities immediately following his departure, it was very important that the Salesman's Evaluation Form be simple, easily understood, and brief. Sweitzer's (139) questionnaire, used in a similar study, was helpful in the preparation of the form.

Thirteen statements were prepared to measure the various qualities of the salesman as perceived by the buyer. The buyer was asked to indicate his agreement or disagreement with these statements by circling one of the numbers on the following Likert-type scale (56).

A five-point scale was chosen because a scale with fewer choices does not allow the respondent enough flexibility to discriminate among the stimuli. Scales with seven or more points may provide too many choices; respondents have difficulty in discriminating among

stimuli and hence are slow to complete questionnaires. A six-point scale does not allow the respondent to make a neutral choice (152).

With the exception of one quality, trustworthiness, at least two statements were selected to measure each quality of the salesman. An average quality score was then computed for further analysis. The above scale was treated as an interval level scale and was used only for the purpose of computing average quality scores.

The statements in the Salesman's Evaluation Form were pretested prior to finalization. Some minor adjustment in language was made to make the statements more explicit. One important modification was the introduction of a few negative statements; in the pretest, it was revealed that, after evaluating a couple of salesmen, buyers were completing the evaluation form too rapidly. By introducing negative statements, respondents were forced to read each statement carefully before answering. In the final analysis the order of numbers for these negative statements was reversed in order to maintain a consistent direction, that is, 1 and 5 were interchanged, 2 and 4 were interchanged, while 3 remained unchanged.

Another item which was introduced in the evaluation form as a result of pretesting was "follow through" of the order by the salesman. A couple of buyers felt that it was very important and should be included in the salesman's evaluation. This item was included as the fourteenth statement in the evaluation form. This statement has no real bearing on this study because it pertains to the previous contacts of the salesmen with the buyers.

Salesman's Evaluation Form

The statements used to evaluate the qualities of the salesman are presented below.

Perceived Task Empathy

- 1. He fully understands the criteria that you use to make purchase decision.
- 2. He seems to fully understand if his product will meet your chain's (name of chain) needs.
- 3. He does <u>not</u> seem to understand the way you do your job as a buyer.*

Perceived Social Empathy

- 4. He is very courteous and considerate.
- 5. He listens very carefully.
- He does <u>not</u> allow you to ask questions and venture opinions.*

Perceived Expertness

- 7. He seems to be very well informed on all aspects of this product.
- 8. He seems to be unqualified for his job.*

Perceived Trustworthiness

9. He seems to be a just and fair person.

Perceived Dynamism

- 10. He is aggressive and forceful.
- 11. He is active and energetic.

Perceived Preparation and Planning

- 12. He seems to have done a great deal of preparation for this appointment.
- 13. His sales presentation was very well planned.

^{*}Negative statements.

Follow-Up

14. He does not follow through the order.*

Salesman's Performance

One of the most important variables in this study is the salesman's overall performance. This was measured by asking the buyer to rate performance on a seven-point semantic differential-type scale ranging from very poor to excellent. In fact, it is an unbalanced bipolar scale with seven (assumed) equal intervals. It is unbalanced because it does not have an equal number of cues on either side of the indifferent cue (73). The following scale was used.

$$\frac{1}{2}$$
 $\frac{2}{8}$ $\frac{3}{8}$ $\frac{4}{4}$ $\frac{5}{8}$ $\frac{6}{9}$ $\frac{7}{8}$
Very Poor Poor Average Average Average Average

The semantic differential scale was chosen because it enabled the researcher to probe into both direction (poor or good) and intensity (how poor or how good) of the buyer's attitude toward the salesman's performance (56).²

The following statement was used for the evaluation of the salesman's performance:

15. How would you rate the overall performance of the salesman you have just seen?

A copy of the Salesman's Evaluation Form appears in Appendix A.

^{*}Negative statement.

²For more details on semantic differential scales, see the original work of Osgood and his associates (120).

New Products Definition

To study the decision-making process for new products it is necessary to define <u>innovation</u> precisely. Over 51 different concepts of innovation appear in the literature. These vary widely and include such key phrases as "new to potential innovator"; "new because it is qualitatively different from existing forms"; "new because of significant effect on economy"; "product that has recently become available in the market"; "presence of substantial technological changes"; and "new features in the annual model change" (43, pp. 581-82). An important question here is: How "different" does the new product have to be, from the existing product, to be considered "new"?

Kotler (84) considers as new those products which are "new to the firm" even though they have been in existence for some time. This definition covers a wide range and includes original products, major modifications of existing ones, duplications of competitor's products, and product line acquisition, all of which involve assimilation of something "new" into the product mix of the company (84, pp. 464-65). This definition does not include the risk element.

Several other efforts have been made to classify innovations in different categories. One such system, suggested by Robertson (124), is based on the impact of the innovation on the social structure accepting the innovation. He distinguishes three categories: (1) continuous innovation—least disruptive influence on established patterns; alteration of product is involved (for example, flouride toothpaste); (2) dynamically continuous innovation—more disruptive effects than a

continuous innovation; still does not alter established pattern (for example, electric toothbrushes); and (3) <u>discontinuous innovation</u>--most disruptive; establishment of new behavior (for example, television, computers). Another threefold classification system is proposed by Howard and Sheth (72): (1) <u>major innovation</u>--new brand representing a new product class; (2) <u>normal innovation</u>--new brand in an existing product class; and (3) <u>minor innovation</u>--modification of an existing product (72, p. 280). This later classification is precise and clear and portrays actual market conditions.

In this research the product is considered new if it is not presently carried by the chain, which is the criterion of the chain under investigation, and is relatively new to the market in which the chain operates. The researcher concedes that this is a somewhat limited definition but feels it is adequate for this study.

Special promotions and special deals from the supplier and close-out products do not constitute new products, even though they may affect the marketing mix of the chain considerably.

Collection of Data

Data were collected from three major sources: (1) buyer-salesman interaction and Salesman's Evaluation Form; (2) buying committee interactions; and (3) buyers' rating of decision-making criteria.

Buyer-Salesman Interactions and Salesman's Evaluation Form

A convenience sample of over 50 salesmen presenting new products was selected. Presentations were taped in the presence of the researcher. Each salesman offered at least one new product, sometimes more. A record of these products was kept by the researcher, and buyers' comments after the departure of the salesman, if any, were recorded. In analyzing the data, the name of the firm, salesman, and brand were replaced by arbitrary symbols to protect the proprietary information involved.

After each sales presentation the buyer was asked to evaluate the salesman on various qualities by filling out the Salesman's Evaluation Form. The form was carefully explained to each buyer in advance. The researcher also evaluated the salesman at the same time. The buyer was cautioned to rate only the sales presentation just given and disregard previous presentations.

Buying Committee Interactions

At the weekly buying committee meeting the researcher kept track of the new products presented by the salesmen to the buyers. The researcher then taped the buyer's presentation to the merchandiser on those new products which had been taped during the salesman's presentation.

Buyer's Rating of Decision-Making Criteria

The last phase of the data collection process involved buyer decision-making criteria. A list of criteria actually used by the buying committee in the selection of new products was prepared by analyzing the dialogues between the salesman and buyer and between the buyer and merchandiser. Each criterion was pasted separately on cardboard, and each card identified with a code letter on the back. Each buyer was given the pack of cards and asked to rate the criteria on a nine-point differential scale ranging from unimportant to very important and then rank them in order of importance. In cases where the buyer did not clearly understand a criterion, it was explained to him by the researcher. The buyer was given an opportunity to add any criteria which he felt to be important.

Statistical Tests

Statistical tests were used to (1) check the difference between the buyer's and the researcher's evaluation of a salesman's performance and (2) test the research hypotheses.

In a statistical test involving hypotheses, it is necessary to specify the level of alpha risk (sometimes referred to as Type I error), which is the probability of rejecting the null hypothesis if it were, in fact, true. In testing all hypotheses an alpha value of 0.01 is used unless otherwise specified.

Statistical Test to Check the Difference Between Buyer's and Researcher's Evaluation of Salesman's Performance

The Wilcoxon Matched-Pairs Signed-Rank Test (90), a nonparametric test, is most appropriate for checking buyer-researcher evaluations because the requirements for this test are met. It is useful in testing the differences between two samples which are not independent and for which the level of measurement is at least "ordinal." In this case the evaluations of the salesman's performance by the buyer and the researcher formed matched pairs, and the level of measurement is "ordinal."

Testing Research Hypotheses

The statistical tests used to test the research hypotheses proposed in Chapter Five are discussed below.

Hypothesis 1.--Since the level of measurement is "ordinal" or "rank," the Spearman rank order correlation coefficients (r_s) are determined. In hypothesis 1 the salesman's performance is the dependent variable (the one which is predicted), and the salesman's quality (planning and preparation, task empathy, expertness) is the independent variable.

The t-test is used to test the significance of the relationship between the dependent and independent variables because the sample size is far greater than ten (90).

<u>Hypothesis 2</u>.--Since the level of measurement is "nominal," the chi-square test (a nonparametric one) is used to test the independence

(or dependence) between the salesman's performance and the buyer's recommendation to the merchandiser on the new product.

Hypothesis 3.--Again the level of measurement is "nominal," and the chi-square test is used to test the independence (or relationship) between the buyer's recommendation and the buying committee's decision on the new products. Yates' correction is needed if the expected frequencies are too small and if one does not wish to combine classes (90).

Hypothesis 4.--In this case, the level of measurement is "ordinal," and several related samples are involved. The Friedman test (a nonparametric test), which is an extension of matched pair or two related samples, is the most appropriate (37).

The Friedman test is used to detect differences in k-different treatments $(k \ge 2)$ in b blocks $(b \ge 2)$. Since this test depends only on the ranks of the observations within each block, it is sometimes called the "two-way analysis of variance by ranks" (37).

The parallel parametric method (which requires an "interval" level of measurement), used to test the null hypothesis of no treatment differences, is called the two-way analysis of variance or dual analysis of variance. Therefore, if the data on the importance ratings of criteria are treated as "interval" levels of measurement, the dual analysis of variance can be used, which is a more powerful test (37, 90).

CHAPTER SEVEN

ANALYSIS OF DATA AND RESULTS

In this chapter the data collected at the supermarket chain are analyzed. The following sections include (1) a tabulation of the data; (2) a list of decision-making criteria as extracted from the buying committee interactions; (3) a comparison of the buyer's and researcher's evaluation of a salesman's performance; (4) a test of the research hypotheses proposed in Chapter Five; (5) a discussion of the research questions raised in Chapter Four; and (6) a discussion of the results and conclusions.

Tabulation of Data

The permission to tape the salesman-buyer interactions and buying committee (in this case buyer-merchandiser) interactions was obtained through the president of the supermarket chain. Permission to tape the salesman's presentation was obtained individually from each salesman. Only two of the salesmen refused. Before taping, each salesman was told that the researcher was investigating the decision-making process for the new products and that the name of the salesman, buyer, firm, and product would be either deleted or disguised in the final analysis. The researcher spent at least one day with each buyer listening to and taping sales presentations. No particular difficulty

was encountered, although there were constant interruptions and noise in the surrounding areas.

A total of 52 sales presentations on new products was taped. and records of the new products, salesman's name, and the firm represented were kept for later cross reference. The Salesman's Evaluation Form was explained to each buyer by the researcher prior to the sales presentation. Each buyer was specifically requested to evaluate the salesman on that presentation only. The number of presentations to a buyer on new products varied from approximately 3 to 7 in one day, and only those which involved new products were taped. After each new product presentation both the buyer and researcher evaluated the salesman. The summary of these evaluations appears in Table Al. As explained earlier, the ratings of the negative statements (3, 6, and 8) were reversed for consistency. The buyer's evaluations of salesmen corrected for negative statements are presented in Table A2. Average scores of each salesman's qualities were then calculated and are presented in Table A3. These data are used in testing hypothesis 1.

Almost 90 new products were presented to the buyers by salesmen. Of these, only 57 were presented by the buyers to the merchandiser in the meetings which took place within a week of the salesman's presentation. The difference in number is due to several reasons: (1) the buyer delayed presenting a product pending additional information from the salesman; (2) outright rejection of the product by the buyer; (3) the buyer delayed presentation pending the presentation

of similar products by the competitor; and (4) the product was dropped because it was not new.

A total of 83 new products was presented by the buyers to the merchandisers' meetings attended by the researcher, which included 57 new product salesman-buyer presentations attended by the researcher. The additional products were those which buyers had held over from previous presentations. All 83 new products are used to test hypothesis 3 because the research only required data on buyer recommendations and corresponding data on buying committee decisions. These data were synthesized from the buying committee interactions and are presented in Table A4.

Perceived salesman's qualities and corresponding recommendations of the buyers and buying committee decisions are summarized in Table A5. These data are used in the testing of hypothesis 2.

Selected dialogues from some buyer-salesman interactions are reproduced and appear in Appendix B. Selected dialogues from buying committee interactions are also reproduced and appear in Appendix C.

Decision-Making Criteria

The dialogues of the buying committees were analyzed to isolate the decision-making criteria actually used in the selection of at least one new product. A total of fourteen criteria were thus isolated. These are summarized below.

1. Sales Potential of the Product: determined by the case movement of similar product, supplier's information, test market results, intuitive feeling, or by some other method. See Appendix C, Items 1, 3, 4, 5, 6, 8, 10, 14, 16, 18, 25, 28, 29, 30, 32, 36, 38, 49, 52, 58.

- 2. Manufacturer/Supplier's Backing (amount of preselling by the manufacturer; track record): includes advertising and promotion (especially in the local market), evidence of consumer acceptance (such as test market results), sampling, coupons, deals to consumers, and so forth. See Appendix C, Items 4, 7, 10, 15, 16, 20, 25, 28, 29, 30, 32, 38, 42, 48, 49, 56.
- 3. <u>Introductory Terms and Allowances</u>: includes deals, advertising and display allowances, performance requirements, cooperative advertising, extended billings, method of payment of allowances (such as off invoice, bill back, and so forth). See Appendix C, Items 1, 4, 7, 9, 10, 39, 53.
- 4. Manufacturer's Coordination of Promotion and Advertising
 Programs with Distribution on the product. See Appendix C,
 Items 4, 7, 10.
- 5. Overall Potential Profit (in Dollars) of the Product: includes gross margin, price of the product after deals and/or allowances. See Appendix C, Items 1, 4, 5, 8, 14, 18, 29, 48, 49, 57.
- 6. Potential Value to Consumer Compared to Similar Products after allowing for the difference in label (private versus national brand): the customer is generally willing to pay more for the national brand, compared to a private label. See Appendix C, Items 1, 4, 5, 7, 22, 30, 37, 38, 41, 44, 45, 49.
- 7. Requests for the Product by the store managers based on customers' requests. See Appendix C, Items 19, 29, 42, 51.
- 8. Avoidance of Duplication of products perceived to be very similar to the one carried now. See Appendix C, Items 10, 14, 30, 35, 54.
- 9. Shelf Space Requirements. See Appendix C, Items 4, 6, 21.
- 10. Seasonality of Product Sale. See Appendix C, Item 25.
- 11. Overall Packaging: includes packaging size, colors, copy, layout, and so forth. Also includes case size and open stock versus cut case. See Appendix C, Items 29, 32, 42, 48, 51.
- 12. <u>Uniqueness of the Product</u>: one of a kind. See Appendix C, Items 33, 56, 58, 59.
- 13. Service from the Supplier: includes follow-up of orders, deliveries, payment of allowances, information on competitive products, information on local market, store visits, setting up of displays, product quality in terms of specification, and so forth. See Appendix C, Item 36.

14. Potential Competitive Move of Manufacturers Selling Similar Products. See Appendix C, Items 36, 38, 48.

Each of these criteria was pasted on cardboard and given to each buyer for ranking. The results are tabulated in Table A7. The buyers were also asked to rate each criterion on a nine-point differential scale ranging from unimportant (1), to moderately important (5), to very important (9). The results are summarized in Table A6. These results are used in testing hypothesis 4.

Statistical Test to Check the Difference Between Buyer's and Researcher's Evaluations of Salesman's Performance

The salesman's overall performance was evaluated by both the buyer and the researcher, thus forming matched pairs. The Wilcoxon Matched-Pairs Signed-Ranks Test is used to test the differences between the ratings of the buyers and the researcher (90). The following null and alternate hypotheses are tested:

Null Hypothesis

The ratings of salesmen's overall sales performance by the buyers and the researcher are the same.

Alternate Hypothesis

The ratings of salesmen's overall sales performance by the buyers and the researcher are not the same.

The data from Table Al were used in computations. Since the sample size is large (greater than 30), the sampling distribution of T-statistics is approximated by the normal distribution (90). The calculations showed the critical value of Z = -.7447 corresponding to the critical value of $\alpha = .4564$. Therefore, the null hypothesis is

accepted at α = .01 level (corresponding Z value = ± 2.58). There is no statistical difference between the ratings of the salesman's overall sales performance by the buyers and the researcher.

Testing of Research Hypotheses

The hypotheses proposed in Chapter Five are tested below using the statistical tests discussed in Chapter Six.

Hypothesis 1

There is a significant positive correlation between the salesman's (1) planning and preparation and overall performance; (2) task empathy and overall performance; and (3) expertness and overall performance.

The salesman's overall performance is the dependent variable and his quality (planning and preparation, task empathy, expertness) is the independent variable because the salesman's overall performance is being predicted from salesman quality. The Spearman rank order correlation coefficients (r_s) , using data in Table A3, are calculated and are given in Table 1 below.

Table 1. Spearman Rank Order Correlation Coefficients (n = 52)

Dependent Variable	Independent Variable	Rank Correlation Coefficient	t- Statistics	α Value
Perceived salesman's performance	Perceived planning and preparation	+0.753	8.09	<.001
Perceived salesman's performance	Perceived task empathy	+0.692	6.78	<.001
Perceived salesman's performance	Perceived expertness	+0.635	5.93	<.001

The coefficients are all positive and high (a value of $r_s = 1.0$ means that there is a perfect correlation, and a value of $r_s = 0.0$ means that there is no correlation); therefore, hypothesis 1 is supported. Hypothesis 1 is further supported by using the t-statistic to test the significance of rank correlation. It is valid to use the t-statistic in this manner because the sample size (n = 52) is far greater than the minimum requirement of ten (90). The subhypotheses used to test the significance of the coefficient of rank correlation are:

Null Subhypothesis

There is zero correlation between the dependent and independent variable.

Alternate Subhypothesis

There is a significant correlation between the dependent and independent variable.

The calculations support the acceptance of the alternate subhypothesis at the α =.01 level: There is a significant correlation between the salesman's overall performance and the salesman's quality (preparation and planning, task empathy, or expertness).

Hypothesis 2

There is a positive relationship between the salesman's performance as perceived by the buyer and the buyer's recommendation to the buying committee to buy the new product.

Using data in Table A5, a 3 x 2 matrix is obtained. This is shown in Table 2. The salesman's performance is divided into two categories: (1) average or below and (2) above average or better.

The buyer's recommendations to the buying committee to buy the new product were extracted from the buyer-merchandiser interaction tapes

(summarized in Table A5) and are divided into three categories: (1) Yes, (2) Indifferent or hold (includes indecision, hold it, no recommendation), and (3) No.

Table 2. Relationship Between the Salesman's Performance and Buyer's Recommendation

	Salesman's Performance						
Buyer's Recommendation to Buy	Average or Below	Above Average or Better	Total				
Yes	6	14	20				
Indifferent or hold	4	7	11				
No	12	14	_26				
Total	22	35	57				

The chi-square test is used with the following null and alternate hypothesis:

Null Hypothesis

The buyer's recommendation to buy is independent of a salesman's performance.

Alternate Hypothesis

The buyer's recommendation to buy is dependent on the salesman's performance.

The calculations support the null hypothesis at the α = .01 level, which means that statistically the buyer's recommendation to buy is independent of the salesman's performance (as perceived by the buyer). Since the percentage of new products recommended by the buyer is low (35.1 percent), and since the percentage of salesmen with above

average or better performance ratings is high (61.4 percent), the above results could have been expected. Further analysis of the results shows that in the case of 70 percent of the products recommended by the buyer, the salesman's performance is above average or better, and in the case of products not recommended by the buyer, 53.8 percent of the salesmen have above average or better performance ratings. Therefore, the chance that the buyer will recommend the product is higher if the salesman has an above average or better performance rating.

Several other factors may have been responsible for the above results: (1) the small sample size necessitated collapsing the cell for the chi-square test; (2) presentation of more than one product by the salesman (if he presented more than one, he was given the same score for all products); (3) the amount of preselling; and (4) reasons of rejection beyond the control of the salesman.

In view of these limitations, hypothesis 2 is neither accepted nor rejected. These results are further discussed in the next section.

Hypothesis 3

There is a positive relationship between the buyer's recommendation to the buying committee and the buying committee's decision to buy the new product.

Using Table A4, a 3x3 matrix is obtained, shown in Table 3. The buyer's recommendation to buy has been divided into three categories:

(1) Yes, (2) Indifferent or hold (includes indecision, hold it, no recommendation), and (3) No. The buying committee's decision to buy is also divided into three categories: (1) Yes; (2) No decision or hold; and (3) No.

Table 3. Relationship Between the Buying Committee's Decision and Buyer's Recommendation

	Buyer'					
Buying Committee's Decision to Buy	Yes	Indifferent or Hold	No	Total		
Yes	23	2	3	28		
No decision or hold	3	9	3	15		
No	4	2	<u>34</u>	40		
Total	30	13	40	83		

To test this hypothesis the chi-square test is used. The following null and alternate hypotheses are used:

Null Hypothesis

The buying committee's decision to buy a new product is independent of the buyer's recommendation.

Alternate Hypothesis

The buying committee's decision to buy a new product is dependent on the buyer's recommendation.

Since the frequency in several of the cells is less than 5, Yates' correction is applied in calculating the value of chi-square; ignoring Yates' correction could lead to an excessive rejection of the null hypothesis due to an overstated value of chi-square (90).

The calculations, even after applying Yates' correction, support the alternate hypothesis at the α = .01 level. Therefore, hypothesis three is accepted. This means that the buying committee's decision is related to the buyer's recommendation.

Hypothesis 4

There are no significant differences in the importance ratings of the new product decision-making criteria of different buyers.

To test this hypothesis, the Friedman test (37) is used. Using the data in Table A6, the calculated value of the Friedman test statistic is T = 5.54. The critical value of T (approximated by chi-square distribution which is reasonably close) is 12.59 at α = .05 and 16.81 at α = .01. Since the calculated value of the T-statistic is lower than the critical value of T at α = .01 (critical value of α = .48), the above hypothesis is accepted. This hypothesis is also supported by the dual analysis of variance when the criterion importance ratings scale is considered as an interval scale, which is a reasonable assumption in the case (90). Since this hypothesis is accepted, it means that there are no significant differences in the importance ratings of the new product decision-making criteria of different buyers.

Results

Before proceeding further it is important to point out that almost all the new products studied fall under the categories of minor and normal innovations as defined by Howard and Sheth (72).

<u>Salesman's Qualities and New Product</u> <u>Decisions</u>

Two questions dealt with the salesman's qualities and new product decisions. These are answered below.

Does an above average or better salesman's performance result in a favorable recommendation by the buyer to the buying committee?

Hypothesis 2 deals directly with this question. No conclusion was drawn on this hypothesis for several reasons discussed briefly earlier in this chapter. These are discussed below in more detail.

First, the small sample size necessitated collapsing the cells for the chi-square test. One of the reasons for the small size was the withholding of presentations by the buyer to the buying committee (due to a lack of information, need for a group presentation, and so forth).

Second, 39 salesmen presented 57 new products, which means that few salesmen presented more than one new product. One salesman accounted for 4 new products. In cases where a salesman presented more than one product, the same performance rating was assigned to all products because it was very difficult to separate the performance ratings of salesmen for different products.

Third, a great deal of preselling takes place in the industry. In most cases the salesman has at least one contact (personal or by telephone) with the buyer prior to the formal sales presentation.

Sometimes a new product is presented a second or third time because the company allows the salesman to present it again after a lapse of 90 days. (A product may be presented before 90 days have elapsed if there is a significant change in the overall marketing mix of the manufacturer.) Due to preselling of the product, it is possible that the salesman's product may be bought even though his sales performance is poor.

Fourth, the percentage of salesmen with above average or better performance ratings was higher in the products recommended by the buyer than in products not recommended by the buyer (70 percent versus 53.8 percent). These data are shown graphically in Table 2. In the case of indifferent or hold recommendations by the buyer, 70 percent of the products were presented by the salesmen with above average or better performance ratings. Furthermore, if the buying committee's decision is used in place of the buyer's recommendation, the results indicate that 76.5 percent of the products actually purchased were presented by salesmen with above average or better performance; in the case of products rejected by the buying committee, 57.1 percent were presented by salesmen with above average or better sales performance. These data are shown in Table 4.

Table 4. Relationship Between Salesman's Performance and Buying Committee's Decision

	Salesman's Performance							
Buying Committee's Decision to Buy	Average or Below	Above Average or Better	Total					
Yes	4	13	17					
Indifferent or hold	6	6	12					
No	12	<u> 16</u>	_28					
Total	22	35	57					

Fifth, each salesman fills out and presents a new product sheet along with his sales presentation. This sheet contains a great deal of information on the new product, including new product characteristics, advertising, allowances, pricing, guarantees, shipping, and store handling. The buyer uses this information in evaluating alternatives and in making his recommendation to the buying committee at a later date. The main point is that the salesman's performance evaluation and the buyer's recommendation are not simultaneous; there is a time lag.

Finally, in reviewing the buying committee interactions (see Appendix C), one or more of the following reasons were found for the rejection of the product presented by a salesman with above average or better performance:

	Number of
	Products
Expensiveno value	1
No backing by the manufacturer	
Seasonal product	
Low anticipated movement (weak product)	
Do not want duplication	
Lack of shelf space	
Do not want to be first in the market .	1

These reasons clearly indicate that rejection was beyond the control of the salesman.

Conclusion

It can be concluded that the chances of a buyer recommending the salesman's product are higher if the salesman's performance is above average or better as opposed to average or below. Furthermore, if the product of the salesman with above average or better performance is not recommended by the buyer, it is due to reasons beyond the salesman's control. In other words, a good performance (above average or better) is very important from both the manufacturer's and the salesman's point of view because, more often than not, it leads to a positive recommendation by the buyer; when it does not, the reason for rejection is beyond the control of the salesman.

Discussion of Results

In 10 cases the buyer either did not make a recommendation, or the buying committee deferred the decision. The main reasons were lack of information, no samples supplied by the salesman, need to negotiate a deal, need to compare with other similar products, and so forth. In these cases the salesmen could have contributed to a decision through better planning and careful preparation.

In 6 cases the buyers also recommended products which were presented by the salesmen with average or below average performance (performance evaluated by the buyer). The main reason was that these products offered a better value. This indicates that the buyers carefully evaluate each new product before presenting it to the buying committee.

2. Are there significant positive relationships between the salesman's preparation and planning, salesman's task empathy, salesman's expertness, and salesman's performance?

Hypothesis 1 answered this question affirmatively, showing the highest correlation ($r_s = .753$) between the salesman's performance and

his planning and preparation (see Table 1). The value of the coefficients between the salesman's performance and the other two qualities (task empathy and expertness) were also very high. However, the value of the coefficients between the salesman's performance and other qualities (such as social empathy, trustworthiness, and dynamism) were considerably lower. Further analysis of the data was carried out by calculating the partial correlation coefficients. The results are discussed below.

Partial Correlation Coefficients

Partial correlation is the association between a dependent variable and a single independent series with other factors remaining constant (90). The correlation coefficients calculated in this chapter are called the "raw correlations" or "zero order correlations." For example, a correlation between variable 3 (planning and preparation) and variable 4 (performance) is a zero order correlation (see Table 5 below) and is designated by \mathbf{r}_{34} . When one variable is partialed or held constant, the correlations are referred to as "first-order partial correlations": for example, a correlation between variable 3 and variable 4 with variable 1 held constant (denoted by $\mathbf{r}_{34.1}$). When two variables are partialed or held constant, the correlations are called "second-order partial correlations": for example, a correlation between variable 3 and variable 4 with variable 1 and variable 2 held constant (denoted by $\mathbf{r}_{34.12}$).

¹For further explanation and calculation procedures, see Jum C. Nunnally, <u>Psychometric Theory</u> (New York: McGraw Hill Book Company, 1967), pp. 151-160.

Table 5. Correlation Matrix (n = 52)

	Expertness (Variable 1)	Task Empathy (Variable 2)	Planning and Preparation (Variable 3)	Performance (Variable 4)
Expertness (variable 1)	1.000	0.575	0.672	0.635
Task empathy (variable 2)	0.575	1.000	0.592	0.692
Planning and preparation (variable 3)	0.672	0.592	1.000	0.753
Performance (variable 4)	0.635	0.692	0.753	1.000

The zero-order correlation coefficients between various variables were calculated and are summarized in Table 5 above. First-order and second-order partial correlations were then calculated from the zero-order correlation coefficients and are summarized in Table 6 below.

performance and planning and preparation, when expertness and task empathy are held constant, is significant and is not too far below the zero-order correlation; and (2) partial correlation between performance and task empathy, when expertness and planning and preparation are held constant, is also significant and is also not too far below the zero-order correlation.

Table 6.	Partial Correlation Coefficients (n = 52)
	$(t_{crit} = 2.682 \ at \ \alpha = .01)$

Zero-Order	First-Order	Second-Order
$r_{14} = 0.635$	$r_{14.2} = 0.401; r_{14.3} = 0.265$	r _{14.23} = 0.150
$(t_{cal} = 5.812)$	$(t_{cal} = 3.095)$ $(t_{cal} = 1.943)$	$(t_{cal} = 1.073)$
r ₂₄ = 0.692	$r_{24.1} = 0.517; r_{24.3} = 0.464$	$r_{24.13} = 0.419$
(t _{cal} = 6.778)	$(t_{cal} = 4.270)$ $(t_{cal} = 3.704)$	(t _{cal} = 3.263)
r ₃₄ = 0.753	$r_{34.1} = 0.570; r_{34.2} = 0.590$	r _{34.12} = 0.490
$(t_{cal} = 8.092)$	$(t_{cal} = 4.905) (t_{cal} = 5.167)$	$(t_{cal} = 3.975)$

 $^{^{}a}$ Variable 1 = expertness; variable 2 = task empathy; variable 3 = planning and preparation; and variable 4 = performance.

The calculated and critical values of t-statistics (t_{cal} and t_{crit}) to test the significance levels of correlation coefficients are given above in Table 6.

Conclusion

The above discussion suggests that the three qualities of a salesman, namely, planning and preparation, task empathy, and expertness, are important determinants of the salesman's performance because of high zero-order correlation coefficients. However, the first two are particularly important because of the high value of their second-order correlation coefficients.

Decision Making in Buying Committees

Two research questions dealt with decision making in buying committees. These are answered below.

3. How influential is the buyer in the selection of new products in chains using a buyer-merchandiser buying committee?

Based on the data in Table 3 the calculations show that:

- For 66 of 83 new products the decision of the merchandiser was the same as the recommendation of the buyer. This means 79.5 percent of the time the buyer's recommendation was accepted by the merchandiser and 20.5 percent of the time it was not.
- 2. Of 83 new products presented to the buying committee, 28 were bought (33.7 percent), 40 were rejected (48.2 percent), and no decision was made on 15 (18.1 percent).
- 3. A total of 30 new products were recommended by the buyers, equivalent to 36.1 percent. Of these 30, 23 were bought by the buying committee (76.7 percent of the products recommended by the buyers).
- 4. For 7 products of the 83, equivalent to 8.4 percent, the recommendation of the buyer was reversed by the buying committee, that is, changed from yes to no (4 times) and from no to yes (3 times).

From items 1 and 3 above, it is evident that there is a high degree of agreement between the buyer and the buying committee.

Conclusion

It can be concluded that the buyer is very influential in the selection of new products. This is also supported by hypothesis 3, tested earlier in this chapter.

Discussion of Results

The above results are to be expected because each buyer works closely with the merchandiser and is aware of the way he makes decisions. The researcher noted that there was much more discussion between the buyer and the merchandiser when the buyer was relatively new to the company.

In a buyer-merchandiser buying committee, all three types of social influence take place (compliance, identification, and internalization). This was apparent in cases when there was disagreement between the buyer and merchandiser: The recommendation of the merchandiser prevailed. (Note that the merchandiser has the authority to make the final decision, therefore, compliance does take place.) However, further analysis revealed that in cases where the buyer's recommendation was reversed, most of the time the buyer failed to consider one or more of the following important criteria:

	Number of
	Products
Sales potential of the product	. 3
Very little backing from the manufacturer	
Seasonality of the product	. 1
Customer's request	. 2
No value	
One of a kind	_

Rate of New Product Adoption

The calculations presented in item 2 above indicate that approximately one out of every three (33.7 percent) new products presented to the buying committee were purchased. This rate is considerably higher than the industry average, since most supermarkets report adopting 22 percent of the new products presented to them (150). Therefore, the industry rate of adoption may be slightly higher than the 22 percent based on the new products presented to the buying committees (the difference is due to the outright rejection by the buyer of some products). During casual conversation with the researcher one of the merchandisers in the chain under study indicated that the rate of adoption of new products at the chain was rather high. Several factors may contribute to the high rate.

- The initial screening system weeds out weak products on the telephone.
- 2. A great deal of preselling occurs. Salesmen make one or more contacts before the actual presentation of the product to the buyer. Also, the salesman may present his product again after 90 days from the previous presentation, or even before 90 days has elapsed if there is considerable change in the supplier's marketing mix.
- Outright rejection of some products by the buyer, of obvious rejects, means that stronger products filter through.
- 4. Purchase of new products on a "one-time" basis due to exceptional values and/or high promotions by the manufacturers allows the chain to make more profit.

5. The chain has a policy of discontinuing new products if movement and profit do not justify the shelf space investment during the first 90 days. Informal discussions with the buyers revealed that the number of new products not surviving the 90-day trial period (an "acid test") has increased in the last year or so.

In the opinion of the researcher the industry rate of new products purchase and the rate of new products not surviving the 90-day trial may be increasing (150). Both the manufacturer and the chain would like to reduce the rate of products not surviving the trial period because of the initial costs, especially to a manufacturer, who spends large amounts in promotion, advertising, allowances, selling, product development, and so forth.

4. What percentage of decisions is made and what percentage of decisions is deferred in buyer-merchandiser buying committees?

The data in Table 3 show that decisions on 68 new products out of 83 were made in favor of or against the product, equivalent to approximately 82 percent; 15 out of 83, or 18 percent were deferred. However, of the 15 decisions deferred, the buyer was indifferent in the case of 9 products mainly due to one or more of the following reasons:

	mber of roducts
Lack of information	 4
No interest at that timewill present again	3
Need to negotiate terms	
Need to listen to the competitor's presentation	 2
Wait and see if someone else picks up the product	1

In other words, in the opinion of the researcher 6 decisions (7.2 percent) were deferred for insufficient reasons.

Conclusion

A very high percentage of decisions is made and a very low percentage is deferred in the buyer-merchandiser type of buying committee studied here. Due to the highly competitive nature of the food industry, it is necessary that the chain move quickly on new products. Since the buyer-merchandiser buying committee deferred very few decisions, it may be considered an efficient buying committee.

New Product Decision Criteria

The two research questions raised in connection with the new product decision criteria are answered below.

5. What are the major criteria used in the selection of new products?

As discussed earlier in this chapter, a list of 14 decision-making criteria was prepared using mainly the buying committee interactions. Each criterion was found to be most important in the decision making concerning at least one new product. During the process of ranking these criteria, the buyers were asked to add any which they felt to be important. Two buyers made suggestions, but these already had been included in the criteria list.

Conclusion

In view of the methodology used to isolate the new product decision-making criteria, the researcher feels that the list presented earlier in this chapter is a very comprehensive one of those criteria

actually used by the buying committee in the selection of new products, and the list should be used in future research.

Discussion of Results

The five most important criteria in order of importance as determined by ranking the average buyer's purchasing criteria rank scores are:

Sales potential of the new product Overall potential profit of the product Manufacturer/supplier's backing (advertising/promotion) Introductory terms and allowances Potential value to consumer compared to similar products

These results differ from those reported in other studies (see Chapter Four). It is interesting to note that these results also differ from those obtained by analyzing the data reported by Sweitzer (139) in the same supermarket chain about two years ago, using a different guestionnaire (see Appendix D). One of the main differences was that the Sweitzer data did not show the high importance of sales potential of the new product (ranked sixth on the basis of mean buyer's purchasing criteria importance score). That same criterion was ranked first in the present researcher's analysis. A major difference in the methodology used in these two studies is the difference in the preparation of the questionnaire. The questionnaire used in this study was prepared from the actual buyer-merchandiser interaction transcriptions and was explained to the buyers prior to answering, whereas the questionnaire used by Sweitzer was not prepared in that fashion. He probably used published data and/or informal investigation to arrive at his list of criteria.

Results similar to that of the researcher were obtained by analyzing the buyer's purchasing criterion importance scores collected at a large eastern supermarket chain using Sweitzer's questionnaire (see Appendix E).

6. Are there significant differences in the importance ratings of the new product decision-making criteria of different buyers?

Conclusion

According to hypothesis 4, tested earlier in this chapter, there are no significant differences in the importance ratings of the new product decision-making criteria of different buyers.

Discussion of Results

Even though there were not many differences in the results of this study and the study by Sweitzer (139) and that of the eastern supermarket chain with respect to ranking of criteria, the results are contrary in that in this study buyers' ratings did not differ. In the opinion of the researcher the differences are mainly due to the use of different criteria. The criteria isolated from the actual decision—making process were used in this study, whereas the other study does not reveal how the list of criteria was prepared. In this study each criterion was explained to each buyer prior to ranking by the buyers. For these reasons the methodology used in this study is probably superior to the other study, but since the data base used in this study is very small, a larger sample size is needed to draw a definite conclusion.

CHAPTER EIGHT

CONCLUSIONS, LIMITATIONS, AND FUTURE RESEARCH

This chapter is divided into three main sections. The first section summarizes the study's conclusions, the second deals with the limitations of the research, and the third summarizes some suggestions for future research.

Conclusions

Several conclusions can be drawn for the sample used in this study.

- Source credibility, empathy, and preparation and planning are the three most important salesman's qualities in selling to supermarket chains.
- 2. A salesman's planning and preparation, task empathy (a component of empathy), and expertness (a component of source credibility) are the three important determinants of a salesman's overall performance as perceived by the buyer. However, the first two are particularly important.
- 3. A salesman's planning and preparation, task empathy, and expertness are positively related to his overall performance (as perceived by the buyer).

- 4. The chances of the buyer recommending the salesman's product are higher if the salesman's performance is above average or better as opposed to average or below.
- 5. In the event the product presented by the salesman with an above average or better performance rating is not recommended by the buyer, it is due to reasons beyond the control of the salesman.
- 6. Almost all the new products studied fall under the categories of minor or normal innovations.
- 7. In the buyer-merchandiser buying committee, a very high percentage of decisions is made and a very low percentage of decisions is deferred. In that sense, a buyer-merchandiser buying committee is considered an efficient form.
- 8. The buyer is very influential in the selection of new products.
- 9. The list of fourteen criteria extracted from buying committee interactions, presented in Chapter Seven, is a comprehensive list of the criteria actually used in the selection of new products in supermarket chains.
- 10. The five most important criteria, in order of importance, used in the decision making concerning new products in the supermarket chains are: (i) sales potential of the new product; (ii) overall potential profit of the product; (iii) manufacturer's/ supplier's backing; (iv) introductory terms and allowances; and (v) potential value to consumer compared to similar products.
 The other criteria are uniqueness of the product; manufacturer's

coordination of promotion and advertising programs with distribution; service from the supplier; seasonality of the product sale; requests for the product; shelf space requirements; overall packaging; avoidance of duplication; and potential competitive move of manufacturers selling similar products.

11. There are no significant differences in the importance ratings of the new product decision-making criteria of different buyers using the questionnaire developed in this study (Appendix F).

Limitations of the Research

This study has several limitations. Many have been discussed in the main body of the text, and some major limitations are summarized below:

- Data were collected at only one supermarket chain, hence the conclusions are merely suggestive, and a larger data base is needed.
- The sample size of buyers is too small to make any conclusion with respect to ranking of the criteria. A larger sample from different chains is needed.
- The presence of the researcher in the buyer-salesman and buying committee interactions may have introduced some response bias.
- 4. To compare what type of buying committee is most "efficient," the following are needed: (i) a precise definition of efficient, (ii) several variables, (iii) better measurement

- techniques, and (iv) data from chains using different types of buying committees (different numbers and membership).
- 5. The dialogue analysis was carried out by the researcher due to the very simple nature of the analysis requirement of this study. However, it is conceivable that the analysis could have been carried out better by a professional content analyst.

Future Research

There are several areas in which it would be fruitful to conduct future research.

- 1. Comparison of the buyer's and seller's evaluation of a salesman's performance would answer the question: Is the salesman as effective in the field as the manufacturer thinks he is?
- 2. Comparison of the different sizes of buying committees to determine the optimum size would answer the question: What size of committee is most efficient?
- The results of this research could be confirmed using a larger sample from different chains, especially the new product decision-making criteria.
- 4. Comparison of new product decision-making criteria by product categories, for example, general merchandise or health and beauty aids, would answer the question: Are different criteria used for different categories?

5. Comparison of new product decision-making criteria used by those supermarket chains, department stores, and drug wholesalers which use buying committees would answer the question: Do different types of resellers who use buying committees use the same decision-making criteria?

APPENDIX A

SALESMAN'S EVALUATION FORM

APPENDIX A

SALESMAN'S EVALUATION FORM

MICHIGAN STATE UNIVERSITY BUYER - SELLER RESEARCH

(Following to be completed by the buyer after discussion with the salesman, broker, or manufacturer's representative.)

Listed on the next page are some characteristics or qualities of the salesman you have just seen. Please indicate your feelings, as candidly as possible, as regards to your agreement or disagreement with each statement by circling one of the five points on the following differential scale.

l 2 3 4 5
Strongly Agree Agree Indifferent Disagree Strongly Disagree (SA) (A) (I) (D) (SD)

Your responses will be kept completely confidential and will not be revealed to anyone. Your responses will be analyzed with hundreds of others.

Your cooperation and appreciation in this study is greatly appreciated.

Thank you!

		<u>SA</u>	<u>A</u>	<u>I</u>	<u>D</u>	<u>SD</u>
1.	He fully understands the criteria that you use to make purchase decision.	1	2	3	4	5
2.	He seems to fully understand if his product will meet [your company's] needs.	1	2	3	4	5
3.	He does not seem to understand the way you do your job as a buyer.	1	2	3	4	5
4.	He is very courteous and considerate.	1	2	3	4	5
5.	He listens very carefully.	1	2	3	4	5
6.	He does not allow you to ask questions and venture opinions.	1	2	3	4	5
7.	He seems to be very well informed on all aspects of this product.	1	2	3	4	5
8.	He seems to be unqualified for his job.	1	2	3	4	5
9.	He seems to be a just and fair person.	1	2	3	4	5
10.	He is aggressive and forceful.	1	2	3	4	5
11.	He is active and energetic.	1	2	3	4	5
12.	He seems to have done a great deal of preparation for this appointment.	1	2	3	4	5
13.	His sales presentation was very well planned.	1	2	3	4	5
14.	He does not follow through the order.	1	2	3	4	5
15.	How would you rate the overall performance of the just seen?	sal	esma	n you	ı ha	ve

Table Al. Summary of Salesmen's Evaluations

Salesman's	Evaluation							St	atemer	its ^a						
Number	Evaluation by	ī	2	3b	4	5	6b	7	8p	9	10	11	12	13	14	15
1	Buyer Researcher	2	2	1 2	3	2	1	1	2 3	3	2	1	3	3	NA ^C NA	6
2	Buyer	2	1	2	7	Ī	- -	j	1	Ī	1	1	Ţ	Ţ	NA	7
3	Researcher Buyer	2	3	2	2	2	2	3	2	2	2	2	3	3	NA NA	<u>6</u> 5
	Researcher Buyer	4	4_	4	2	2	2	4	_3 _	2	-2	2	4	4_	NA NA	-4 -
4	Researcher	i	i	1	<u>i</u>	ż	<u>ż</u>	_i_	2	2	<u>ż</u>	_i_	i	<u>i</u>	NA	6
5	Buyer Researcher	3	2 2	2	2	1	1	2	3	2	2	2	2	2	NA NA	6 5
6	Buyer Researcher	1	1	1		2	1 2	1	2	2	2 2	2 2	2 2	2 2	NA NA	6
7	Buyer	3	2	2	3	3	4	4	3	3	3	4	3	3	2	4
	Researcher Buyer	3	<u>3</u>	<u>2</u> 5	3	3	<u>3</u> 5	<u>5</u> 3	<u>2</u> 5	3	<u>4</u> 3	4 2	-4 -	4 2	NA 4	<u>2</u> 5
8	Researcher	2	3	4	ż	2	4	2	1	2 2	2	1	2	2	NA	6
9	Buyer Researcher	2	2	4 5	2	2	5	2	5	2	3	2	1	1	4 NA	5
10	Buyer	4	4	4	2	2	4	3	3	3	3	4	3	2	4	4
11	Researcher Buyer	2	3	3	2	2	4	2	4	2	2 2	2	<u>3</u>	<u>3</u>	<u>NA</u>	<u>4</u> 5
	Researcher Buyer	<u>NA</u> 2	<u>NA</u>	NA 4	NA 2	NA 3	NA 4	NA	<u>NA</u> 5	NA 2	NA 2	NA 2	NA.	NA 1	NA 4	<u>NA</u>
12	Researcher	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	ΝA	NA.	ŇA	NA
13	Buyer Researcher	3 NA	NA	4 NA	2 NA	3 NA	4 NA	3 NA	4 NA	2 NA	3 NA	3 NA	4 NA	2 NA	4 NA	4 NA
14	Buyer	2	3	4	2	2	4	3	4	2	4	2	2	2	4	4
	Researcher Buyer	<u>NA</u> 2	NA 3	NA 4	NA T	<u>NA</u> 2	NA 3	NA 1	<u>NA</u> 5	<u>NA</u> 5	<u>NA</u>	NA 2	NA 4	NA 3	<u>NA</u> 5	<u>NA</u>
15 	Researcher	2 4	2	4 3	1_	1 4	4	2	4	5 3	2	2	2	2	NA 4	6
16	Buyer Researcher	1	2 2	3 5	i	1	5	2	4	1	3	2	3	3	NA	4 5
17	Buyer Researcher	2	2	4	3	3	4	1	2	2	2	1	3	2	4 NA	6
18	Buyer	4	3	2	2	2	3	4	2	3	4	5	4	3	2	3
	Researcher Buyer	<u>2</u> 1	2	<u>5</u> 4	2	<u>2</u> 3	<u> 5</u>	- 	<u>5</u> 1	2 2	2	2	<u>2</u>	2	<u>NA</u>	4
19	Researcher	i	2 2	4	2	2	4	<u>i</u>	5	2	2	2	3	3	ŇA	6
20	Buyer Researcher	3	3	2	2	2	3	2	5	2	2	2	i	1	3 NA	6
21	Buyer Researcher	2 NA	2 NA	4 NA	NA	NA	4 NA	3 NA	2 NA	2 NA	4 NA	4 NA	4 NA	3 NA	4 NA	4 NA
22	Buyer	2	2	3	3	4	2	3	2	4	2	2	3	3	4	5
	Researcher Buyer	<u>NA</u>	<u>NA</u>	NA 3	<u>NA</u> 2	<u>NA</u> 2	<u>NA</u>	<u>NA</u>	NA 3	<u>NA</u> 3	<u>NA</u> 3	NA 3	NA 3	NA 3	<u>NA</u> 3	<u>NA</u>
23	Researcher	NA	NΑ	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
24	Buyer Researcher	3 4	2 3	4 2	2 2	2 2	4	2	4	2 2	3	3	2	3	4 NA	4
25	Buyer	3	3	2	2	2	4	4	3	2	4	4	2	3	NA	3
	Researcher Buyer	2	1 4	<u>4</u>	2 2	2	<u>5</u>	1 4	<u>5</u>	2	3	2 4	<u>3</u> 5	<u>2</u> 5	NA 3	4 2
26	Researcher Buyer	2 5	<u>2</u> 5	5	5	5	4 5	<u>3</u>	4	3 2	3	2	5	5	NA 3	2
27	Researcger	1	1	2	2	4	2	3	3	3	<u> </u>	2	5	5	NA	1
28	Buyer Researcher	5 2	5	3	2	2	4	5 4	4	2	3	3	4	3	2 NA	3
29	Buyer	1	1	4	2	2	2	2	5	2	2	2	1	1	4	6
	Researcher Buyer	2	1 4	4 3	2	2	4	1 2	2 3	2	2 3	2 3	2	24	NA 3	6
30	Researcher	2	3	2	3	2	4	3	2	3	2	2	4	4	ŇA	3_

Table Al--Continued

C-1	5							St	ateme	nts ^a						
Salesman's Number	Evaluation by	1	2	3b	4	5	6 ^b	7	Вp	9	10	11	12	13	14	15
31	Buyer	2	2	4	2	2	4	2	4	2	3	3	2	2	4	5
J1	Researcher	2_	_1	4	1	1_	5	2	4	1_	3	3	1	1	NAC	6
32	Buyer	2	2	4	2	2	4	2	4	2	4	4	4	4	NA	3
	Researcher Buyer	2 2	2	3	2	2	<u> 4</u> 5	3	3	2	<u>3</u> 5	3 2	<u>3</u> 5	<u>3</u> 5	<u>NA</u>	<u>3</u>
33	Researcher	4	3	3	2	2	4	4	2	3	4	4	4	5	ŇA	2
	Buyer		2	- 5	2	- 2	$-\frac{7}{5}$		- 5	$\frac{3}{3}$				- i -	5	- 6
34	Researcher	i	ī	5	2	2	4	i	5	2	ż	ż	i	i	ŇA	6
25	Buver	2	3	4	<u> </u>	ī	5	丁	5	Ť	3	3	2	2	5	7
35	Researcher	2	2	4	1	2	4	1	4	2	2	2	2	2	NA	6
36	Buyer	1		5			5	1	5	1	2	2		1	5	7
JU	Researcher	2	1	4	1	1_	5	1_	4	2	1_	1	2	2	NA	_6
37	Buyer	3	3	5	1	1	5]	1	1	3	1	4	4	3	4
	Researcher	3	3	4	_	-	4	2	4	2	3_	3	4	4	NA_	4
38	Buyer	2	2	5 4	1		5 4	3	3	2	3	3	3	3 2	3	5 4
	Researcher Buver		2	4	$\frac{1}{2}$	$\frac{1}{2}$	- 4	$\frac{3}{2}$	- 5 -	2	-3 -	$\frac{3}{2}$			<u>NA</u> 5	7
39	Researcher	2	2	4	ì	í	4	ì	5	2	2	3	i	i	NA	6
	Buyer	2	2	$\frac{7}{5}$	- i -	-	- 5	i	- 2	- 2	4	2	i	2	4	6
40	Researcher	2	3	4	ż	2	4	4	4	3	3	3	3	3	ΝA	5
41	Buyer	1	2	4	2	2	4	2	5	2	2	2	3	3	2	5
41	Researcher	2	3	4	2	2	4	2	5	2	2	2	3	2	NA	6
42	Buyer	1	2	4	2	1	5	1		\neg	2	2	2	2	5	7
42	Researcher	2	5	5	2	2	5	1	5	1	1	2	2	1	NA	6
43	Buyer	1	2	4	1	1	5]	5	1	1	1	1	1	5	7
	Researcher	2	2	4	2	3	4	2	4	2	3 2	3 2	3	_3	<u>NA</u>	5
44	Buyer	ļ	2	4	2	2	4	2	5	ı	2		į	ļ	5	6
	Researcher	1_	$\frac{1}{2}$	5	2 2	2	5		<u>5</u>	2	2	2		1 2	NA 4	<u>7</u>
45	Buyer Researcher	2	2	4	2	2	4	2	3 4	2	2	2	2	2	NA	6
	Buyer	- 2	2			 -	- 5		5	- 2	$\frac{2}{3}$	2	$\frac{2}{2}$		5	7
46	Researcher	2	2	5	i	i	5	i	5	ī	2	2	2	ż	ŇA	7
47	Buver	2	2	4	2	2	3	4	4		- 4	$-\frac{1}{3}$	4	4	2	4
47	Researcher	2	3	4	2	2	4	2	4	2	2	2	3	3	ÑΑ	4
48	Buyer	1	1	1	1	2	4	1	5	2	1	1	1	1	1	6
40	Researcher	1	2	5	1	1	5	1	5	1	_1	1	2	1	NA	7
49	Buyer	2	2	4	2	2	4	2	4	2	3	3	2	2	3	4
7.7	Researcher	2	3	4	1	1_	4	2	4	1_	2	_2	3_	2	NA_	_ 5
50	Buyer	3	4	3	2	2	4	3	4	2	4	4	3	3	NA	3
	Researcher	4	3	2	2	2	4	3	4	2	3	3	4	3_	NA.	_ 3
51	Buyer	2	2	3	2	2	4	2	4	2	3	3	3	3	3	3
	Researcher Buyer	<u>2</u>	3	$-\frac{3}{4}$	2 2	2	4	2	4 3	2	3 4	$\frac{3}{4}$	-3 -	3	NA 4	4
52	Researcher	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	N/

^aRefer to salesman's evaluation form.

 $^{^{\}rm b}$ After salesman #6, statements 3, 6, and 8 were made negative and statement 14 was added thus making statement 14 as statement 15.

^CNA = not available.

Table A2. Summary of Buyer's Evaluations of Salesmen^a

							St	ateme	nts ^b						==
Salesman's Number	1	2	3 ^C	4	5	6 ^C	7	8 ^C	9	10	11	12	13	14	15
1	2	2	1	3	2	1	1	2	3	2	1	3	3	NA	6
2	2	1	2	1	1	1	1	1	1	1	1	1	1	NA	7
3	3	3	3	2	2	2	3	2	2	2	2	3	3	NA	5
4	1	1	1	1	1	1	1	1	1	1	1	1	1	NA	7
5	2	2	2	2	1	2	2	2	1	1	1	2	2 2 3 2	NA	6
6	1	1	1	1	1	1	1	1	1	2	2	2		NA	6
7	3	2	4	3	3	2	4	3	3	3	4	3		2	4
8	2	2	1	1	2	1	3	1	2	3	2	2		4	5
9	1	2	2	2	2	2	2	2	2	4	2	1	1	4	5
10	4	4	2	2	2	2	3	3	3	3	4	3	2	4	4
11	2	2	2	1	2	1	2	2	2	2	2	2	2	4	5
12	2	2	2	2	3	2	1	1	2	2	2	1	1	4	5
13	3	3	2	2	3	2	3	2	2	3	3	4	2	4	4
14	2	3	2	2	2	2	3	2	2	4	2	2	2	4	4
15	2	3	2	1	2	3	1	1	5	3	2	4	3	5	5
16	4	2	3	1	4	2	2	2	3	4	4	3	3	4	4
17 18 19 20	1 4 1 3	2 3 1 2	2 4 2 3	3 2 2 1	3 2 3 2	2 3 2 3	1 4 1	5 4 5 5	2 3 2 1	2 4 2 1	1 5 2 1	1 4 3 1	1 3 3 2	4 2 4 3	6 3 7 7
21	2	2	2	1	1	2	3	4 4 3 2	2	4	4	4	3	4	4
22	2	2	3	3	4	4	3		4	2	2	3	3	4	5
23	4	4	3	2	2	2	4		3	3	3	3	3	3	3
24	3	2	2	2	2	2	2		2	4	3	2	2	4	4
25	3	3	4	2	2	2	4	3	2	4	4	2	3	NA	3
26	4	4	4	2	2	2	4	4	2	4	4	5	5	3	2
27	5	5	1	5	5	1	5	5	2	1	1	5	5	3	1
28	5	5	2	2	2	2	5	5	2	4	4	4	4	2	2
29	1	1	2	2	2	4	2	1	2	2	2	1	1	4	6
30	4	4	3	2	2	2	2	3	2	3	3	4	4	3	3
31	2	2	2	2	2	2	2	2	2	3	3	2	2	4	5
32	2	2	2	2	2	2	2	2	2	4	4	4	4	NA	3
33 34 35 36	2 1 2 1	3 2 3 1	3 1 2 1	1 2 1 1	1 2 1	1 1 1	3 1 1	3 1 1	1 3 1	5 1 3 2	2 1 3 2	5 1 2 1	5 1 2 1	4 5 5 5	4 6 7 7
37 38 39 40	3 1 1 2	3 1 2 2	1 1 2 1	1 1 2 1	1 1 2 2	1 1 1	1 3 2 1	5 2 1 4	1 4 2 2	3 1 4 4	1 1 2 2	4 3 1	4 3 1 2	3 3 5 4	4 5 7 6
41 42 43 44]]]]	2 2 2 2	2 2 2 2	2 2 1 2	2 1 1 2	2 1 1 2	2 1 1 2	1 5 1	2 1 1	2 2 1 2	2 2 1 2	3 2 1	3 2 1 1	2 5 5 5	5 7 7 6
45	1	2	5	2	2	2	1	1	1	2	2	1	2	4	6
46	2	2	4	1	1	1	1	1	2	3	2	2	1	5	7
47	2	2	2	2	2	3	4	2	2	4	3	4	4	2	4
48	1	1	5	1	2	2	1	1	2	1	1	1	1	1	6
49	2	2	2	2	2	2	2	2 2 2 3	2	3	3	2	2	3	4
50	3	4	3	2	2	2	3		2	4	4	3	3	NA	3
51	2	2	2	2	2	2	2		2	3	3	3	3	3	3
52	2	3	1	2	3	1	2		3	4	4	4	3	4	4

^aCorrected for negative statements.

^CNegative statements.

^bNegative statements

d_{NA} = not available.

Table A3. Average Scores of Salesmen's Qualities

Salesman's Number	Task Empathy	Social Empathy	Expert- ness	Trust- worthiness	Dynanism	Preparation & Planning	Follow Up	Salesman's Performance
1	1.67	2	1.5	3	1.5	3	NAª	6
ż	1.67	ī	i	ĭ	1	ĭ	NA	7
3	3	ż	2.5	ż	ż	3	NA	5
4	ĭ	ī	1	์ ī	์ ī	ĭ	NA	7
5	2	1.67	2	j	j	2	NA	6
6	ī	1	ī	i	2	2	NA	6
7	3	2.67	3.5	3	3.5	3	2	4
8	1.67	1.33	2	2	2.5	2	4	5
9	1.67	2	2	2	3	1	4	5
10	3.33	2	3	3 2	3.5	2.5	4	4
11	2	1.33	2	2	2	2	4	5
12	2	2.33	1	2 2	2	1	4	5
13	2.67	2.33	2.5	2	3	3	4	4
14	2.33	2	2.5	2	3	2	4	4
15	2.33	2]	5	2.5	3.5	5	5
16	3	2.33	2	3	4	3	4	4
17 18	1.67	2.67 2.33	3 4	2 3	1.5 4.5	3.5	4 2	6 3
19	3.67 1.33	2.33	3	2	. 2		4	3 7
20	2.67	2.33	3	1	1	3 1.5	3	7
21	2.07	1.33	3.5	2	4	3.5	3	4
22	2.33	3.67	3.5	4	2	3.3	4	5
23	3.67	2	3.5	3	3	3	3	3
24	2.33	2	2	2	3.5	2	4	4
25	$\frac{2.33}{3.33}$	2	3.5	2	4	2.5	NA NA	4 3
26	4	2	4	2	4	5	3	2
27	3.67	3.67	5	2	i	5	3	ī
28	4	2	5	2 2	4	4	2	2
29	1.33	2.67	1.5	2	2	1	4	6
30	3.67	2	3.5	2	3	4	3	3
31	2	2	2	2 2	3	2	4	5 3
32	2	2	2	2	4	4	NA	3
33	2.67	1	3	1	3.5	5	4	4
34	1.33	1.67	1	3]	1	5	6
35	2.33	1	j	<u>]</u>	3	2	5	7
36	1	!		<u>l</u>	2]	5	7
37	2.33	Ţ	3	1	2	4	3	4
38	1	1 67	2.5	4	l .	3	3	5 7
39 40	1.67	1.67 1.33	1.5	2 2	3 3]	5 4	
41	1.67		2.5 1.5	<u>2</u>	3	1.5	4	6
41 42	1.67	2 1.33	3	1	2	2	5	5 7
43	1.67	1.33	i	i	ຳ	í	5	7
44	1.67	2	1.5	i	2	i	5	6
45	2.67	2	- i · · · -	i		i 5 -		
46	2.67	ī	i	2	2 2.5 3.5	1.5 1.5	4 5 2	6 7 4 6
47	2	1 2.33	3	2 2 2	3.5	4	2	4
48	2 2.33	1.67	ĭ	2	1	1	ī	6
49	2	2	2	2	3	2	3	4
50	3.33	2	2.5	2	4	3	NA	3
51 52	2	2	2 2.5	2 2 3	3	3 3.5	3 4	3
52	2	2	2.5	3	4	3.5	4	4

^aNA = not available.

Table A4. Summary of Buyer's Recommendations and Buying Committee's Decisions on New Products

Item Number	New Product	Brand	Buyer's Recommendation to Buy	Buying Committee's Decision to Buy	Remarks: As Extracted From Buyer-Merchandiser Interactions
-	Hair spray	Well known	Yes	Yes	Replacement for smaller size which is being discontinued.
2	Men's hair spray	Well known	Yes	Yes	Merchandiser suggesting price, quantity to buy. Product to be displayed.
ဇ	Electric dry lather	Well known	Yes	NO	Buyer wanted to buy because of low price. Merchandiser felt the market to be very small. Item was a closeout.
4	Sinus reliever, 50's	Well known	Yes	Yes	Buyer not well prepared on this item. He did not ask the questions he should have asked (Buyer had only been with the company 7 months but had 5 years' experience in other chains prior to joining the present chain).
2	Antacid, 100's	Well known	Yes	Yes	Good consumer value and better margin.
9	Hair spray, super strong hold	Well known	Yes	Yes	Merchandiser suggested to take on this item and drop the slowest mover in the category.
7	Household cleaner	Well known	No	NO	High price. No value. Chain carrying four brands. No information on the market they [supplier] are in. No test market results.
80	Liquid cleaner	Well known	No	No.	No margin.
Ġ	Oven cleaner (7 ounce)	Well known	ON	No	Discontinued item presented again. No value now. Was bought earlier because of deal.
01	Cheese dog food	Well known	Yes	Yes	Growing cheese dog food market. Good promotional backing by the supplier.
=	Rug cleaner	Leading brand	No	No	Poor previous experience with similar item from the same company.
12	Household multi- purpose cleaner	Known brand	No	No	Heavy buying on other brands. Merchandiser: "We may be forced to take this later."
13	Air freshener	Very well known	N _O	NO NO	Merchandiser: "If you want to expand the line, expand it with private label, you make more money on that."
14	Cat litter	Well known	NO	NO	Item was carried earlier but was replaced by private label which is more profitable. Do not want two brands.
15	Line of household cleaner	Private label	ON	No	Seller doing nothing to sell the product. Pricing not that great.

Table A4--Continued

	The state of the s		And in case of the last of the		
Item Number	New Product	Brand	Buyer's Recommendation to Buy	Buying Committee's Decision to Buy	Remarks: As Extracted From Buyer-Merchandiser Interactions
16	Baby formula (iron fortified)	Little known	Yes	No	Very little advertising. Very little backing from the supplier (to sell the product). No customer requests.
17	Dog Yummies	Well known	Hold it	Hold it	Merchandiser asked the buyer to hold it.
18	Line of dog food	Not well known	No	No decision	Product has no apparent advantage over the current product unless a major problem of coloring in this type of product can be corrected. Product to be looked at against currently carried product. Price is favorable but not at this time.
19	Oven cleaner, smaller size	Well known	NO	Yes	Merchandiser: Bigger size not available at present. Had some customer requests. "Take smaller size now and then switch to bigger size later on when available, so as not to chase the customer away."
20	Tub and tile cleaner	Familiar brand	ON	No decision	Supplier has not finalized the ad program. Open deal. Merchandiser: "Take a look at it later."
12	Egg flavored dog food	Well known	Yes	Yes	Growing market of dog foods.
22	Orange drink (concentrate)	Fairly well known	Yes	Hold it	Information lacking. Merchandiser asked the Buyer to get more information.
23	Grape drink	Well known	Yes	Yes	
24	Natural orange drink	Well known	NO	Yes	Buyer: "We have enough orange, we don't need one." Merchandiser: "Take it and display differently."
25	Glaze	Unknown	Yes	No	Low volume item. No test market. No customer education. No preselling. Seasonal item.
56	Applesauce, 20 ounce	Well known	Yes	Yes	
27	Meat marinade	Relatively well known	No	ON	Not worth the change.
58	Mixed vegetables	Relatively known	Indifferent	NO	Merchandiser: "Don't have clientele for this type of product with the exception of couple of stores." No test market, no track record. Nothing to presell the product. Merchandiser: "Every item of this type is a very poor selling item Let someone else be the quinea pig."

Table A4--Continued

Item Number	New Product	Brand	Buyer's Recommendation to Buy	Buying Committee's Decision to Buy	Remarks: As Extracted From Buyer-Merchandiser Interactions
59	Cooking oil, 16 ounce	Well known	Indifferent	No decision	Merchandiser: "Packaging might make a difference. Let us look at it against 24 ounce brands side by side."
30	Tomato sauce, 29 ounce	Well known	No	NO	Price similar to the item being carried. Do not need duplication.
31	Tomato paste, 18 ounce	Well known	NO	No	No one has information on the sale of 18 ounce paste. Not much customer value when compared to the leading brand (price differential is not enough).
32	Barbecue chicken and ribs	Well known	Yes	Yes	Buyer wanted to buy larger size, whereas Merchandiser wanted to buy smaller size. Smaller size was finally agreed upon because of better selling size.
33	Roast hash	Not well known	Not sure	Yes	Carried that item before but discontinued because of very high price. Picked up because of "one of a kind."
34	Canned luncheon meat	Well known	Indifferent	No decision	Need more information.
35	Pudding, new flavors	Very well known	Yes	Yes	Merchandiser: "Pick up in lieu of poor item. I am not worried about duplication in flavor."
36	Line of salad dressings	Not well known	Indifferent	No decision	Line was carried before but discontinued because of poor movement and delivery and service problems. Now the supplier has been bought out by a national firm and line slightly revised. The decision was held up for a week pending the presentation by the competitor of leading brand.
37	Pickles (two varieties)	Better known	No	No	Good buy on deal but on regular basis price too high.
38	Instant breakfast	Well known	Undecided	No decision	Pending negotiations on extending the date of deal.
39	White tuna in water	Not well known	Yes	NO	Product suitable only on a very limited store basis. Price is higher than leading brand. No bill back.
40	Oil and vinegar dressing	Very well known	No	No	Buyer: Not a good item. The supplier has never done a good job with it.
14	Barbecue sauce	Well known	No	No	No value.

Table A4--Continued

	and the same of th	Control of the last of the las	The state of the s		The state of the s
Item Number	New Product	Brand	Buyer's Recommendation to Buy	Buying Committee's Decision to Buy	Remarks: As Extracted From Buyer-Merchandiser Interactions
42	Egg-noodle tuna casserole	Not well known	NO	ON O	Bad packaging; brand name very prominent on package instead of what it contains. No directions on the label. Merchandiser: "Let it ride for a while. Consider it, if we get customer's demand."
43	Family style French dressing	Well known	Yes	Yes	
44	Canned shrimp		No	No	No value. Price higher than market.
45	Ham and bacon spreads	Foreign brand, little known	ON	ON	Merchandiser: "Stay with the current brand (a leading brand), even though it is slightly expensive."
46	Tuna fish	Better known	No recommendation	No decision	Decision deferred till a later date.
47	Gingerale, half gallons	Well known	Hold it	Hold it	Wait till someone else picks it up.
48	Soda pop	New brand	Yes	No decision	Pending negotiations on "terms." Also pending leading brand competitor's campaign.
49	Dry cocktail mixes	Better known	N O	Yes	More expensive than the currently carried brand, but Merchandiser thinks that in this type of item customer will be willing to pay more if he is happy with item. Advertising and coupon compared to no advertising by the current supplier [competitor]. Switch to this brand.
50	Popcorn	Well known	Yes	Yes	Pick up. Negotiate on price protection. (Popcorn in short supply and price is increasing.)
51	Candies (watermelon, cherry, lemon drops)	Well known	Yes	Yes	Bought because of request for watermelon, even though the packaging was thought to be poor.
52	(chic nd mel	Better known	ON	ON	Very slow movers.
53	Lemonade mix	New brand from a very well- known company	Yes	Yes	Pick up only economy size. Introductory offer sizepoor value.
54	Candies	Very well known	No	No	Don't want duplication.
55	Pretzel log	Known	Yes	Yes	

Table A4--Continued

Buyer's Buying Recommendation Committee's Remarks: As Extracted From to Buy Buyer-Merchandiser Interactions	retzels New brand Indifferent Hold it Advertising starting after the introduction. Decision pending negotiation on the extension of introductory deal with the supplier.	utter and Well known No No Price is high. racker	lavored Not well known Undecided Yes Merchandiser: "Even though the movement is very little, it is one of a kind. Take it."	w flavor) Well known No Unique item. Very poor track item. Only one competitor is carrying it now but is going to discontinue it.	nes Unknown No No Price o.k. New label. No advertising. No dis- tribution. Buyer: "Let someone else be the guinea pig."	lf Well known No Carry fifths and the movement is not strong. No shelf space.	blis, Well known No Gallons don't sell well. Tight shelf space. on	, pints Well known Yes Yes Price is right.	New brand No New wines. No distribution in this area. Price little bit low. Don't want to be first.	olic juices Better known No No Price way out of line.	ines Not well known No No Some distribution in the area. Sales on weak side.	ines Not well known No New packaging. Cheaper type label. Duplication of item. No quality.	ine Imported Hold it Need more information.	o Imported No No Duplication of item. No need at present.	eef and Relatively No No No value. w known	Very well known Yes Yes Good deal.	ish, Not well known No No No need.	Well known No No No need.	t bars Very well known Yes Yes
New Product	Canned pretzels	Peanut butter and cheese cracker	Smoked flavored almonds	Soup (new flavor)	Guild wines	Wine, half gallons	Pink chablis, one gallon	Vermouth, pints	Wine	Nonalcoholic juices	Dinner wines	Dinner wines	Dinner wine	Lambrusco	Corned beef and beef stew	Pickles	Canned fish, herring	Relishes	Breakfast bars
Item Number	56	57	28	59	09	19	29	63	64	65	99	29	89	69	70	11	72	73	74

Table A4--Continued

			Buver's	Buving	
Item Number	New Product	Brand	Recommendation to Buy	Committee's Decision to Buy	Remarks: As Extracted From Buyer-Merchandiser Interactions
75	Perfume	Very well known	Hold it	N O	Christmas display. Price higher than the comparable displays.
76	Shampoo	Well known	Yes	Yes	
11	After-shave	Well known	Yes	Yes	
78	Hair treatment, Conditioner, 6 ounce	Well known	Yes	No decision	Pending review of smaller size (4 ounce).
79	Cheese pizza	Well known	No	No decision	Pending more information.
80	Corned beef hash	Well known	Yes	Yes	
81	Pickles	Well known	Yes	Yes	Bought strictly on price.
82	Curtis jellies	Well known	No	ON	Price too high. Just had another similar product addition.
83	Pistachio	Very well known	No	No	Price too high. Past experience very poor.

Table A5. Perceived Salesmen's Qualities and New Products Decisions

Serial Number	Item Number	Salesman's Number	Salesman's Overall Performance	Buyer's Recommendation to Buy	Buying Committee's Decision to Buy
1	2	3	5	Yes	Yes
ż	4	2	7	Yes	Yes
3	5	4	7	Yes	Yes
4	6	3	5	Yes	Yes
5	7	7	4	No	No
6	10	9	5	Yes	Yes
7	12	7	4	No	No
8	13	7	4	No	No
9	14	8	5	No	No
10	16	10	4	Yes	No
11	18	14	4	No	No decisio
12	22	52	4	Yes	Hold it
13	25	19	7	Yes	No
14	27	16	4	No	No
15	28	19	7	Indifferent	No
16	29	17	6	Indifferent	No decision
17	30	17	6	No	No
18	31	17	6	No	No
19	33	30	3	Not sure	Yes
20	34	28	<u> </u>	Indifferent	No decision
21	35	32	3	Yes Indifferent	Yes No decisio
22 23	36 37	31 29	5 6	Inditterent No	
23 24	37 38	29 26	2	Undecided	No docisio
25	39	27		Yes	No decision No
26	45	2 7 2 4	4	No	No No
27	46	32 32	3	No recommendation	No decision
28	48	40	6	Yes	No decision
29	49	42	7	No	Yes
30	53	39	7	Yes	Yes
31	56	40	6	Indifferent	Hold it
32	58	41		<u>Undecided</u>	Yes
33	59	43	7	No	No
34	60	33	4	No	No
35	61	34	6	No	No
36	62	34	6	No	No
37	63	34	6	Yes	Yes
38	64	35	6	No	No
39	65	35	6	No No	No No
40	66	36	7	No No	No No
41	67	37 30	4	No No	No No
42 43	68 69	38	, 5 5	Hold it	Hold it
43 44	70	38 47	5 4	No No	No No
45		47	6	No Yes	Yes
45 46	71 72	49	4	No	No
40 47	72 73	50	3	No	No
47 48	73 74	50 51	3	Yes	Yes
49	75		6	Hold it	No
50	76	3		Yes	Yes
51	77	3	5 5	Yes	Yes
52	78	5	6	Yes	No decision
53	79	28	2	No	No decision
54	80	28	2	Yes	Yes
55	81	29	6	Yes	Yes
56	82	42	7	No	No
57	83	45	6	No	No

Table A6. Summary of Buyer's Decision-Making Criteria Importance Scores^a

Critorianb				Buyers			
Criterion Number	A	В	С	D	Ε	F	G
1	9	9	6	7	9	9	8
2	9	6	9	9	9	5	9
3	9	9	6	5	9	9	9
4	6	4	9	9	8	5	7
5	8	9	7	7	9	6	9
6	6	8	9	7	6	5	8
7	8	5	9	3	7	6	6
8	7	8	7	7	5	5	5
9	6	6	9	7	7	6	1
10	8	9	9	8	7	9	9
11	7	5	5	7	8	7	9
12	9	9	6	5	8	7	6
13	4	7	7	5	8	9	7
14	7	8	8	4	7	7	8

^aImportance ratings on 1-9 scale ranging from unimportant to very important. Data collected by the researcher at a miswestern supermarket chain, July 1975.

bSee questionnaire on New Product Decision Criteria, Appendix F. Data collected by the researcher at a midwestern supermarket chain, July 1975.

Table A7. Summary of Buyer's Ranks of Criteria^a

Criterion				Buyers			
Number	A	В	С	D	E	F	G
1	3	1	5	1	1	2	1
2	1	4	4	4	4	6	6
3	8	2	9	6	3	3	2
4	14	13	1	5	5	13	7
5	2	3	8	3	2	5	4
6	7	5	7	2	11	12	3
7	4	14	2	12	10	11	11
8	6	10	11	8	9	14	13
9	12	9	10	7	7	8	14
10	9	7	12	10	14	1	9
11	11	12	13	11	6	9	5
12	5	6	3	13	13	7	10
13	13	8	6	9	8	4	12
14	10	11	14	14	12	10	8

^aSee questionnaire on New Product Decision Criteria, Appendix F. Data collected by the researcher at a midwestern supermarket chain, July 1975.

APPENDIX B

SELECTED DIALOGUES FROM BUYER-SALESMAN INTERVIEWS

APPENDIX B

SELECTED DIALOGUES FROM BUYER-SALESMAN INTERVIEWS

(In the following abstractions, B represents buyer, S represents salesman, Brand X is substituted for the brand name of the products, and Brand Y represents competitor's brand.)

Item #4: Sinus reliever-50's (well-known brand, Brand X)

- S: I have got another one here (showing a sample of the product).
 One of your competitors has taken up 50's. They will carry both 50's and 24's.
- B: Bless them. (Slight pause) Who is my competitor?
- S: One of my smaller accounts.
- B: Why 50's?
- S: Because Brand X is the number one seller, 50's are outselling the 24's, and we have the lowest cost per tablet in the industry. With the advertising on one of those size you collect all the promotion.
- B: It is no good to talk suggested retail price. It is 1.7 cents per tablet for 24's against 1.6 cents per tablet for 50's. Normally when you buy a larger size, you can make more money, but I can't. Because I tell you I already established a price for 24's, my price on 50's has got to be a savings to my consumer over 24's. Now I am saving only one-tenth of a cent.
- S: What would you run the 50's at?
- B: Let us look at this. You have to show savings. We are getting 79 cents for the 24's. (Buyer performs calculation.) So I have to sell the 50's at \$1.29 or \$1.39 at the most. Maybe at even \$1.49. At 79 cents I am making 40 percent on 24's. At \$1.49 and a cost of 82 cents (calculating), I will be making 43.4 percent about the same gross. It is a good margin. I think we will take 50's. Fill out a new item sheet.
- S: 0.k.

- B: Have you been to any of our stores?
- S: Oh yeah. Many of them. You have a good-looking store. You know that store at Big Beaver, we shop there. And I was in your Southfield store. They are good-looking stores. That is part of my job.

Buyer's comments (to the researcher) after the departure of the salesman. He (salesman) has been to our family store. He is more familiar with our stores. That is what happens when you have a salesman instead of a buyer. 1.6 cents against 1.7 cents, I can cut my gross 3 percent. Instead of 46 percent, I will have 43 percent but still it is well above the average of 40 percent for the department.

Item #6: Hair spray, super strong hold (well-known brand)

- S: You're currently carrying "Hard to Hold" and here is "Super Strong Hold" hair spray.
- B: What is the difference between the "Hard to Hold" and "Super Hold" hair spray? I still think that someone put on the bigger nozzle or made it wider to spray more, to spit more.
- S: No. We have changed the formula. By government rule we have to have formula change. It has to have certain properties and has to be different.
- B: Suppose there is a market, what is it taking away from? We must be trading dollars along the line.
- S: No. You will be picking up. Picking up from the area of women over 35 and that want to spend \$15 for a hair-do. They want to keep looking like \$15 for 3 to 4 days.
- B: Why pick up another fragrance? Am I trading dollars or increasing it? If I am trading dollars I've got to drop some item and if I am increasing business, it is time to look at it. I really feel I am trading dollars here. What are they buying now?
- S: We are going after a different age group.
- B: She must be buying something now?
- S: Whatever is available.

- B: See. That is what I am saying.
- S: No. This will make her happy. We are giving her what she needs.

Item #7: Household cleaner (well-known brand)

The salesman explained to the buyer the test market results, time spent in the development of the product (5 years), reason for product development, coupon in advertisement, ingredients in the product compared to other leading brand, and complete deal. This product was in liquid form instead of aerosol (leading brand).

- S: Regarding television, it starts 11/4, first week we'll have 8 flights. TV will be one year.
- B: Go back and tell them either to start the television quicker or extend the deal.
- S: 0.k.
- B: How are we going to sell it? It is going to sit there right by the product when the deal is available. It is going to sit there and it will be discontinued before it gets off the shelf.
- S: Yeah. Alright, alright. I will see what can be done about it.
- B: It does not move until you guys turn on the tube. On top of that, I am buying product right away straight, if it does start to move.
- S: I will check how flexible they are.
- B: I am not saying that I am going to take it.
- S: 0.k.

Item #14: Cat litter (well-known brand, Brand X)

- B: Let me ask you this, the other accounts that did not drop it, how much have they increased?
- S: The other accounts that have not dropped Brand X?
- B: Yeah.
- S: Most of the accounts have put in 10 pounds. Put in two sizes.

- B: How much have they increased since June?
- S: Since June. (Pausing) It does not increase in summer. It is somewhat seasonal.
- B: So it is still the same. Then why did they put in another brand?
- S: Well, they put in the other size in spring, on the merit of the sale of size. Realistically, we did not have it in your stores any length of time, but you guys operate so. You get it in, you take a look at it, and if it is not selling, you get rid of it.
- B: (Interrupting) Immediately . . . it has been in 4 to 5 months.
- S: It is a new type of product. It takes time for people to switch.
- B: Based on what we've got here, we don't want to switch. Show me what changes have taken place. I can't show it to him (merchandiser). Get something more on it, then I will take a look at it.

Item #16: Baby formula (iron fortified) (little-known brand)

- S: This is the third baby formula. We are trying to make it popular because it is popular in the rest of the country. Here is a new item sheet.
- B: I am not familiar with it.
- S: (Explains the advantages of his product over the others.)
- B: I will present it to him (merchandiser). See what he thinks. How long does it take for delivery, under normal conditions?
- S: A week.
- B: Now we need the UPC code. (Salesman did not know the UPC code, so the buyer had to explain it.)
- S: Here it is. (Gave a number, which was a drug code. He promised to get UPC code.)
- B: Is the product pelletized?
- S: Yeah. (Gave the figure.)

APPENDIX C

SELECTED DIALOGUES FROM BUYING COMMITTEE INTERACTIONS

APPENDIX C

SELECTED DIALOGUES FROM BUYING COMMITTEE INTERACTIONS

(M represents merchandiser in the following abstractions. B represents the buyer. Brand X is substituted for the brand name of the products, and Brand Y represents competitor's brand.)

Item #1: Hair spray (a well-known brand)

Buyer recommended to switch to a bigger size can (9 oz.) because of the unavailability of 7 ounce cans. He explained the margin (40 percent) and discussed the movement of 7 ounce.

- M: Do you have a sample?
- B: Sample is not available. Probably we will get a sample in one or two weeks.
- B: It is a good consumer value.
- M: Value is what the consumer perceives it to be--13 ounce versus 9 ounce versus 7 ounce. There are two things: number one, when you add two or three inches to the height of the can and it is on the shelf, she (consumer) observes that when it is with everything else. Number two, it is right on the can.
- M: Is the advertising bill back?
- B: Yes.
- M: Is the distribution allowance bill back?
- B: It is off invoice.
- M: Is the ad spend all?
- B: One ad collects.
- M: Seven ounce no longer available?
- B: Right.

- M: Is there any more merchandise in 7 ounce available?
- B: No. I checked it. There were only 4,000 dozen available and one diverter bought it out. It is all gone.
- M: Make sure there are no merchandise available. (Slight pause.) 0.k., go ahead.

Item #2: Men's hair spray (a well-known brand)

- M: What is the number one men's hair spray?
- B: Brand Y.
- M: You want to display this item?
- B: Yes.
- M: What is the price?
- B: Ninety-seven cents for 9 ounce. (Pause.) Twenty-nine percent gross.
- M: If you want to break in the market, you should be the first in the market. Take 8 cases for each store and in 40 stores it comes to 320 cases, and you said 250 cases.

Item #3: Electric dry lather (a well-known brand)

- M: You are talking about Brand X electric dry lather?
- B: Right.
- M: This is again from Sausan (distributor)?
- B: Yes. (Pause.) This I can buy at four ounce less 50 cents. Bring it at 29 cents.
- M: Out of shave market, how many men use electric shave? How many men use electric shavers? What percentage of men use electric razor?
- B: Thirty percent.
- M: Out of 30 percent that use electric shaver, how many do you think use dry lather before they put it on?

- B: Two percent. (Pause.) Three percent.
- M: You just answered your own question.
- B: Yeah, but at 49 cents. I don't know.
- M: At 49 cents you are still going to appeal to 2 percent or less than a 2 percent market.
- B: Well, assuming my assumption is right. I don't know how many people use electric shavers. I would say 2 percent of dry. . . .
- M: (Interrupting.) Out of 30 percent using electric shavers, how many can you switch? Not very much. The point I am trying to make is that there is no market for yourself, by price. You are trying to make a market on the basis of price. If there is no market, price is not going to do it. There has got to be a market to do it. (Slight pause.) The price can change the market to a degree, if it is an item in demand by the customer. Don't try to make a market. Go where the market is, o.k.?
- B: 0.k.
- M: There is a reason why it is 49 cents.
- B: Yeah. It is a closeout.
- M: Yes. It is a closeout. It is no good.

Item #4: Sinus-reliever, 50's (well-known brand)

- B: We have a market here in Brand X (showing sample). We are doing good (emphasizing). We are carrying Brand X (24's). Look at this sheet (showing new item sheet filled out by the salesman). One free with 11 on open stock. O.k. Up to 18 percent performance allowance. (Slight pause.) Here is what I propose to do. Currently we buy 24's at 42.2 cents. Last time and this deal, it is going to cost 43.3 cents. We are retailing for 79 cents which is 42 percent (pausing and correcting himself), no 45.5 percent gross. Moving on average 24 to 28 dozen per week. Competition carries 100's at \$1.69.
- M: Who is competition?
- B: Great Scott. They carry 50's.
- M: Does Kroger carry?

- B: No. They carry 100's. They carry 24's at 79 cents. But they indicated they will continue 24's and they are going to put in 50's.
- M: Dristan is number one, Contac also up there. After the number one, rest four or five vying the rest. There is Sine Off. You have four companies vying for the rest of the market. Sinus is big business with pollution and everything.
- B: Dristan \$1.07, 79 cents for Sinutab. Look at the movement (showing the computer records).
- M: To give you a comparison, we move approximately 85 cases of Dristan, Sine-Aid 54 cases, Sinerest 26 cases. Allerest is a seasonal item. What is the performance based on? I still don't understand. It says, the way it is worded, that one free with eleven off invoice distribution allowance plus 18.4 percent. It seems there is some qualification to that. I want to know what they are? Somewhere it has to say. You've got to read in fine print. Some type of performance is required. When they say "up to," there is always some qualification. It must spell it out.
- B: I don't know what it is. I will find out. I agree with you, it should spell it out.
- M: On 100's you are losing eight cents. I am not recommending you buy 100's.
- M: I am making a point here. "Up to" sure came into play yesterday when you talked to the salesman. It says here heavy network TV advertising, \$650 million, from July to September. Do you know? What did the salesman tell you?
- B: The salesman indicated we are doing a nice job with Brand X. It is a price item. He (salesman) indicated that we are doing a nice job in advertising. It will carry you through the first frost which is towards the end of October, November. I mean till the sinus season.
- M: Well, my original question was about advertising. Did the salesman tell you? When does it start? When does it stop? What did the salesman tell you? Did he tell you if it (not completing the sentence). Did he give you any advertising schedule?
- B: No.
- M: Did he tell you it is prime time or not? How many gross rating points?

- B: No.
- M: Did you ask him those questions?
- B: No.
- M: Number two, he says national sampling. What did he tell you about national sampling?
- B: Direct mail sampling in 12's.
- M: When is it going to break?
- B: It ended.
- M: When?
- B: It ended in July.
- M: It does not make sense to me.
- B: It broke early in the market.
- M: Now, I am going to make two points. Number one, the time to review the 50's is at the beginning of the deal. That is the time to take up the 50's. When we buy at the beginning of the deal, because we do, and if they pick up for you, you want the ability to rebuy.
- B: Good point.
- M: Now, if you buy at the end of the deal and they take off on you, then you will have to buy at the regular price.
- B: Right. But you can buy on another deal.
- M: What if the next deal is not until October, November, would you drop the item?
- B: I see what you are saying.
- M: Number two, when you look at something, don't just look at what you are carrying at the present time, that we will make a deal and take the rest as new items. What prompted you to take on 50's? Did the salesman present the 50's? Did he say to look at the 50's? You decided to look at it? O.k. Now, I will say this to you that you should have looked at the 50's when they came out.

- B: First time?
- M: Yes. First time.
- B: 0.k.
- M: The salesman had to prompt it. The deal came the wrong way. You should have prompted the salesman. You are recommending to pick up 50's?
- B: Yeah. Selling at \$1.49.
- M: O.k. Your profit is less, margin percent is less, your dollar profit is more. Are you going to extend categories?
- B: I know, I am going to trade dollars. You are going to see a decrease in sale of 24's. I am not kidding myself. I am not saying that I will pick up new sales.
- M: Why not?
- B: Why?
- M: You just added double the exposure. You extended the shelf. If I can't expand the category, I don't want it. I agree with you that you should pick up the 50's but for different reasons: (1) You are getting into the season for this item; (2) the category itself is growing. Is there not more people with sinus problems? (Buyer nods in agreement.) Consequently, Mrs. Consumer just like she buys 250 counts of aspirin will look for a larger size here. Just like mouthwash and the rest of it. (3) It gives you a better or equal dollar profit as 24's and also same margin profit. (4) There is only one other guy carrying it and you are 20 cents below. You don't have to worry about other guys. You are going to pick up an additional 20 to 25 percent new users, maybe 35 to 40 percent. If you think it won't increase your sales, then you better drop some item to pick up this item. I don't want to add one more item. You will get two buys?
- B: Yes.
- M: If the movement goes, fine. Otherwise, adjust the second buy.

Item #5: Antacid, 100's, Brand X (well-known brand)

- B: Here is another new item. I would like to put 100's of Brand X. This is a good one. We get 87 cents for the 30's.
- M: You are saying that you are moving the same amount of liquid as you're tablets?
- B: I am saying, nationally, sales are picking up towards 50 percent of liquid sale.
- M: I see from here (looking at computer records of item movement) that tablets are moving at 38 cases compared to liquid at 17 cases. You are selling 30's at 87 cents, your cost is 55.7 cents, your margin there is 35 percent.
- B: Yes. On this new item the cost is \$1.07. Competitions are \$1.67, \$1.67, and \$1.59. You can come out at \$1.59 with same 35 percent gross.
- M: 0.k.
- B: I think there is a market for this, 100's. You can trade up and going back expand the category. I am sold on it. You are selling 30 count at 87 cents and to sell 100's at \$1.59, the same margin, better margin, 3 percent better margin.
- M: Are you getting an opening buy from this guy?
- B: Yes.
- M: Obviously, it is an advantage for your customer to buy 100's for \$1.59. I think the price is too good.

Item #6: Hair spray, super strong hold (well-known brand)

- B: It says new fragrance. It is the super hard to hold, which we don't carry in anybody's line. They (the supplier) think we are missing the boat.
- M: You carry it in Breck's line, don't you?
- B: No. They don't make it in a super super hard to hold. They make hard to hold and super hard to hold.
- M: Breck has and they always have, and if I am correct then you got it in stock.

- B: This is stronger than Brecks.
- M: On this item, I will base on movement of Protein-21. You will trade dollars, but if you drop an item to pick up, you drop your slowest seller and add this to it.
- B: Is that what you suggest?
- M: Yes. We take this on and drop the slowest mover in this category.

Item #7: Household cleaner (well-known brand)

- B: (Showing sample.) This is not the greatest item in the world. We have four now. We just bought Fantastik and we have some Pine-Sol at a cheap price. I am saying "no" at this time. I think our intention was to replace Pine-Sol after the deal and if so, then look at this. It is more expensive than anything we had. At this time we say "no."
- M: You are saying their deal was ending before the advertising and they had to change that? Was not far enough? Do they have test market results?
- B: Not to my knowledge. I don't remember.
- M: What are the markets they are in?
- B: They did have the information.
- M: Right. Now, I hear you say that you don't have the interest because there is no value?
- B: That is right.
- M: And we have four now and we need it now like a hole in the head. This Pine-Sol, how long is it going to last?
- B: We bought 500 cases. It is the end of the line. We bought it on a deal. Without a deal coming, it will double in price. We only bought because of the deal.
- M: Now they are going to double in price?
- B: And it is still the most expensive in the bunch.
- M: You are saying pass. Just because of no value and it does not have any track record?

B: Yes.

M: 0.k.

Item #8: Liquid cleaner, 27 ounce (brand not well known)

B: This is 27 ounce (Brand X). We have 46 ounce size now.

M: There is no margin in it based on the price on the street.

B: That is why I am saying "forget it."

M: O.k. There is no margin, there is no movement.

Item #9: Oven cleaner, 7 ounce (well-known brand)

B: Brand X oven cleaner, 7 ounce. We picked up 7 ounce because of the deal. I told him (salesman) he did not have a prayer.

M: Based on previous value, it is borderline anyway.

B: We don't need it.

M: 0.k.

Item #10: Cheese dog food dinner (well-known brand)

B: This one is another dog treat (showing sample) cheese thing. This one I am saying "yes" to according to figures they (salesman) showed me. It increased their sale by 10 percent on their total sales and did not touch the other two, and cheese has been a good mover in dog food. We have 50 to 90 cases and it will be somewhere in between, and I am saying "yes" to it.

M: How long is the allowance?

B: To November 15th on first order only. Will be in around 12/2. We get extended billing only on the first order.

M: Their allowance starts?

B: October 21st through November 15th.

M: It is ending before their ad program.

B: Yes, but Frenchi is on all the time.

- M: What else have they got going for them?
- B: The cheese, as far as I am concerned.
- M: It is not duplication?
- B: Well, it is not a duplication. The cheese has been the main factor, and it is a growing factor in dog food.
- M: So you recommend this?
- B: I am saying "yes."
- M: 0.k.

Item #14: Cat litter (well-known brand)

- B: we had this cat litter for four months, and we are selling on an average 50 to 55 cases a week, and then we replaced it with Corky (lesser known brand), which is selling well and we are making more money. So I am saying "no."
- M: You don't need two?
- B: Yes.
- M: 0.k.

Item #15: Complete line of household cleaner (private label)

- B: This is a complete line of household cleaner, waxes, and a thing with no advertising behind it with a Stewart brand, the name, I never heard of. They are doing nothing to sell it.
- M: Nothing?
- B: No. And the pricing is not that great. I am saying "no."
- M: They are crazy.

Item #16: Baby formula, iron fortified (little-known brand)

B: This here is a new type of baby formula (showing sample). It is new to this market. This is the picture (showing picture). It is in some of the drug stores. I went and asked Dennis how it

sold for him. He said he used to sell equal to 30 ounce. Enfamil with iron, that is, we have about 50 to 55 a week. Those other two we took on, Isomil and Prosobbi, this is the one along the line, for people who cannot use milk. This is a little bit different formula. I am saying "yes" to take this in 32 ounce.

- M: Why? What are they doing to back it?
- B: This is the same way. Samples in the doctor's office and in the hospital.
- M: How long has it been in existence?
- B: That I don't know.
- M: Dennis has experience with it. He has been here over a year. He never had a single customer request on it.
- B: No. It is true. All I am basing it on is the other two we took on, what happened to those. They were not the real formula (Isomil and Prosobbi).
- M: I think you are wrong, but if you want to, it is o.k. I think you are wrong. It is like we need a hole in the head. Take it if you want to.
- B: I am not that strong on it, but just based on what happened to the other two.
- M: Very limited advertising?
- B: Right. All they are doing is the sampling through doctors.
- M: They have been doing that for a number of years. Have you ever seen one request?
- B: No, I have not.
- M: If you want to take it that will fulfill the same need. If you want to, take it.
- B: (Interrupting.) No. It is not that great.

Item #18: Line of dog foods (brand not well known)

- B: They have this in all varieties, available in any way you want, Dog-Burger, Ken-L-Ration. They have in all varieties like General Foods does. They are comparable to private label pricing, like we have in Corky--\$8.73.
- M: What is the advantage of this product?
- B: There is no advantage that I can see, and the people who are buying this kind of product are not buying cheaper stuff.
- M: I can't understand.
- B: Well, on Corky Burger that we have at this price, we are selling 40 cases a week. Whereas on any of the other ones, Ken-L-Ration, a General Foods product, that is well over 100 [cases per week].
- M: Let us take a package of Corky Burger and look at it in comparison to this. What we are saying, that the problem with Corky Burger is the color. Take a look at Corky Burger and look at other national brands, there is a difference in color, and watch for it.
- B: I will get one and look at it.
- M: (Interrupting.) No one is doing a good job with it. Color is the problem.
- B: 0.k.
- M: The problem is not the product, it is coloring. You're saying this is the same price as the private label. Then what is the advantage of making a change? Do you?
- B: No.
- M: Unless they can't correct the coloring problem, this then does not have the same problem. You don't see any reason to change, do you?
- B: No. I got all kinds of them. I will hold this until we make a decision on that order, then change. It is an open deal, anytime you buy.
- M: Is it a permanent thing?
- B: Yeah.

Item #19: Oven cleaner (well-known brand)

B: This one here is Brand X oven cleaner. Church and Dwight, the one we have, they could not supply. They still can't supply that size. I am saying "no" because they are saying buy the smaller size, and we have got that. The smaller size does not sell as well, and I am saying "no."

M: 0.k., but I disagree with you.

B: You do?

M: Yeah. I don't disagree with you about the fact that a larger size may sell better, but this item is doing a real good job, and we have some requests. So, if we can't get a bigger size, we sell the smaller size, so that we don't at least chase the customers away. When the bigger size becomes available, then we will trade, and I will take this.

B: So you want me to replace it?

M: Replace what?

B: (Interrupting.) Or add?

M: Add. You don't replace anything.

Item #20: Tub and tile cleaner (familiar brand)

B: This is one tub and tile cleaner. Price is same as Lysol.

M: They have not finalized their ad program.

B: No.

M: Open deal is good for 60 days?

B: Yeah. It is open deal. It is good any time.

M: 0.k. Take a look at it later.

Item #21: Egg flavored dog food (well-known brand)

- M: What other decisions are pending?
- B: This Brand X burger (dog food), whether to take on the egg or not.
- M: What do you recommend?
- B: I am saving "yes."
- M: Is that brand holding its own?
- B: Yes.
- M: Fine.
- B: The dog foods are just . . . I don't know . . . room is not there, but everything says they are selling more all the time.
- M: Fine.

Item #22: Orange drink (concentrated) (fairly well-known brand)

- B: It is a better value than private label. It seems a good product for the price. It tastes pretty good. With deal 34 cents a can.
- M: What is the freight rate per cwt from Wisconsin plant?
- B: I don't know.
- M: Find out. You said Delmonte has higher juice content. Even if Delmonte has same juice content, do you still think you need it, even if you have to pay penny and a half more for Delmonte?
- B: It is not necessarily the same items because Delmonte is pineapple orange.
- M: You are right. Do you have a price on Delmonte orange drink?
- B: I have never seen one.
- M: There is one. Find out. It probably or should be on the same bulletin. Find out. Because if for a moment, if Delmonte orange drink is the same price as pineapple orange, then this is no value. Don't assume. Ask them. If Delmonte has it for a penny or penny and a half more, we would rather have that. If Delmonte does not have it, then it is a different story.
- B: I will check on it and get back to you today.

Item #25: Glaze (unknown brand)

- B: This is a product which was presented before. Like to see it merchandised as fruit complement.
- M: What is it?
- B: It is a glaze.
- M: What is a glaze?
- B: Similar to pudding, also used in pie filling. Some kind of pudding. Can combine it with any fresh fruit. Could be used as ice cream topping, on toast, whole gamut, milk shake and so on.
- M: Do we have interest in it?
- B: Yeah. I think it could be a good item.
- M: What does it do? It is a dog (emphasizing). Every glaze item has been a dog. When I asked you the question "what it is used for," you are trying to explain it to me, then how does the customer know? Have they test-marketed this?
- B: No.
- M: What are they doing to sell this? Nothing (answering himself). What have they got going for them?
- B: Let me say that I talked to Joe (local distributor), which is why I felt it to be a good item during the spring season. He said they had a lot of demand in spring season.
- M: How much is a lot? And you are talking certain time of the year, and how much is a lot?
- B: He (Joe) is talking about 50 to 60 cases a week.
- M: He can have it. You have nothing going for you and nothing to presell the item. Every glaze item in the past has been a dog, and if you look at it the customer does not even know what it is and what they do with it.
- B: It explains it on the back.
- M: They [customer] are not going to pick it up to look at the back. What are they doing to educate the customer? Big deal. My gut feeling is this item might at best sell 5 cases a week. That is,

if it is hot. I am talking 52 weeks a year. Have they got the test market results?

- B: No.
- M: Let someone else be the guinea pig. That is a dog of dogs.
- B: 0.k.
- M: Every one of their items is a dog.
- B: I thought the people could use it with some kind of canned fruit or fresh fruit. It would be a natural tie-in. That is all.
- M: You may be right. But in the last 500 years there has not been such a product, and no one asked for it.
- B: Why do they make it then?
- M: They are crazy. They may be right, we have been wrong before, but I rather have somebody else be the guinea pig. The other thing you are telling me, it is a seasonal, and if it ties in with possibly fresh fruit and when fresh fruit is not around, what are you going to use it for? You are telling me, it has very limited use, so seasonality is an important factor. If it is that highly seasonal, why carry it 52 weeks a year?

Item #28: Mixed vegetables (cut potatoes and beans) (brand relatively unknown)

- B: Here is cut beans and potatoes from (Company X).
- M: What do you think?
- B: As I started to say, the more I thought about it, it might not be that bad an idea. People do have potatoes and beans with one meal even though they are not normally mixed. At 28 cents, we can put it at same price as Delmonte's green beans or Delmonte's potatoes.
- M: What about potato sales? Did you ask him? He has other items and the thing to do is this. You don't have experience with it do you?
- B: No, I don't.
- M: 0.k. I don't have experience with it. How in the hell are you going to find out what to expect from the sale?

- B: No. You have to ask him. He does not really have that much experience with this either in our marketplace.
- M: When you ask the guy, you ask him how this item sells in comparison to some other item you carry from them, and normally you get the right answer. O.k. Now, you have something else here, which tells you something: who does it appeal to?
- B: Well, someone on the ethnic side, I would think.
- M: Which one?
- B: The colored trade or southern trade.
- M: Is it [our firm's] type item?
- B: No.
- M: Right. Now, let me say this, that our stores don't have the clientele for that. We have a couple of stores which may have a clientele that might warrant this. Ninety-five percent of our stores do not want that type of item. We have few stores that might sell this item. How much is he selling?
- B: Not much.
- M: Does he have a track record?
- B: No.
- M: O.k. (emphasizing). Then let someone else be the guinea pig. Every item we have of this type is a very poor selling item. Why get excited about this product?
- B: I am not excited about this. I was going on the premise, it is mixed item.
- M: There may be an item of this type, which may be good for a limited number of stores. We might authorize such an item for a limited number of stores. They have no test market results. They have no track record. Why should you be the guinea pig? And your gut tells you, or should tell you, that it does not have a lot of sales potential. It will be one of the worse selling items. If your gut tells you it will sell, well then it is a different thing, and if your gut tells you to be careful then be careful (excited).
- B: I will watch for it.

- M: When I say gut, it is more than gut. Part of this is experience with similar items. You are not carrying any item similar to that that's doing well.
- B: 0.k.
- M: Why should this one be different? Particularly the guy is not doing anything to presell this product. You've got everything against you.
- B: Alright.

Item #29: Cooking oil, 16 ounce (well-known brand)

- B: Next item is 16 ounce cooking oil (Brand X). There is one advantage I see, that is, per ounce basis, it comes out real close to other items, Crisco. In 24 ounce package it is 4 cents per ounce.
- M: You can't look at this item on a per ounce basis.
- B: Why?
- B: Now we are getting \$1.18 and \$1.15, respectively, from 24 ounce of Crisco and Wesson with a gross margin of 13 percent and 8.5 percent, respectively. Their suggested retail price on this item (16 ounce Brand X) of 89 cents comes out at higher profit.
- M: Who does it appeal to?
- B: Appeals to older people, young couples, small family. Lot of people are switching to smaller size because of economy.
- M: We have not seen that. Now this one has completely different need. I say this has very limited appeal. One of the things you told me, it sells half as well. It may sell equally as well because of packaging. Who is the customer? Who is the clientele?
- B: I don't know.
- M: It might be a good item for single, or in colored area. What is his track record? Let it sit on the back burner for the moment and put it side by side with 24 ounce, and see how much is the difference made by size.
- B: It is a third less.

M: Sometimes it is packaging. It is a third less, but sometimes the packaging makes the difference. The other might look twice as big. Let us look at packaging of both side by side.

B: 0.k.

M: Get some facts about 24 ounce Mazola, because I keep getting demand for 24 ounce Mazola or 24 ounce Kraft oil. They might look alike to me, but it might not look alike side by side.

B: 0.k.

Item #30: Tomato sauce, 29 ounce (well-known brand)

B: Price is similar to the item we are carrying. We don't need duplication. It is a sleeper item. I am saying "no" to this.

M: 0.k.

Item #31: Tomato paste, 18 ounce (well-known brand)

B: I don't think we need another paste item.

M: You have a number of questions. How does 18 ounce paste sell? Nobody has this item. How do you get information? You don't know how it sells. Here again is the gut feeling. I don't like the brand. I don't like the price. There is a Cadillac in this line.

B: That would be the Contadina.

M: That is right. Now, this will sell if there is enough price differential. You have to worry about price differential. At these prices you are not giving the customer a value, and then you have brand against you. I think they have a good idea but not enough promotion to try to get into this market.

Item #32: Barbecue chicken and ribs (well-known brand)

M: What do you recommend?

B: Should pick them up with the advertising they have.

M: Pick up what?

B: Large chicken and small rib.

- M: I say, why would you take the large chicken versus small chicken?
- B: Because of how they look on the shelf.
- M: That has nothing to do with it. Now, you can break the color by where you place it. You have large and small Shake 'n' Bake. How do they sell?
- B: The small one outsells the large one.
- M: O.k. Have you taken into consideration the pack?
- B: Yeah. Even with pack, smaller one outsells the larger.
- M: So, why go to the poorer item?
- B: The only reason I would, because of the break in size.
- M: So what. Now, you can break your colors by placement on the shelf. I don't understand. Why take a poor selling rather than better selling item because of the color? I don't disagree with you taking it, but I disagree with you taking this (pointing to larger size) over this (smaller size).
- B: 0.k.

Item #33: Roast hash (brand not well known)

- B: Here is Brand X roast hash.
- M: Again?
- B: Yes, we carried this item before.
- M: What do you recommend?
- B: I don't think we need the item. The only thing is that I have to go back on what you have told me, "to look at something different in the category," and this is one of a kind.
- M: Then pick it up. If you think you can get a case a week per store, pick it up.
- B: O.k. We used to carry it, but the price went sky high; that is basically why we discontinued it.
- M: Everything has gone up.

Item #35: Pudding (two new flavors) (very well-known brand)

B: Here are two new flavors of pudding, chocolate and strawberry. Nut chocolate is a dog. We don't need duplication. But strawberry is the new of everything in the market. I think we should pick it up.

M: Why in addition, why not in lieu of something? What is the poor item? I am not worried about the duplication.

Item #36: Line of salad dressings (brand not very well known)

B: Here is a complete line of salad dressings.

M: Who is your source of supply?

B: Bill.

M: We carried it once before?

B: Yes.

M: Then why did we discontinue?

B: Poor movement.

M: And delivery and service. They never delivered. Why now is it going to be different?

B: This is now owned by GSP. They bought them out.

M: O.k. You had a service problem. Are you going to have service problems again?

B: I don't think we will have a service problem per se. GSP is pretty reliable. I get from them every two weeks, other products.

M: Who is GSP?

B: KBC (well-known company).

M: Do they have local stock? KCB is local.

B: Yes they do.

M: This is comparable to Good Seasons?

B: Correct. Good Seasons has taken a price increase. Good Seasons will cost us 21 cents per unit next season.

- M: What flavors don't you have?
- B: Kraft will be out with theirs. They will make a big push on theirs again too. By the way, this is one with two deals.
- M: When will Kraft be presenting theirs?
- B: This week, probably tomorrow.
- M: Wait till you hear from Kraft. So we will look at this next week.

Item #37: Pickles (two varieties) (better-known brand)

- B: Sweet cucumber slices. It is a good buy.
- M: Good buy on a deal?
- B: Yes.
- M: What about after the deal?
- B: On kosher dill pickles, price is too high. Neither one has good value.
- M: Yes. They are robbers.

Item #38: Instant breakfast (well-known brand, Brand X)

- M: Refresh my memory. How do we price them? What are we getting for them?
- B: (Checking.) Brand X 66 cents and Brand Y (also a leading brand) 66 cents.
- M: How are they selling against each other?
- B: Brand X is definitely doubling them [Brand Y]. Seventy-nine cases versus 30.
- M: What do you recommend?
- B: I say, it is a hard decision to make. I am sure company Y will be back with something.
- M: But first decision you have is at the same price.
- B: (Interrupting.) Brand Y don't mean ***** (anything).

- M: Right. That is the first thing you know. O.k. And the only time Brand Y sold was when they had a material advantage. So, if Brand Y matches them, they are no good. You are telling me that at the same price they don't sell [Brand Y]. So kiss the Brand Y goodbye.
- B: 0.k.
- M: Put that in your book so you don't forget. Kiss it goodbye.
- B: O.k. So, picking up the Brand X.
- M: We did not say that. I said that just kiss the other (Brand Y) goodbye. Now when are we going to run out of the other (Brand Y)?
- B: At that rate of sales?
- M: Uh huh.
- B: Six to eight weeks. Really, really, taking a long time. Lowest will be six weeks.
- M: Now what are we talking about?
- B: He [salesman from company X] presented coffee, vanilla, and strawberry fudge.
- M: How long is the deal? When does it start.
- B:
- M: Ask them to extend the date.
- B: So we are interested in vanilla and chocolate.
- M: It is a replacement item, if they extend the date. Get this in writing.
- B: 0.k.

Item #39: White tuna in water (brand not well known)

- B: We got some good deal. They are higher than Breast O'Chicken. No bill back.
- M: Why do we need this?
- B: Some stores have done a good job.

- M: How many? Two.
- B: No. Three.
- M: What is the competition doing? You are saying this has meaning only on very limited store basis. I don't see, why take it on a company basis? Or, why on limited store basis?
- B: 0.k.

Item #41: Barbecue sauce (well-known brand)

B: Company X is making a big push. I am saying "no" because there is no value.

M: 0.k.

Item #42: Egg noodle tuna casserole (not well known brand)

- M: Why would the customer buy this?
- B: They have advertising. He [salesman] says A&P is carrying it.
- M: Good for A&P. So the problem is that their program ends before they do the presell. So you have nothing but dog sitting on the shelf there. You don't have a track record to make any decision.
- B: (Interrupting.) I don't think that label is much of an improvement.
- M: All of them look like that (pointing to the label on the package)?
- B: Uh huh.
- M: Do you like that package?
- B: No. It is horrible.
- M: What is wrong with this?
- B: There is no differential between the packages.
- M: What are they selling?
- B: Brand X, instead of what they are.
- M: What is Brand X?

- B: Right. That is exactly it. I said the same thing.
- M: You have to look at the fine print to see what you are going to buy. You have to look at the fine print to see what product you are buying. Brand X is not what you are buying.
- B: Well, that is what you think you are buying but surprises you when you get home.
- M: You are buying the surprise (laughter). They are crazy. These are the things which helps kill them.
- B: The only successful company is the Hamburger Helper, who plays up the name. They are the ones who are successful. I can't see why everybody else can't see what they are doing. They play up the name what it is for, that is big letters--Hamburger stew.
- M: Right. They also have something else going?
- B: The name Hamburger Helper.
- M: First of all, we know what it implies, what it is. This is a surprise (emphasizing). (Laughter.) I don't know what we are selling, the surprise packages or the product?
- B: Let it ride for a while?
- M: Only if we get customer's demand. They got everything against them.
- B: I agree.

Item #44: Shrimp

B: No value, higher than market, he [salesman] knows it. I say "no."

M: 0.k.

Item #45: Deviled ham and bacon spreads (foreign brand, relatively little known)

- B: Denmark items. Both items are at the same price.
- M: Stay with Brand Y (leading brand) even though it is slightly expensive.

Item #48: Soda pop (new brand)

- B: Brand X pop. You are already familiar with it, we saw the presentation.
- M: They have a number of deals, don't they?
- B: They have a number of deals as far as diet, the sugar, the 28.
- M: Now they have come up with a firm advertising schedule. What you think of their program?
- B: I like it.
- M: Total program?
- B: Total program, I like it.
- M: What do you like about it?
- B: They are going to spend a lot of advertising on it, and their price is right. It is cheaper all the way down the line.
- M: How much differential between this and Faygo? How much are they going to maintain it? Not what they have but what are they going to maintain?
- B: At the presentation they said they are going to maintain what they have--60 percent.
- M: What are they going to commit themselves to?
- B: They did not give themselves a commitment.
- M: We do not know whether they are going to have a price advantage. We don't know. They have tentatively a good-looking advertising campaign.
- B: Right.
- M: We have no insurance that they will be competitive to Faygo. Now, what do you think Faygo is going to do?
- B: Faygo is not going to sit back. They are going to fight like hell. They will bring the price back to Brand X and will have a big advertising campaign.
- M: Now, if you are a customer which one would you buy at the same price?

- B: Faygo, because you are already established and you know what the product tastes like.
- M: So that is one strike against them. What else do you like about that program? What else is good about this program?
- B: Other than price and advertising, I don't see anything.
- M: What do you mean about advertising? You are talking about the personality.
- B: They got Al Kaline that. . . .
- M: If they have personality that might give them some impetus.
- B: Right.
- M: How do you like their packaging?
- B: Their packaging is fairly well. I consider it good.
- M: As good as Faygo?
- B: I will say Faygo is better.
- M: What else is good?
- B: Nothing that I can see.
- M: What else is bad about the program?
- B: Bad part is that they are coming into a new territory and that is going to hurt.
- M: Now, what would interest us? What was one of the objections I raised?
- B: One of the objections was that the advertising was going to start after the intro.
- M: O.k. One thing is improved, instead of a tentative schedule, they put it in concrete. So that has improved. We don't like deals that end before the preselling. They have to be running simultaneously. Now you say that they have a nice advertising campaign. O.k. We don't know what Faygo is going to counteract with and primarily the aspect of personality that might give them some impetus.
- B: True.

- M: And they have got a coupon campaign planned, which might be a little bit of blackmail. So we might not have much choice. We still can work out the best conditions, and we don't have the best conditions.
- B: True. I will work on it.
- M: What would you take?
- B: Sugar cans.
- M: Why? What would you price them at?
- B: 17 cents.
- M: Why? What do they cost? Why price at 17 cents?
- B: Because, we still have a markup, markup I believe is in the vicinity of 21 to 22 percent.
- M: What would it do to your own label?
- B: Ah, I see what you are getting to. Because our own label, I believe, it is higher than that.
- M: What would you do to your own label?
- B: Shoot it right in the ass.
- M: So, why would you want to do that?
- B: Could not. It had to be priced at 21 cents and at 21 cents it won't sell.

Item #49: Dry cocktail mixes (better-known brand, Brand X)

- B: Here is an item more expensive than Brand Y (a leading brand) that we are carrying at the present time. Brand Y is a ten-pack box, and Brand X is an eight-pack box. Now, right off the bat, you are talking about an item that is not as large and is more expensive than the one we are carrying now. We have the advantage because the Brand Y we carry, no one carries that.
- M: What kind of an advantage is that? People buy this product because of price?
- B: No. People buy it on "do they like it or do they not."

- M: Right. Now you are price oriented. Strictly price oriented. People who are buying are not buying because of price.
- B: True. They want a product, period.
- M: They want a product, and they want an acceptable product, something they are happy with. Are you happy with Brand Y? Are you happy with the movement?
- B: No. The movement is very, very weak. There is no advertising. Ah, there is no advertising that I can see forthcoming, whereas in Brand X, there is advertising on newspaper and TV.
- M: What do you recommend?
- B: To switch over flavor by flavor gradually to Brand X. We can retail for 99 cents. We get markup of 36 percent. Competition will let us do it, because Kroger is carrying Brand X and getting \$1.15, A&P is getting 93 cents. How? I'll never know. I think they [A&P] can get a lot more.
- M: What we got to loose?
- B: Not very much?
- M: We got nothing to loose and everything to gain, if we switch to Brand X.
- B: What I am recommending is to phase out Brand Y.

Item #51: Candy (watermelons, cherry, lemon drops, well-known brand)

- B: We had requests for watermelons. Packaging is poor.
- M: Don't like the odds but pick it up.

Item #52: Candy (chicken bones and mellow mints, better-known brand)

- B: We had this. Was a very slow mover. I am saying "no."
- M: 0.k.

Item #53: Lemonade mix (new brand from a very well-known company)

B: Poor introductory offer. Trial size 25 cents. Cost 13 cents.

M: Trial size costs more than the economy size. Twenty-five cents for trial size versus about \$2.00 for economy, which is ten times the trial size. That is the first time I have seen the trial size more than the economy size. Not proper trial size. They are out of their minds. Pick up the economy size.

Item #54: Candies (very well-known brand)

B: Don't want duplication.

M: 0.k.

Item #56: Canned pretzel (new brand from a very well-known company)

B: It is unique item. It is an item like Pringles. They feel that this item will sell about one-third what we are selling in Pringle. I personally don't see why people buy this.

M: I think they have a hell of an idea.

B: The advertising is getting on after the intro. I will try to get the intro. deal extended. I will hold it off.

M: As a matter of principle we should hold it.

Item #57: Peanut butter and cheese cracker, six packs (well-known brand)

B: The price is high. I am saying "no."

M: 0.k.

Item #58: Smoked flavored almonds (not well-known brand)

B: It is nice item. Don't expect much movement. This is one of a kind. Retail is 97 cents.

M: Even though the movement is very little, but it is one of a kind. Take it.

Item #59: Soup, new flavor (well-known brand)

- B: Unique item. Different. We have no interest.
- M: What is track item?
- B: Very poor, which means it is weak item. Only Kroger carried it. They are discontinuing it.
- M: O.k. Pass it.

APPENDIX D

DATA AND ANALYSIS OF NEW PRODUCT DECISION

CRITERIA--MIDWESTERN SUPERMARKET CHAIN

Table Dl. Buyers Purchasing Criteria Importance Scores (A Midwestern Supermarket Chain)^a

					Buyer			
Number	Criterion	Alpha	Beta	Gашта	Delta	Epsilon	Zeta	Eta
	Case movement of comparable or similar products	4	6	7	7	œ	6	9
2	Potential for "trade-up" to larger size and price	9	7	2	9	æ	m	80
ო	Value to the consumer as seen in the [company] "actuals"	œ	7	6	7	80	7	2
4	Product quality in terms of manufacturer's specifications	7	9	6	9	7	က	9
S	Amount of advertising/promotional dollars spent by the manufacturer $\dots\dots\dots$	7	80	7	80	æ	∞	7
9	Length of time required for an order to arrive at the warehouse, i.e., lead time .	2	9	6	2	2	_	2
7	Size of advertising and/or display allowances, deals, etc., prorated on a yearly basis	S	7	2	7	∞	œ	7
80	Nature of the billing on deals, i.e., off-invoice rather than bill-back	9	6	9	7	80	9	7
6	Timing of manufacturer's promotion in relation to the distribution of the product, e.g., advertising before distribution	7	7	7	œ	œ	6	7
10	Seasonality of product sales	6	2	7	9	80	က	6
Ξ	Availability of local stocks	7	2	7	7	∞	9	2
12	Potential value to consumer compared to similar items	∞	7	7	œ	∞	80	6
13	Profit potential of the product	6	6	6	80	∞	4	6
14	Distribution and case movement of the product by competitors	7	7	4	9	œ	4	9
15	Availability of alternative types of promotional deals in relation to competition	9	œ	7	7	6	7	2
91	Type of performance requirements associated with promotional deals	7	6	7	7	80	9	7
11	Shelf space requirements	4	6	9	7	œ	7	9
18	Type of packaging, i.e., open stock rather than cut cases, case size, etc	4	ω	9	9	80	4	7

amportance ratings on 1-9 scale ranging from unimportant to very important. This table is an analysis of data by the researcher of Robert W. Sweitzer, "The Behavioral Factors Affecting the Flow of Information in the Buyer-Seller Dyad" (Ph.D. dissertation, Michigan State University, 1974), p. 133.

Table D2. Ranks of Buyer's Purchasing Criteria Based on Mean Importance Scores^a

Ranks	Criterion	Range	Mean	Standard Deviation	Variance
_	Profit potential of the product	4-9	8.00	1.69	2.86
2	Potential value to consumer	7-9	7.85	0.64	0.41
က	Amount of advertising/promotional dollars by manufacturer	7-8	7.57	0.49	0.24
4	Timing of manufacturer's promotion	7-9	7.57	0.73	0.53
Ŋ	Performance requirements for promotional deals	6-9	7.28	0.88	0.78
9	Case movement of similar items	4-9	7.14	1.64	2.69
7	Nature of the billing on deals	6-9	7.00	1.07	1.14
ω	Availability of alternative promotional deals	6-9	7.00	1.20	1.43
6	Shelf space requirements	4-9	6.71	1.48	2.20
10	Advertising/display allowance deals	2-8	6.71	1.16	1.35
Ξ	Seasonality of product sales	3-9	6.71	2.05	4.20
12	Value to consumer as seen in [company] "actuals"	5-9	6.57	2.19	4.81
13	Availability of local stocks	2-8	6.42	1.05	1.10
14	Product quality in terms of manufacturer's specifications	3-9	6.28	1.67	2.78
15	Type of packaging: open/cut cases	4-8	6.14	1.55	2.41
16	Potential for trade-up for larger size	3-8	6.14	1.64	2.69
17	Distribution/case movement of competitors	4-8	9.00	1.41	2.00
18	Lead time	1-9	5.14	2.17	4.69

^aImportance ratings on 1-9 scale ranging from unimportant to very important. This table is an analysis of data by the researcher of Robert W. Sweitzer, "The Behavioral Factors Affecting the Flow of Information in the Buyer-Seller Dyad" (Ph.D. dissertation, Michigan State University, 1974).

APPENDIX E

DATA AND ANALYSIS OF NEW PRODUCT DECISION

CRITERIA--EASTERN SUPERMARKET CHAIN

APPENDIX E

Table El. Buyer Purchasing Criteria Importance Scores (An Eastern Supermarket Chain)^a

Criterion						Buy	yers					
Number ^b	A	В	С	D	Ε	F	G	Н	I	J	K	L
1	9	8	9	9	8	9	9	7	9	9	9	7
2	8	4	8	8	6	6	4	4	9	3	7	3
3	9	7	6	9	7	NA	7	5	NA	5	9	8
4	7	4	6	9	8	8	3	8	5	5	6	5
5	9	7	7	9	9	8	8	7	9	7	8	7
6	5	5	6	8	7	5	NA	3	5	5	6	5
7	9	8	8	9	7	7	9	4	9	5	9	5
8	6	4	5	5	4	6	9	1	9	9	8	4
9	9	7	9	9	7	8	8	8	9	9	9	4
10	6	7	9	9	5	8	9	6	9	5	7	4
11	9	7	6	9	8	5	NA	8	9	6	8	2
12	9	7	7	5	8	8	7	8	9	9	8	8
13	9	7	9	8	8	8	9	8	9	7	9	5
14	6	7	8	8	8	8	8	6	5	5	8	5
15	6	5	7	9	7	8	3	7	9	1	5	5
16	5	6	5	9	7	6	9	5	9	7	8	6
17	5	7	8	9	7	4	6	5	5	9	8	6
18	5	6	6	8	6	NA	3	7	5	5	7	7

^aImportance ratings on 1-9 scale ranging from unimportant to very important. The criteria are from Robert W. Sweitzer, "The Behavioral Factors Affecting the Flow of Information in the Buyer-Seller Dyad" (Ph.D. dissertation, Michigan State University, 1974).

^bSee Table D1.

Table E2. Ranks of Buyer's Purchasing Criteria Based on Mean Importance Scores (An Eastern Supermarket Chain)^a

Criterion Number ^b	Range ^C	Mean (Eastern Supermarket Chain)	Standard Deviation	Variance
1	7-9	8.50	0.76	0.58
2	3-9	5.83	2.08	4.31
3	5-9	7.20	1.47	2.16
4	3-9	6.17	1.77	3.14
5	7-9	7.92	0.86	0.74
6	3-8	5.45	1.23	1.52
7	4-9	7.42	1.75	3.08
8	1-9	5.83	2.41	5.81
9	4-9	8.00	1.41	2.00
10	4-9	7.00	1.73	3.00
11	2-9	7.00	2.04	4.18
12	5-9	7.75	0.99	0.98
13	5-9	8.00	1.15	1.33
14	5-8	6.83	1.26	1.59
15	1-9	6.00	2.27	5.17
16	5-9	6.83	1.52	2.31
17	4-9	6.58	1.61	2.58
18	3-8	5.91	1.31	1.72

Analysis by the researcher of data collected by Joseph W. Thompson, Professor of Marketing, Department of Marketing and Transportation Administration, Michigan State University, June 1975.

bThe criteria are from Robert W. Sweitzer, "The Behavioral Factors Affecting the Flow of Information in the Buyer-Seller Dyad" (Ph.D. dissertation, Michigan State University, 1974).

^CImportance ratings on 1-9 scale ranging from unimportant to very important.

APPENDIX F

QUESTIONNAIRE ON NEW PRODUCT DECISION CRITERIA

APPENDIX F

QUESTIONNAIRE ON NEW PRODUCT DECISION CRITERIA

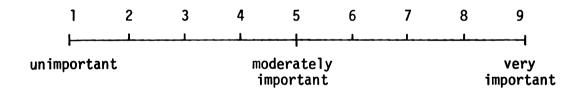
MICHIGAN STATE UNIVERSITY

RESEARCH ON NEW PRODUCT DECISION-MAKING CRITERIA

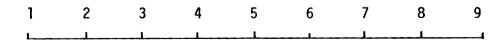
Listed below are fourteen different criteria which are most often used in making buying decisions for new products. Please circle the number on the following nine-point scale that best indicates, in your opinion, the level of importance of each criterion in selecting new products in your area. In case you feel that the list below left out an important criteria, which you think should be included, please add at the end in the space provided (see criterion 15).

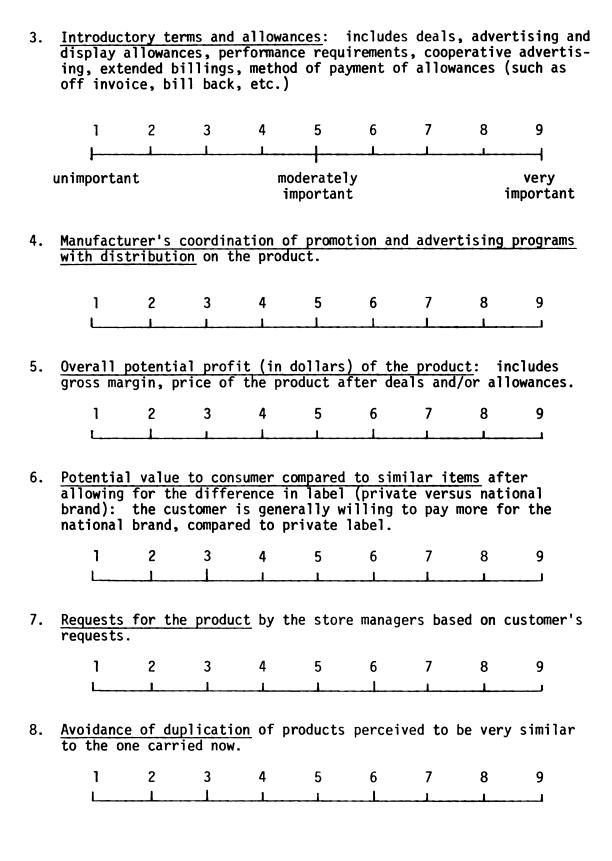
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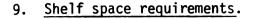
1. <u>Sales potential of the item</u>: determined by the case movement of similar item, supplier's information, test market results, or by some other method.

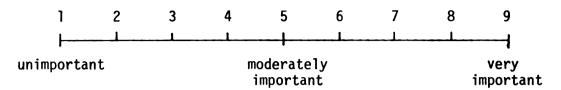


2. <u>Manufacturer/supplier's backing</u> (amount of preselling by the manufacturer): includes advertising and promotion (especially in the local market), evidence of consumer acceptance (such as test market results), sampling, coupons, deals to consumers, etc.

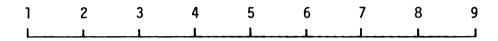




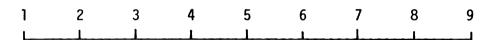




10. Seasonality of product sale.



11. Overall packaging: includes package size, colors, copy, layout, etc. Also includes case size and open stock versus cut case.



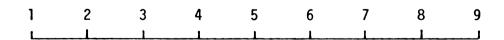
12. Uniqueness of the product: one of a kind.

1	2	3	4	5	6	7	8	9
1		1		1		1_		1

13. <u>Service from the supplier</u>: includes follow up of orders, deliveries, payment of allowances, information on competitive products, information on local market, store visits, setting up of displays, product quality in terms of specification, etc.

1	2	3	4	5	6	7	8	9
1	1	1	1	1	1	1	1	1

14. <u>Potential move of manufacturer selling similar item</u> (competitive move).



15.

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APPENDIX G

NEW PRODUCT INFORMATION AND BUYER'S APPROVAL FORM

OF THE SUPERMARKET CHAIN STUDIED

APPENDIX G

NEW PRODUCT INFORMATION AND BUYER'S APPROVAL FORM OF THE SUPERMARKET CHAIN STUDIED

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