THE MARKETING OF COLORIZER PAINT

(A case study of an innovation developed by Bennett's, a regional paint manufacturer located in Salt Lake City, Utah)

Dissertation

Presented in partial fulfillment of the requirements for the degree Doctor of Philosophy in the Graduate School of The Ohio State University

By

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William Henry Day

Salt Lake City, Utah
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CHAPTER I
INTRODUCTION

1. Purpose of Study

The purpose of this dissertation is to obtain, analyze, summarize, and reach conclusions relative to the marketing of an innovation which has attained contemporary significance in the American paint industry. This product is called Colorizer,¹ and was developed by Bennett's, a regional paint manufacturer located in Salt Lake City, Utah.

As a paint product, Colorizer is not sold in ready-mixed paint colors. Instead, the colorant is packaged separately in a tube (similar to a tube of toothpaste). The paint is produced as a white base for regular colors, and a gray base for deeper colors. Purchasers receive the quantity of base paint and the necessary tubes of Colorizer to provide the color they choose from an almost unlimited color assortment.

This relatively new product began to circulate through marketing channels in its improved form in 1947. Colorizer is based on the development and application of scientific

¹ "Colorizer" is the trade-mark of Bennett's, registered in the United States Patent Office for the fluid paint colorant and related items of the same class.
color theory. Its existence stems from the idea for interassociation and mixing of an almost infinite number of colors with minimum expense and elimination of waste.

In accomplishing this study, it is intended that worthwhile information will be provided for the paint industry, for the firm and associated firms handling the product, for those who may wish to enter the paint business, and for the student seeking information relative to important developments in the paint industry.

It is advisable to indicate that Bennett's operated as a successful business long before the idea of Colorizer evolved. Furthermore, attention is called to the difficulty of isolating any one factor as being responsible for a given set of results. Nevertheless, paint sales represent 55 per cent of the total business of which Colorizer paints account for over 45 per cent, and they are steadily gaining in importance. The point is, therefore, that although it is impossible to assign a specific value for the effect of this innovation, it has been and is still a big factor, among many factors, contributing to the success of the company.

Other factors include: company good will, progressive management, established brand name, locational aspects, and the competitive situation.

For example, it will be demonstrated in the course of this study that this innovation was responsible for increasing the number of dealers within the Intermountain area, that it led to the entry of the product into the Pacific coast market, and finally that it was the sole reason for the firm engaging in national and international marketing.
2. **Scope of Study**

The entire study of this innovation is geared to a case study of Bennett's. Important steps from a developmental standpoint are considered. These include general considerations which have influenced the American paint consumer as well as the specific work undertaken by the firm. Although Bennett's production activities would provide an interesting study, it is the related marketing problems and solutions which are the main concern of this study.

Where it seems pertinent, some attempt is made to relate this company to the industry as a whole. To do this more extensively would require data which are not available at the present time. Due to the fact that a considerable amount of the material is descriptive or qualitative in nature, an attempt is made to supplement it with quantitative data obtained through surveys of dealers and consumers.

3. **Methods Used in Study**

Because nothing had been written on this subject, it was necessary to resort mainly to primary sources of information, which involved the extensive use of personal interviews, field surveys, and individual correspondence.

General information and bibliographical material were obtained from the University of Utah Library. Some additional material was obtained from the Commerce Library at
The Ohio State University. Periodicals and trade association publications were also useful in supplying information of a general nature.

Information pertaining to the company was obtained through an extended series of directed and non-directed interviews with personnel of the company and associate companies. These interviews took place in Salt Lake City and at the annual convention of Colorizer Associates held in Chicago in June, 1952.

Surveys utilizing interviewing technique were used to obtain information about competitive lines and outlets, and to evaluate claims made for the product. The survey of competitive operations was made in the Salt Lake City trading area during the spring of 1952. A survey involving Colorizer dealers was conducted in the East Central States area during the summer of 1952. Still another survey was made in the Salt Lake City area, to ascertain consumer reaction to the product during the fall of 1952. Extensive correspondence was used to obtain information from leading paint companies and trade associations.

4. Company Information

Bennett's began as a paint department in a hay, grain, and feed store. In 1881, Sears and Liddle put in a stock of Fuller's paints and glass in their store which was located on Richards Street, in Salt Lake City.
The partnership of Septimus Sears, Nathan Sears, and E. J. Liddle terminated upon Mr. Liddle's departure from Utah in 1888. Thereafter, the business was incorporated under the name, Sears Glass and Paint Company. Nathan Sears was the president of this new organization, and John F. Bennett became the Secretary and Treasurer. When Mr. Liddle left Utah, Mr. Bennett was appointed to represent the Liddle interests although Mr. Bennett was employed full-time at the Dinwoodey Furniture Company.

In 1896, Nathan Sears died leaving the business in an insolvent condition. Mr. Bennett took a leave of absence from the Dinwoodey Furniture Company in order to close the affairs of the paint company. But the business prospered so rapidly under his management that he decided to make it his life's work. Purchase of the business was arranged through a probate court by Mr. Bennett and some of his friends. The Bennett name was given to the business in the year 1901.

During the first twenty-five years of the company's existence, John F. Bennett and his associates organized and operated several other related businesses. These enterprises were operated independently until 1935 when they became branches of the parent company. These companies include:

Bennett's
Salt Lake City, Utah

Ogden Paint, Oil & Glass Company
Ogden, Utah
Maiben Glass & Paint Company
Provo, Utah

Logan Hardware Company
Logan, Utah

Idaho Glass & Paint Company
Pocatello, Idaho

East Side Paint Company
Idaho Falls, Idaho

Twin Falls Glass & Paint Company
Twin Falls, Idaho

Bennett's
Boise, Idaho

Other companies which were once owned, but which have since been sold, include:

Salt Lake Glass & Paint Company (Sold 1928)
Salt Lake City, Utah

Bennett Gasoline & Oil Company (Sold 1928)
Salt Lake City, Utah

Barbee Paint Company (Sold 1925)
Nampa, Idaho

Through the years, the family of John F. Bennett has acquired, and now owns all of the stock of the corporation. The present officers are indicated on the company organization chart on the following page.

Today this company typifies modern progressive American business. Company management possesses a keen appreciation of primary and secondary business objectives. The company

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has grown over the years to where it now employs some 235 employees. Plant facilities include:

1. A modern one-story plant to house all of the company's present glass and paint manufacturing and distributing activities.

2. A new varnish factory, the first in Utah.

3. An automobile glass shop.

4. Other warehouses for auxiliary storage.

Bennett's operate mainly in Utah and Southern Idaho, with some business in Wyoming, Nevada, Montana, Oregon, and Colorado. Headquarters is in Salt Lake City. Glass warehouses are located in Pocatello and Boise, Idaho. Retail stores are located in Salt Lake City, Ogden, Provo, and Logan, Utah; and Pocatello, Twin Falls, Idaho Falls, and Boise, Idaho. All together, these establishments serve over 400 dealers.

The company has expanded into many related fields. Its activities include the operation of the only paint factory between Denver and San Francisco, and a varnish factory, likewise, the only one of its kind in this area. It was constructed during 1948.

Products manufactured by Bennett's include:

"Bennett's Pure Paint"
"Bennett's Quick Enamel"
"Bennett's Gloss Interior Enamel"
"Bennett's Semi-Gloss Finish"
"Bennett's Flat Finish"
"Bennett's Interior First Coater"
"Bennett's Colorizer"
"Bennett's One-Der-Glo Enamel"
"Bennett's White Wall Sealer"
This study is concerned only with the product described above as "Bennett's Colorizer."

To serve its glass customers, the company operates three glass factories. They are located in Salt Lake City, Boise, and Pocatello. All Bennett factories engage in complete glass contracting service including the manufacturing of mirrors and doing edgework.

One of the several subsidiary businesses operated by Bennett's is a cleaning material business which is located in Salt Lake City. This subsidiary operation produces waxes, polishes, cleaners, and other household specialties. The brands are: Paste Cleaner, Crystal Cleaner, Hardwood Floor Cleaner, Fabric Foam Cleaner, Glass Cleaner, Self-Polishing Wax, and Furniture Polish.

Many sundry items are also jobbed by Bennett's for the Intermountain area, such as: U. S. Gypsum products, brushes, painters' tools, supplies, oils, turpentine, glass, and glass-cutting and glass handling supplies.

While comparatively new, the wallpaper department is probably the largest in the area. It represents some of the finest wallpaper manufactured in the country and covers the

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full range from the cheapest skins to the exclusive hand-made decorator's papers.

In preparation for postwar business, several new services were added. The sporting goods business, that has existed in some retail branches, was expanded to include the entire organization on a wholesale basis. During the war years, a color laboratory was developed as well as an interior decorating service. Moreover, the paint color program has been completely revised to offer an unusual service to home owners in coordinating glass, paint, and wallpaper to produce more beautiful homes.

The General Sales Policy of this company appears to be particularly noteworthy, expressing as it does, a fundamentally sound business philosophy. Furthermore, its consideration here will help the reader appreciate the underlying attitude of this company relative to its marketing activities. A statement of this policy follows:

1. After sixty years of service, we have earned an enviable reputation for honesty and fair dealing, and are determined to maintain it.

2. We believe fundamentally that the best quality is more important than the lowest price.

3. We sincerely believe that an attitude of unselfish service really pays.

4. We will continue to select men and women to represent us who believe as we do, and who represent these same qualities in their own personal habits and standards of life.

5. We shall always strive to meet our customers cheerfully, treat them courteously, and reflect an eager enthusiasm for our company and its products.
6. We shall use every legitimate advertising and promotional device consistent with our dignity to tell our customers about these basic attitudes in the hope that we can deserve to have them pass our story on to their friends.

7. Because our products give their greatest service in adding beauty to buildings, we shall try to develop in our own organization a sense and appreciation of beauty, and exemplify this attitude in our physical surroundings.

8. We shall be keenly interested in every practical service we can render our customers that will help to serve them swiftly, conveniently, and economically.

9. We recognize the soundness of the New Testament philosophy, which says:

   a. He who would be the greatest among you, let him be the servant of all.

   b. He who seeks to save his life shall lose it, but he who loses his life shall find it.

   c. Do unto others as ye would that others do unto you.

10. Our policy is based on a mixture of idealism and hard-headed realism, but on the assurance that the finest attributes of human character are the safest foundations for success.

The foregoing statement of sales policy is worthy of careful consideration by others. It is a witness that the management of this enterprise understands and appreciates the importance of sound business objectives.
CHAPTER II

SIGNIFICANT FACTORS WHICH INFLUENCE PAINT CONSUMERS

It is deemed worthwhile to consider some changes in the economy which have special significance to paint consumers. Time does not permit a thorough and complete consideration of all of the vital factors bearing on consumer demand; nevertheless, attention is called to the basic importance of understanding such factors as human wants, desires, habits, customs, and motives (buying and patronage) in order to deal adequately with the subject.

In recent years there have been developments which have a special bearing on consumers insofar as the purchasing of paint is concerned. Consequently, these developments will be mentioned briefly, first in a general way and then more specifically as they relate to paint.

1. Art

There have been remarkable changes brought about in the home, its surroundings, and products in general. Much credit is given to the industrial engineer, interior decorator, industrial stylist, and others whose titles are indicative of those utilizing art and design to improve present-day living.

American paint consumers have been influenced considerably by developments which have taken place in the field of art. At the outset it is pertinent to indicate the change
that has taken place in the role of the artist. He has been characterized in his present role as "painter of linoleum and motor-cars, sculptor of glass jars and cartons, architect of iceboxes." ¹ The artist of today gears his work in terms of mass production for mass consumption, creating a background for approximately 160 million Americans. In the past, the artist attempted to please a single cultivated patron, or, at most, a small group. His task was transformed with the major emphasis placed on enhancing sales appeal to facilitate the sale of products in the mass market. ² He succeeded in adding sales appeal as well as promoting more gracious living in America.

Furthermore, the artist of today is employed by business, whereas, during the Middle Ages and the Renaissance, he was employed by princes and popes. The product of the artist today lines the grocer's shelves, speeds along highways, and covers the floors of the workingman's home. And whereas the artist was formerly accustomed to the prestige of a famous name, he is today, for the most part, anonymous. Moreover, he no longer picks his subject, but instead he must dramatize a given product.

² Ibid., p. 152.
The advent of the artist on the stage of industry is due in part to economic conditions. Many of the art prospects set their ambitions along orthodox lines such as attending art schools in America and entertaining the thoughts of study in Paris for further development, and hoping that they would be painting easel pictures, exhibiting in famous salons, winning gold medals and honorable mention, receiving praise of powerful art critics, and selling their work for enormous prices to wealthy collectors and important museums.

However, they faced financial difficulties during the depression of the 1930's. There were too few collectors and fewer scholarships. Patrons in the old meaning of the term were lacking, but there was one great patron whose need for art was enormous and varied. This patron was the American advertising agency. The artist was utilized by this new patron in making drawings of hats and hatchets, stockings, and salads, soups, and seafood.

Little by little his suggestions were accepted, first in the shape and color of packages, labels and displays, and as they proved successful, he was frequently asked for suggestions concerning the product itself. From the printed page, art found its way into the factory. In the course of time, the artist, under the title of interior decorator, made his way into the American home.

Perhaps the best way to illustrate the importance of the artist and his effect on American consumers in general
is by means of some concrete examples. Acknowledgment is made here of the excellent examples provided by Roy Sheldon and Egmont Arens in their book, Consumer Engineering.

In describing the changes wrought by the artist, attention is called to the transformation which has taken place in the American living room. Beginning with golden oak and mission set furniture, the artist unable to replace them with new style, selected beautiful furniture from the past, particularly from the eighteenth and nineteenth centuries. Excellent copies which he provided of the chairs and tables of these periods were accepted, and with them came appropriate draperies, silver, glass, and hardware. Wallpaper was improved in both color and design and achieved its function as a quiet and distinguished background for the furniture. Paint was utilized in pastel shades because of its cleanliness. Gracefully shaped mirrors replaced gilt-framed models. Decorated wall mottoes disappeared and knickknacks became fewer.

As interior decorator, the artist was able to carry on his work of simplification, harmony, color, and fitness. What he was not able to replace satisfactorily or redesign successfully, he concealed. The obstinately ugly but indispensable radiator he covered with a metal grill. He banished the morning-glory horn from the gramophone, and the loudspeaker he concealed, along with the rest of the radio, in a graceful console.

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3 Ibid., pp. 160-61.
And so examples could be multiplied in each room of the house where developments by the artist have brought about a significant transformation in American living. The American artist has gone from cellar to garage, unobtrusively putting things in their places, letting in light and air, saving space, and eliminating the superfluous. He has been instrumental in simplifying housekeeping in all its phases. He has not only provided a new and refreshing idea of the fitness of things, but what is important here is the effect these changes have had on the state of mind of the customer. Indeed, these changes have made Americans a different people.

Moreover, these changes have intensified the interest of the consumer in the home and products in general. A keener interest in the home and its surroundings has led to a desire for more and more colors in paint with which to decorate and beautify the home.

2. Architectural Influence

The next area to be considered here concerns the developments in the field of architecture and building. In the course of time the frame of reference relative to the home has been broadened. To the pioneer and farmer, a house was a place into which one retreated to get away from nature. Having spent the day outdoors in all too vigorous contact with sun and wind, he wanted to shut out all that when he crossed the threshold. Windows were small, for protection against
cold, and in placing a house, the builder paid far more attention to shelter than to view. 4

Home is no longer a house on a lot, but a highly integrated, highly organized living space that extends from lot line to lot line and grows out of the natural landscape. Today homes and their furnishings are built around people, not people fitted into homes and schemes of decoration. As people's lives change, homes change, both structurally and in their interior fittings. The home is a shell or cocoon for living. 5

This point of view is aesthetically satisfying. It is also highly practical in view of the upward spiral of building costs. Houses are now smaller, more compact than they once were, because so much more living is done outside of the four walls of the home than in earlier days. The machine changed homes, because many of the activities carried on in the household were taken over by factories.

Sewing rooms vanished, kitchens became smaller, and pantries and large storerooms disappeared or shrank in size. The development of public facilities also changed homes. Family libraries became rarer as the public library and the rental library made books generally accessible. The automobile had its marked influence upon homes as it influenced

the American way of life. Because of easy transportation, the suburban home developed both for people of moderate means and for the wealthy. And so the interaction between the lives people lead and the home they live in has gone on ever since homes were built.

A new design relationship has resulted from technical achievements in modern heating and insulating glass. Walls of houses no longer "enclose," instead they "open out." The visual area of a room is no longer its own four walls. It extends to the garden wall or the horizon. Instead of walls enclosing a private world and shutting it off from everything else, they connect the private world with the larger world of nature of which people are all a part.

Once the visual barrier is removed, indoors and outdoors are designed so they will flow together with natural continuity. And this allows the consumer to indulge in an instinctive preference for the colors, patterns, and textures of nature.

This new design relationship between the house and nature provides an unprecedented indoor-outdoor affiliation which is sometimes actual, sometimes only visual. In either case, it has affected decoration, and consequently paint.

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6 Ibid., p. 515.
7 "The Patterns and Textures Americans Like In 1950," House Beautiful, January, 1951, pp. 54-55.
It has produced the need of using nature colors and nature patterns so that there will be no visual break between the two.

In the past, attempts were made to blend colors with the outdoors in designs and houses. However, the difference in motives is noted. "In 1910, nature colors were used as a device to remind one of the country outside, just as millefleur tapestries were a Gothic contrivance to bring a suggestion of flowery meadows indoors." Today, nature colors are used, not to suggest the outdoors, but to harmonize the inside with it, since both are now visually united parts of the same room.

The present-day practice of merging indoors and outdoors is neither a fad nor an architectural whimsy. Rather, it is the logical answer to the social and economic pressures of today. It reflects a maturing aesthetic point of view as it applies to design and use of materials.

3. **Trend Toward Naturalism**

Closely related to the subject of art is the current and pronounced trend toward naturalism recently manifested

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9 Underscored by the writer to emphasize the change in motive from remind to harmonize.

10 "The Patterns and Textures Americans Like in 1950," _op. cit._, p. 91.
by Americans. A survey made by House Beautiful magazine in January, 1951, indicated a distinct preference in home furnishings for naturalistic objects, colors, fabric patterns, etc. This trend is important to the manufacturers of these items, paint manufacturers being included, all of whom should assure themselves that their products are in line with customer preferences.

It appears that as Americans have followed the trend for natural things in their environment, there has arisen a need for more color to match and blend the colors of nature with the artificial. In other words, there would seem to be some correlation with this trend toward naturalism and the increasing demand for more colors in paint.

Since paint is one of the most flexible elements in decorating, it is almost bound to follow, rather than precede, the choice of colors in other furnishings. The way most people decorate is to find a ready-made material which is suitable, and build the rest of the color scheme around it. It is not surprising, therefore, that popular color preferences, as they show up in paint, should exactly parallel colors found in the best-selling fabrics, carpetings, wallpapers, ceramic tiles, linoleums, and all other home furnishings.12


Observation of the popular colors indicates that they duplicate those commonly seen in the landscape. It will also be noted that the colors are not the same as those popular ten to twenty years ago. They are brighter, lighter, and sunnier. The color palette indicated in the best sellers is made up primarily of the colors commonly found in nature: soils, tree barks, plant leaves, wood tones, ferns, rocks, and grass. Bright colors such as found in flowers occurred, but as a minority group, and then they were used only in small quantities for sparkle in about the same small proportions as nature used flower colors. Equally interesting is the fact that popular designs likewise follow forms found in nature: leaves, ferns, trees, flowers. Textures also reflect those found in barks and rocks.

Various reasons are cited to explain this development of American taste for naturalism. A consideration of all of the explanations would extend beyond the scope of this study, however, the explanation promulgated by Dr. Ralph Linton, Sterling Professor of Anthropology, Yale University, is worthy of consideration here. This authority affirms at the outset that there is a universal return to nature now under way.

Such a trend is reflected in more and more devotion to open-air living, in simpler clothing, in house planning and

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interior decoration, and, above all, in an exodus from the cities. The movement has been slowly gathering force ever since the turn of the century. It is pointed out that the American pioneers had no love for nature per se as it was with considerable difficulty that they had to deal with nature. As soon as large cities developed the children of pioneers sought to move there to get away from the labor and loneliness of living so close to nature.

Americans began to love nature only when it could be done without serious loss of comfort. Thus, the contributions of science and technology have played a very significant role in this trend back to nature. Furthermore, Dr. Avard Fairbanks states, "that through a better understanding of nature, better color harmony has resulted." 15

4. Color

As already indicated, paint is one of the most important means of providing color; therefore, it is desirable to indicate some of the more significant aspects of color. Much of the research and various aspects of color have little meaning to those associated with paint, and recognizing this, only those aspects which are closely related to paint manufacturers,

14 "Technical improvements in heating, insulating, weatherstripping and glass are the key to our new love for the beauties of nature." J. W. Krutch, loc. cit., p. 115.
15 Dr. Avard Fairbanks, Dean, College of Fine Arts, University of Utah, is a noted Utah artist and prominent sculptor.
distributors, and users will be discussed here.  

a. **General Properties of Color**

To deal intelligently with paint, it is essential to understand the basic properties of color. These basic qualities and characteristics are: (1) hue, (2) value, and (3) chroma or intensity. Hue is that property by which one color is differentiated from another. It indicates the name of a color and it practically synonymous with the word color itself.

Basic color names used most are those of the pigment colors. There are three primary pigment colors—blue, yellow, and red. However, there are numerous different hues. Three colors—violet, indigo and orange—upon examination, are found to have tinges of one or more of the three pure colors. Sometimes the colors of dyes and paints are named for the materials out of which they are made such as white lead and red lead paint. Some colors take their names from flowers, such as rose and violet. Some colors take their names from fruits, such as peach and orange. Some colors take their names from gems, such as jade and ruby. Hue tells the family

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16 For the history of paint and color, see *50,000 Years of Protection And Decoration*, (Pittsburgh, Pa., Pittsburgh Plate Glass Company).  

name to which a color belongs, i.e., rose, carmine, and pink belong to the family or hue known as red.

Value refers to the amount of light or dark in colors regardless of hue, i.e., light red or dark red. A color in full natural strength is a normal color. If it is lighter than normal, it is a tint, if darker, it is a shade. The lightest value is white and the darkest is black.

Chroma, or intensity, refers to the strength of a color, its brightness or dullness. It is common to refer to color as being weak in chroma or strong in chroma, in explaining whether it is more or less intense in color.

b. Expanding Utilization of Color

One of the observations from the research undertaken on the subject of color is the changes that have taken place relative to its use. The extent of color in American living forty years ago, or less, was characterized by oatmeal wallpaper, extensive use of white curtains and scarves, some accent color in the rugs, white dishes customarily trimmed with a gold band or a spray of flowers, and either blue or pink bedrooms.

It is apparent that very few people manifested any great concern over the use of color: people were occupied with

18 Faber Birren, Functional Color (New York: The Crimson Press, 1937), Plate I.

19 For a complete glossary see A. H. Munsell, A Color Notation (Baltimore, Md.: Munsell Color Company, 6th Edition, 1923.)
interests which did not place much attention on it. In place of color, Irish point curtains, Axminster rugs, and machine-carved oak satisfied the decorative desires of the people.\footnote{Henrietta Murdock, "Color," \textit{Twenty-Five Years Of Retailing} (National Retail Dry Goods Association, 1936), p.235.}

Tastes have changed, however, from the rococo motif very ornate, very loud--to a modern use of color which is plain, sometimes severe, and usually free from over decoration. Contemporary designers plan decoration schemes in contrasts on large planes rather than through the use of ornate flowery motifs.\footnote{Russ Walton, "For Sales Use Colors With Personality," \textit{Ceramic Industry}, August, 1950, p. 81.}

It was the years shortly following the first World War \footnote{Murdock, \textit{op. cit.}, p. 235.} which produced the prosperity necessary to start a color cycle. In view of the prosperity during those years, some manufacturers were inclined to indulge in experimentation with color. If red coffee pots did not sell, the volume on the gray would carry the loss. If nobody found a light blue broom handle appealing, varnished ones would bridge the gap.

The interesting thing is that people did find the red coffee pots amusing, and the blue brooms intrigued the eye of those who had to look at them frequently. Thus, various kinds of merchandise began to blossom with color. In fact, color developed so fast that manufacturers had little time to get
acquainted with color behavior, color psychology, or the other
principles which ought to be considered in its use.23

Some manufacturers and retailers used color without an
adequate understanding of the physical science which under-
lies the subject. It seems that those involved, from the de-
signers to the copywriters, all followed the tide and urged
more and more color. This almost "blind" use of color resul-
ted in new and difficult problems. Repeat orders would not
match the sample. One manufacturer entered the field early
with a green range. The customer could not match it with a
refrigerator or cabinet. Of course the manufacturer felt un-
happy, and so did the customer.

In contrast to this experience, some automobile manu-
facturers hired color experts to solve their problems because
it was a necessity for securing better sales of the product.24

Merchants of those early days would no doubt admit that
the promiscuous use of color was not altogether successful
from a net profit standpoint. Efforts to coordinate between
different manufacturers were very feeble indeed. The weakness
seemed to stem from the failure to recognize the difference
in color preferences of the consumers and the lack of consumer
analysis generally.

23 Excellent material dealing with these aspects of
color is available from the E. I. DuPont De Nemours Company.
24 Dr. Avard Fairbanks served for several years as color
and design expert for the Ford Motor Company.
Recognizing the impetus of the rising demand for color with the prosperity of the 1920's, attention must also be directed to the effect of the depression of the 1930's upon the awakening of color consciousness in America. A well-known paint executive believes the story actually started in the dark days of 1932. That year found the paint industry not only the doldrums of depression, but, what was worse, it was doing nothing to get out of them. Products and selling techniques used in the horse-and-buggy days were still being used. Practically nothing was being done generally to satisfy a people who were becoming "color conscious." The Colorizer development is a case of an individual attempt to deal with this trend, and appears to be succeeding in satisfying consumer preference for color.

Some people in the paint business attempted to satisfy the increasing request for color by mixing the color as nearly as possible through guesswork. This was a costly practice and one which the average consumer could not afford. "Try, try again," expresses the manner and difficulty connected with the efforts of the painter trying to get exactly what was wanted, but seldom succeeding.

The awakening of color consciousness in America became

more accelerated following the Second World War. Shelter magazines used color extensively, which is believed to have had a great affect on this change. They have succeeded in planting color ideas in the color-hungry minds of millions of readers. Technicolor, which had been introduced in movies, presented a visual demonstration of what could happen to an otherwise normal room when a Hollywood decorator had the final word.

Paint salesmen encountered some of the results of these developments. It was no longer possible to plan the wallpaper scheme for a home and let it go at that. They were expected to furnish opinions on color for woodwork, deep color for ceilings, accent color for three walls to complement a fourth of wallpaper.

Keith Parker, who is affiliated with Carson, Pirie, Scott Company of Chicago, believes that broader use of color is definitely here to stay. Mr. Parker points to the rising importance of color in dinnerware. The extensive use of color and fashion styling in this merchandise began some years ago in California. Since that time the public has demonstrated that it would pay $3.00 for a plate styled in the California manner with bright colors when it could have bought another

26 The term "shelter" magazines is a term used in the trade and refers to such magazines as: House Beautiful, Better Homes and Gardens, American Home.

27 William M. Stuart, op. cit., p. 43.
good plate for 85 cents. This is another indication of the increasing demand for color by consumers. 28

The increasing use of color by industry is another observation which became apparent in consequence of this study. Faber Birren, noted color consultant, explains the use of color in building employee morale, as a safety device in reduction of industrial accidents. Reference is made to the use of a safety code by Army Service Forces which brought about a reduction of accidents in some United States Government plants from 46.14 per cent to 5.58 per cent. 29 Mr. Birren further claims that "right illumination and right colors are worth about $139.25 annually per average employee in American industry today." 30

Another observation is the fact that experiments are being conducted at the University of Minnesota to determine the best possible color for use in medical operating rooms. The typical all-white operating room produces too much glare according to some surgeons, and attempts to reduce this by use of dark walls and gray clothing are being made. 31

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30 Ibid., p. 7.
In addition to experimentation in the best colors for operating rooms, the color also is being changed in hospital rooms for patients. Up-to-date hospitals avoid the stark and clinical white of former days. Correct color speeds the patient's recovery by creating a home-like atmosphere in the guise of pastel walls, colored furniture, and bedspreads. Examination of some hospital menus show an interesting use of color in the choice of foods.\footnote{H. L. Spindler, "Demand For Plumbing In Color Increases," Ceramic Industry, August 1950, p. 81.}

An experiment which will reveal the trend in the utilization of color is to compare a copy of a thirty-year-old periodical with a current issue. The difference shows the increasing use of color in the printing industry. Quite naturally, this utilization of color has spread to printed forms of advertising. Newspapers were customarily black and white, but color first found its way into the comics and now is seen in newspaper advertising. Several newspapers are now offering a Sunday rotogravure section which is produced primarily in color.

To summarize these developments, it can be seen that today all kinds of people from housewives to factory managers are being made to realize the true meaning and effect of color. It is becoming acknowledged that there is more to color than meets the eye. Color choice is no longer based solely on whether it is pretty, durable, or protective.
Instead, special attention is given to the use of the inherent power and energy in color to produce certain desired results.

A revolution no less in painting and decorating is creating new and pleasant surroundings in homes, schools, factories, stores, hospitals, and other structures in which people live, study, and work. This transformation is both needed and welcomed. The color schemes of yesteryear -- drab, bleak and inharmonious -- are being changed to smooth, beautiful, and functional color patterns.

Through the application of scientific principles of color, any structure can be made immeasurably more attractive. Careful selection and precise placement of colors can change a dreary schoolroom into a really pleasurable place to study. Using the same methods, the dull, gray interior of a factory can be made bright and cheerful. Equally important is the way a small, drab living room can be made into a beautiful center of family life. Color utilization today is truly beyond the fondest hopes of Americans who lived even thirty years ago.

The increasing interest and use of color by industry and related fields have not only added pressure to the increasing demand for color, but these developments suggest an expanding market for the paint manufacturer who can supply the colors demanded.

33 50,000 Years Of Protection And Decoration (Pittsburgh, Pa., Pittsburgh Plate Glass Company), p. 10.
c. **Color Preferences**

There are significant differences in the psychological reactions to color of men and women. For example, men have a prejudice of about two-to-one against the warm colors, and women have about the same ratio of prejudice against the cool colors. This prejudice is demonstrated in the color of clothing worn by the sexes. In view of these prejudices, it is important for manufacturers to know who makes the final buying decision for their product.

Not only do color preferences vary with the sexes, but they change according to geographical location also. Recognizing the definite trend to color in every part of the home, one authority indicates that some parts of the country have received color with more enthusiasm than others. California, the Southwest, and New York are mentioned, specifically, as leading markets for color.

d. **Problem: Color Coordination**

In recent years one of the major problems connected with the purchasing of home furnishings has been the search for the

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34 "Factor In Pleasant Living," *op. cit.*, p. 50.


matching color—the drapery to match the rug, or the lampshade to go with the slipcover. Those who have experienced this know about the disappointing blue that turns out to be a little too green, or the deceptive pink that is a little too blue when it is viewed under the light at home.

The difficulty indeed is believed traceable to the fact that manufacturers of fabrics, paints, rugs, wallpapers, and similar products have failed to coordinate their colors and dyes. 37

What happens without color coordination is demonstrated succinctly in an account given by Mr. Kenneth Collins formerly Vice-President of Macy's Department Store.

"I recall, some two years ago, spending a great deal of my time and of my powers of persuasion with certain representative plumbing concerns to get them to put in a charming present-day bathroom in one of our windows. We selected a pleasant color scheme, but fortunately just about the time that we were to make a rather large expenditure of time and money on this window some one had the common-sense idea to investigate what the bath mats, shower curtains, washcloths, bathroom bottles, etc., looked like. To our dismay we discovered that the bathroom-fixture manufacturers were making everything in clear, hard colors. We actually had to abandon putting the window in, and reverted to one in black-and-white." 38

Throughout his new book, Your Color and Your Self, Faber Birren stresses the fact that a great amount of piece-meal

38 Roy Sheldon and Egmont Arens, op. cit., p. 131.
knowledge about color exists, but it needs to be coordinated and thought through. 39

This problem became quite apparent to Wallace F. Bennett and his associates in the Bennett Paint Company of Salt Lake City. Customer after customer brought with them swatches of material to match with wallpaper, or paint. It became obvious that there existed a need for color coordination, as well as for more colors. The details of how this company coped with this problem, are discussed in the following chapters.

Fortunately, some manufacturers recognized the importance of this problem and undertook some measures to cope with it. As an indication of what has been done, one group developed what has become known as the Institute of Carpet Manufacturers of America. They developed a plan with the purpose of taking the guesswork out of shopping. More than 270 manufacturers of rugs, fabrics, upholstery leather, upholstered furniture, hard surfaced floor coverings, paint, wallpaper, trimmings, bedspreads, lamps, lampshades, and other furnishings agreed to share a standard color palette in the dyeing and coloring of their goods. Identical names for colors were used by all manufacturers. This plan provided for nine basic colors called BHF colors, each of which has a range of eight color values from light to dark. 40

39 "What Color Can Do For You," op. cit., p. 9
40 Frances Heard, op. cit., p. 58.
Despite the increasing demand for more and better color by the American consumers, there is still room for improvement in regard to color coordination. Coordination of good colors started in the women's fashion field, then advanced to the automobile industry, and most recently included the china and glass field. This poses a serious problem for the appliance manufacturers who have greater difficulty in offering the wide assortments of color that paint and wallpaper manufacturers provide. Instead of being able to reduce inventories, the offering of more color means increasing inventory which requires greater warehousing facilities and other related problems. Leaders in the ceramic industry recognize the importance of the color coordination problem, and warning has been given to manufacturers and others concerned in the hope that they may be stimulated to correct the difficulties now at hand.41

The color coordination problem is more than manufacturing colors that will sell. It requires producing colors which will go well with the colors in products which are closely related and used together in the home.

For example a canary yellow lavatory made in Ford City should match or harmonize with yellow wall tile made in Wheeling and a yellow porcelain enameled bath tub made in

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41 "Industry's Biggest Need: Coordination," Ceramic Industry, September, 1950, p. 76.
Detroit. This example indicates that color coordination can be an *intra-industry* problem. To help coordinate the above described situation, the sanitary ware industry—as a segment of ceramics—has, in large part, standardized on a half-dozen appealing colors.

Almost as obvious, but practiced far less fully by ceramic manufacturers, is the need for inter-industry color coordination. Where, for example, does the decorator or homemaker who wishes to use the popular sand or "earth" tone as a general decorative scheme, turn for dinnerware, tile vases, or lamps to complement or highlight such a color scheme? Paint, wallpaper, rugs, upholstery and drapery fabrics, and plastic—virtually every other major home furnishings—are available in colors which are designed specifically for harmony in such currently popular color schemes. With few exceptions, such is not the case in ceramics. Therefore, the ceramic industry has a problem which is *inter-industry* in scope.

The achievement of harmony in color in other industries was not by accident. Leaders in their respective fields saw a market advantage, an opportunity for greater profit, by offering products that would readily combine with other home and office furnishings to give harmonious color schemes. ⁴² Again it is pointed out that those who take time to analyze the

wants of the consumer will find greater success in their merchandising endeavors.

e. Planning Color

Forecasting color is an important aspect to consider inasmuch as consumer preferences do change. While it is still possible to miscue on color forecasting, there are some reliable methods which can be used in planning dominant color combinations for products which are not going on the market for six months or longer.

First, it is suggested that deluxe fashions be observed for what have come to be known as "high-style colors." These showings are the result of the considered opinions of experts and indicate those colors which are likely to have appeal.

Second, it is wise to check the findings of professional color-testing organizations, such as the Rahr Color Clinic, which makes a survey every two years. Results of these surveys are reported in the House and Garden magazine in the special issue devoted to color. Incidentally, House and Garden reports the top high style and currently good colors to its retailers through its trade section, before the regular issue is circulated.

Third, it is suggested that color trends be observed in the work of top flight decorators. Next, keep in touch with outstanding architectural performance noting the color combinations in structure and furnishings. Also keep in touch with
major art exhibits such as the Vincent Van Gogh show which is marked by strong yellows, high reds, and bright blues, colors that have already carried over into apparel for both men and women. From these observations a picture begins to evolve; which colors are high style, which are currently good.

Having obtained the necessary information, the next step is to use it to the best advantage. The high style colors, those which appear to be gaining acceptance, are from one to two years ahead of those that are currently good. Within two years they tend to move into the less fashionable, but much broader market class, while those good in that class gradually lose favor.

It is apparent, therefore, that long-range color planning should be done in terms of high style colors which should begin to have wide acceptance about the time the long-range products reach the market. Fashion merchandise also calls for high style colors, and should be produced in time to capitalize on smartness while the colors are on the up-grade. It is recommended that low cost, readily produced products be done in the currently good colors; high style colors will not click in this class until months later when they have passed their peak and moved into the currently good group.

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44 Ibid., p. 48.
Merchandise which has an advanced design should be treated with high style colors to sell best in the fashionable market. It likewise follows that an item with ordinary design is best done in currently good colors unless its production will be too long delayed.

Chartreuse is a color which provides an interesting example of a color which moved from high style to the popular market. It is considered a poor example in that it was an outstanding success in both. No single color has replaced it as high fashion, but instead there has been a shift from green chartreuse to yellow chartreuse.46

Perhaps the most important thing to be recognized in planning is the idea of a constantly changing color market. In view of this, the timing of product introduction and the choice of colors to use should be in terms of styling and trends.47 Colorizer enables Bennett's to provide any color in vogue simply by mixing the appropriate colorizers to give the desired color. Furthermore, all high style colors are provided by Colorizer with low cost.

f. Status of Color

Color authorities feel that the present interest in color is not a fad, but that it is here to stay.48 The cur-

46 Ibid., p. 49.
47 Ibid., p. 49.
48 "Color Keynote to Sales," op. cit., p. 79.
rent situation with color, which includes clothes, cars, sign lighting, homes, factories, hospitals, schools, and even trains, buses, and street-cars, is something which has been developing for many years.49

It is expected that popular colors will come and go, but color as a pleasant factor in our lives is here to stay. Furthermore, the level of color appreciation existing among the buying public is higher today than at any time during the history of this country.50

The preceding material illustrates vividly that a full understanding of "color" is a must. It means that it will be increasingly important to manipulate color in terms of style. For example, a paint manufacturer who attempts to market a color that has passed its peak in the style cycle will need a very clever sales manager to avoid disastrous sales resistance from color-conscious customers.

Color is being used with more discretion today, and it is felt that such will continue to be the case as the years come and go. Already considerable experience with color has been provided manufacturers and retailers, and more will be obtained as time marches on, enabling a better utilization of color in American living. Dr. Avard Fairbanks believes that because the Colorizer development has made it easy for the

49 "Style Feature Demanding Executive Planning," op. cit., p. 48
50 Henrietta Murdock, op. cit., p. 237.
consumer to solve the color problems in a simple manner, by avoiding the complication which is usually associated with the subject, is a major factor in its success. Dr. Fairbanks illustrated this point by paralleling it to the changes in automotive design which have made the operation of such vehicles simple and easy and thus promoting sales volume.

5. Fashion

It is now recognized by authorities that fashion is an integral part of American living. "It pervades every field and reaches every class."51 "Our homes, our automobiles, our radios, our foods, our recreations, and our entertaining, even our illnesses and diets, are influenced by this dynamic thing we call fashion."52 Nevertheless, there seems to have been a failure on the part of paint manufacturers to regard their product as one affected by fashion. This is borne out by the year in and year out arbitrary dictation of a few ready-mixed colors for the public.

In the past few years, however, with the importance of color being emphasized, especially by the shelter magazines, some paint manufacturers are now taking steps to handle more adequately this aspect of their product. Paint manufacturers provide color first of all—the paint is merely the means to that end.

52 Kenneth Dameron, op. cit., p. 574.
Alert paint manufacturers are aware of the fashion colors and utilize them in their merchandising operations. It is a common error to regard fashion as only applicable to the ready-to-wear or the apparel field, for it is equally applicable to home furnishings of which paint is an important product. Colorizer solves the problem created by fashion without adverse affects on the business. As new and different colors are demanded, they are provided by selling the different colorants necessary to produce them.

6. Summary

In summarizing this chapter, the following points are of paramount importance:

1. Space limits an expanded treatment of the fundamentals of consumer demand. However, a complete understanding of them is recognized as indispensable to a successful marketing program.

2. There has been an increasing utilization of art in manufacturing, merchandising, and the American home, resulting in a greater appreciation by consumers of aesthetic qualities.

3. There is a very close relationship between technological developments and the changes in architecture and design which in turn influence consumer tastes and preferences.

In this case, developments in the building and architectural field have a direct bearing on the paint manufacturer.

4. There has evolved a noticeable trend called "naturalisme" by writers and authorities in the trade, which has accompanied recent achievements in the field of building and architecture. Of importance to the paint operators is the fact that this trend has added to the already growing demand for more colors in paint to make possible a decoration plan which would harmonize artificial objects and surroundings with natural objects.

5. Because of the rising demand for color, it is deemed essential for paint manufacturers to understand more fully the various aspects of color. This information should be interpreted and made usable for the sales personnel.

6. Related to the subject of color is the problem of color coordination. It is not enough to offer more colors. The colors of paint offered must fit properly with other products which will be used with it. Color coordination as indicated can be an intra-industry or an inter-industry problem or both.

7. The use of color has become widespread in factories, hospitals, homes, etc., which means an ever expanding market for those who can supply the colors demanded. Constant product research would seem advisable to keep pace with contemporary developments within the paint industry, and other fields of activity.
8. Some paint manufacturers have failed to recognize the potential in their product from a merchandising standpoint. Instead of meeting the increasing demand for color, not to mention the possibility of further expansion of demand, they for the most part continue to supply only a few ready-mixed paint colors.

9. Because paint is a fashion item, attention should be given the matter of planning colors to adequately satisfy paint customers.

10. The developments discussed combined have produced an American paint consumer who requires more and more and better and better colors in paint.


12. Colorizer as developed by Bennett's is the keystone to the solution of the problem as set out in this summary.
CHAPTER III

CONSUMER ANALYSIS AND THE DEVELOPMENT OF COLORIZER PAINT

1. Introduction

The establishment of a Consumer Demand Section in the Merchandise Research Division of the Department of Commerce in 1930 represented official recognition of consumer analysis on the psychological level as distinguished from the economic level. Studies of markets from a strictly economic character have reached a high degree of proficiency. Facts which they are concerned include: population, birth rate, death rate, trading areas, income, wealth, production and consumption. It is recognized that the marketing of many products involves a careful study of the above named factors as a basis for proper planning of production, distribution and sales promotion.

Analyzing consumers with the psychological approach involves a consideration of consumer wants, attitudes, motives, buying habits, and patronage patterns. The Colorizer development stems from a consumer analysis undertaken by Bennett's using the psychological approach. This study illustrates what was done by a firm using a type of psychological analysis of its consumers. The prime purpose of the study was to determine

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consumer needs with the aim of better satisfying them as a means to improve business operations.

2. Importance of Customer Analysis

Before considering the customer analysis activities of Bennett's, attention should be called to the prevailing attitude of management in general and the paint manufacturers in particular, relative to the subject of customers.

For many years paint manufacturers have dictated what the customer could buy with regards to colors in paint. This attitude was not confined to paint manufacturers. The following headlines are representative of those appearing in trade papers during the first quarter of this century and are indicative of a dictatorial viewpoint: "Recommendations of Fashion For Spring by National Cloak, Suit and Skirt Manufacturers Association," "United Designers Fixed Suit Coat Length at 32 Inches," "Association Adopts Fall Styles" and "Manufacturers Adopt Report of Style Committee."\(^2\)

Some manufacturers are slow to realize that production is for the consumer and not the consumer for production. For the most part, however, and particularly in the fields of merchandising which deal with fashion, a transition in thinking

has come about. It is believed that the depression of the 1930's helped to bring about the change. The meetings of manufacturers and retailers during those dark years in business were reported in trade papers as heeding trends on consumer demand. In fact, the National Retail Dry Goods Association devoted a whole convention to discussion of consumer demand.

Fashion and style are two aspects the recognition of which have been late in arrival in the paint manufacturing field. Perhaps this explains in part at least the delay in recognizing the importance of consumer tastes and preferences. Year after year, the manufacturers of paint dictated the amount and kinds of color for their consumers with little, if any, attempt to measure consumer satisfaction. Even today one finds paint manufacturers issuing color cards with a limited choice of colors to choose from. The attitude being "the customer can take it or leave it."

One paint manufacturer's attitude is characterized by this statement, "I'll be damned if the customer is going to dictate what color we produce." This kind of thinking has been a factor in holding back progress in the paint industry according to more progressive thinkers.  

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3 As evidence of a more progressive viewpoint in which marketing research is advocated, see Harold H. Johnson, "A New Horizon for the Technical Man - Marketing Research," Western Paint Review, May, 1949, pp. 31A-34A.
It is apparent therefore that some paint manufacturers do not fully appreciate this pertinent statement: "Any sound marketing plan, whether from the point of view of the manufacturer, the wholesaler, or the retailer, begins with the consumer, as it is in satisfying the wants of the consumer that the business man finds both his profits and the justification for his existence."  

Consumer analysis is not an easy task, in fact the increase in the number of outlets, the changes in buying habits, the acceleration of fashion changes, the rise of style consciousness, and the invention of new materials which characterize today's business have not only made the problem infinitely complex but have necessitated a full time job to accomplish this work properly.

Manufacturers are more inclined to undertake product research because benefits in this field seem to be more readily apparent than in that of consumer research. The salaries of engineers, the maintenance costs of expensive laboratories, and the bills for costly factory experiments are readily paid. However, when it comes to paying for a market research job, the manufacturer frequently raises an objection. "After all, he can't see Mrs. Consumer asking for his product and not finding it in the store of her choice, or passing it up.

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5 Roy Sheldon and Egmont Arens, op. cit., p. 77
because of its color, or throwing it out with the garbage because of some faint odor, possibly because of some unconscious objection she cannot even formulate into words and which the consumer expert from his study of a thousand women may discover and explain."

While some paint manufacturers today still try (usually unsuccessfully) to operate on the "take it or leave it" principle, they are beginning to recognize the validity of what Daniel Defoe wrote in *The Complete English Tradesman* in 1726:

"The sum of the matter is this: it is necessary for a tradesman to subject himself, by all the ways possible, to his business; his customers are to be his idols; so far as he may worship idols by allowance, he is to bow down to them, and worship them...."

Unfortunately, and all too frequently, the manufacturer does not know who the consumer really is or where he lives. The representatives of the company call on wholesalers and may even call on retailers, but they seldom meet the person who uses the product. It is incredible that some manufacturers are so naive about their markets or their consumers.

It should be obvious by now that there are definite gains to be derived from an intimate knowledge of the consumer and

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his wishes. Three of such values are noted by one authority as follows:

1. They help to keep overhead and operating costs at a minimum.

2. They help to hold customers in the face of competition.

3. They help to predict market trends with profitable foresight.8

In the modern competitive world, most manufacturers find it necessary to improve old products or to develop new ones. The usual procedure in developing a product in the past has been a direct movement from idea to production without any attempt to predetermine acceptance by the public. Such a trial-and-error approach has resulted in many failures plus a tremendous cost to industry. Current research methods are constantly being improved so that, with a relatively small cost, waste of this type can be avoided through the utilization of an orderly and scientific procedure for developing products that will have a definite market.9

The cardinal principle of the entire procedure is:

"Consumer or user needs must be studied while the product is being originated and developed."10 This means that the creative

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9 A useful check list of questions is provided in Appendix A.

process should be simultaneous with the testing, which should proceed on a scientific basis with a time schedule on a small intensive scale rather than on a far-flung scale. "Product testing among consumers is the counterpart of product designing in the laboratory." 11

3. Recognition of the Retail Customer - Retail Customer Survey

In the 1930's, the Bennett Glass and Paint Company, now known as Bennett's, was suffering from the effects of the depression and faced with surmounting competition from other large paint manufacturers. It was decided to analyze the situation to determine a course of action to bring about an improvement in the operations of the firm. Bennett's began its analysis by focusing attention on three vital questions.

1. Who is our customer?
2. What does he or she want?
3. How can we best serve the customer?

From a deliberate analysis of store customers - those actually buying paint - plus a survey conducted by house-to-house canvassing in the various areas adjacent to the company-owned paint stores; it became apparent that the answer to

11 Ibid., p. 29
question number one was, WOMEN. In fact, specific results showed that women do between 75-80 per cent of the paint buying.

In addition to learning that the customers were women, it was also concluded that they wanted "color," and not paint per se. Survey results indicated that their patronage motives were clearly influenced by brand name, quality of product, reputation of dealer, and services offered, but once in the store, the purchase was no longer conditioned by considerations about paint as such, but rather it was a matter of selecting the desired color. It became quite apparent that women customers are not interested in paint which is a sticky, messy, unpleasantly odoriferous, and in general, an undesirable substance. The retail customer is seldom, if ever, interested in the actual content of paint, such as white lead, linseed oil, etc. She has some faith in the paint or she would have gone elsewhere to buy. She is interested in whether the paint is flat or gloss, if it will wash, and how it will wear. And as mentioned, she is interested primarily in the color of the paint.

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12 The survey conducted was in the nature of an oral interview with specific questions on materials, products, and color, conducted in Salt Lake City, Ogden, Logan, Utah, and Pocatello, Idaho Falls, Twin Falls and Boise, Idaho. Results were much the same in all areas. It is unfortunate that the company does not keep records that old. Therefore, it is not possible to include a sample of the survey questions used, or the exact results obtained.

13 Harold H. Maynard and Theodore N. Beckman, on cit., pp. 53-46.
Interest in paint mainly for the color aspect was further substantiated by the increasing requests for colors not available in the regular line of paint. Those having means often submitted requests to have a certain color shade made to order regardless of cost. The search for the matching color, mentioned in Chapter II, was detected in this company's selling activity. Thus, the answer to the second question was, unmistakably, COLOR!

Wallace Bennett and his associates decided, in view of the answers to question one and two, that the answer to the third question was to find a way of supplying women with the color they wanted to beautify their homes. And so they began their quest to find the means for supplying more and more color for their customers.

4. Experimentation and Product Modification

The range of color offered in the paint industry prior to the Colorizer development consisted of eighteen to twenty-eight exterior paint colors and from six to twelve interior paint colors. More colors were offered in the exterior paint because it was easier for a customer to use. Interior enamels

Note these requests for color began as far back as 1928 when a few customers would request color not on the regular color card, but nothing was done until the 1950's. The explanation seems to lie in the fact that the prosperity of the late 1920's satisfied those selling paint and there was no inducement to offer more color to satisfy the emerging demand.
required the services of an expert to insure satisfactory results. These limited colors were offered in all can sizes (half-pints, pints, quarts, gallons) which resulted in a large inventory for paint dealers. The "sleepers" in stock presented a problem to paint dealers, especially those with undeveloped stock control systems.

With the advent of Colorizer on the American paint market the consumer was given an almost unlimited choice of colors, 1322 colors in both interior and exterior paint in all types of finishes with hundreds of additional deep tones. Whereas paint is customarily packaged with the color added, the Bennett color system is unique in that the color is sold in a separate container from the basic paint. The customer adds the color himself.

The inability to satisfy customers with the limited colors available led Wallace Bennett to find some means of expanding the choice of color for the customer and also to modify the product so that it would be more readily usable by customers themselves. Thus, they increased the number of interior colors to eighteen and offered a new interior finish. The new finish was called Gloss Interior, and was available in all eighteen colors. This product was different in hue and tint to anything before offered on the paint market.

Furthermore, it was decided to initiate another innovation in paint merchandising in connection with this new Gloss
Interior—the utilization of very clever and unique names for paint colors, instead of the customary brown, green, and yellow. Bennett's initiated new names such as Desert Tan, Apple Green, Maize, Lilac, and others. These new names seem to add appeal to the product and stimulated interest on the part of customers. Subsequently, an increase in sales volume was noted, and other members of the industry imitated this practice. Today, the customer is confronted with many intriguing names which add interest to the purchase of paint.

After these steps were taken, there still continued to be an increasing number of calls for colors which were not readily available. Therefore, it was decided to expand, even more, the color assortment offered. To accomplish this, the company began a more intensive research and experimental program.

As a result of the increase in color assortment, dealers were beginning to have more of a problem of obsolescence in stocks carried due to the shift in color preference. When this occurred, dealers were left with large unsalable stocks almost impossible to move. This condition prompted two ideas which were integrated in the quest for more color assortment. They were: (1) to package the color separately, and (2) to expand color in all materials carried. These ideas became basic considerations in the developments which followed.
Investigation was made of the previous attempts by various manufacturers. It is believed that the Bradley-Vrooman Company was the first to attempt packing the paint and the color pigment separately. This was attempted some thirty years ago, but their efforts were not successful.

Their failure is attributed to these factors: (1) the material in the color pigment tubes hardened and became unsalable after a period of time, (2) they did not solve the problem of making it easy to expel the color pigment from the tube, (3) the material itself was not readily soluble in the base paint and thus was difficult to mix, (4) they had not developed any organization or display of color; they had no classification or logical system for merchandising the product.

The Bradley-Vrooman effort was directed toward matching existing colors and conditions. In other words, their attempt was to produce existing colors of paint in a different manner. No attempt was made to expand the amount of colors. In contradistinction, the Bennett effort was a deliberate attempt to offer something new by increasing the assortment of paint colors to satisfy what they had uncovered by customer analysis, a rising and unsatisfied demand for color. Furthermore, the Bennett Company endeavored to develop a sound color theory with due regard to the matter of classification, organization, and display, so that color in paint could be properly handled and merchandised.
In consequence of the investigation into the problem of expanding color choice for customers, three factors emerged as major problems: (1) orthodox color dyes were not satisfactory for producing the right colors in standardized form, (2) the tube or container in which to package the colorizer was impractical, and (3) the hardening of the vehicle or liquid in which the colorizer was placed occurred in the tube.

Through considerable experimentation and research, these barriers were overcome. Suitable color pigments were developed, a satisfactory container was devised, and the difficulty, due to the hardening of the colorant in the tube, was overcome. This experimentation took place from about 1932 to 1947.

Recognizing the growing interest in interior decoration manifested by customers, Wallace Bennett secured the services of a capable decorator, Marian Cornwall, to round out the thinking in the development work which was contemplated.

The result of this work was the development of the original colorizer system. This system consisted of three basic colors with eighteen different shades for each other making a total of fifty-four shades. In 1936 this new color assortment was introduced to the Intermountain market, with the following significant effects noted:

1. Sales volume was increased favorably as indicated on Chart G, page 134.
2. The number of retail dealer outlets was increased from approximately 100 to about 200.

3. There was an "awareness of color" trend started in the Intermountain region which preceded any other paint manufacturers in this region, and it is believed to have preceded this trend which later became apparent throughout the country.

4. The expanded color assortment offered by the initial Colorizer system, gave unprecedented satisfaction to paint customers.

This initial system worked on the premise that a given size tube of color would always be used in a given size can of paint. For example, a quart size tube of Colorizer would always be used in a quart of base paint. However, the need for new colors not available even in this new and expanded Colorizer system continued. It was the inability to satisfy completely these requests that prompted Bennett's to further increase the color range which led them to further improvements of the Colorizer paint system.

Re-examination of the original plan was undertaken and a new idea emerged. The new idea involved adding to a quart of white base paint, a pint size tube of one colorizer and a pint size tube of another colorizer. It was tried, and entirely different colors resulted. Following this, a mathematical process of blending was used--always in equal proportions--wherein each of Bennett's sixty Colorizer colors were blended with each other.
Some very good colors resulted, but they were too much alike. Additional colors were needed, some paler and some deeper and grayer. In order to satisfy this need, a "Gray Base" was used instead of the regular white base paint. The "Gray Base" requires Colorizer to give it proper balance, and cannot be used by itself as a gray paint. The experimentation with the "Gray Base" provided the quality of a deeper color which was desired. A similar difficulty prevailed in that the colors were too much alike.

Thus, color mixing and blending was continued to the point where some 5600 different colors were finally obtained. Classification of color now posed itself as a major problem. Related to this was the desire to provide a complete range of color. Even with the many colors provided by the blending system, there existed many gaps in the range of color, but it seemed wasteful to add more basic colorizer in order to complete the range. Throughout all of this work, the color wheel, or circle, was recognized as basic so far as color range was concerned.

Incidentally, up to this point the mixing of color was not founded on any fundamental color theory, and it was soon decided that, because of the difficulty in classifying, cataloging, and merchandising so many colors (5600 plus), that they had not arrived at a desirable solution. Moreover, it was concluded that just mixing was the wrong approach and that some other means would have to be developed.
5. A Successful Colorizer System

Beginning about 1940 a new analysis was undertaken, in which attention was directed toward a logical method for merchandising a multi-color system. Several authorities were consulted and a study of many color theories was undertaken. Many books and charts available in the Bennett Factory Library were consulted. One of the primary difficulties encountered was that most color theories were too far removed from a practical paint man's point of view. The main interest of the paint manufacturer is pigment colors, not measured light waves.

In an effort to pursue these problems further, the research activity extended to the Salt Lake City Public Library where many books were found on the Wilhelm Ostwald Theory of Color. In fact, some of the original comments by Ostwald were extremely involved and the terminology was very difficult. However, a simplified explanation of his great work written by Faber Birren was found and was of great value. Ostwald took the strongest, clearest colors obtainable under actual practical conditions and arranged them in twenty-four equally spaced steps around a circle. The hues in this circle were selected in such a way that opposites would be complementary.

Ostwald's theory is explained in terms of a color world. The sphere is divided into two cones, with the twenty-four strong bright colors placed around the "equator." At the

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north pole is the one extreme, white, and at the south pole the other extreme, black. At the equator the primary colors are found, and as they are mixed with the light color, they gradually become lighter in value until white is attained. Moving from the equator towards the south pole the colors increase in value until black results.

An "axis" running through the center of the "world" is made up of a value scale or steps of various mixtures of white and black producing different tones of gray. The majority of the colors lie within the "world". By making two crosscuts, it can be seen what the colors look like in the interior. Above the equator, when the light gray has been added to the surface tint, a lightly grayed color results. When the crosscut occurs below the equator, a darker gray is added, and a deeply grayed color results.

Time spent on the study of color theory was very worthwhile as it made possible an intelligent treatment of color and its classification. This theory provided the basis for color blending and mixing, and with this as a foundation, experimentation continued. Upon completion of the theoretical considerations, it was necessary to arrive at some practical

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16. The reader can obtain a more perfect knowledge of this discussion through the motion picture produced for Bennett's entitled, "A New World Of Color," which is available at many university film libraries.
application to paint colors. This was facilitated by a classification and arrangement of colors based on the Ostwald theory and put out by the Container Corporation of America, in which chips of color are arranged in a series of booklets.

The addition of scientific knowledge on color thus obtained prompted a decision to abandon the color which made up the original Colorizer. It was decided to select new colors which corresponded to those used in the aforementioned classification, and these in turn would become the basic colorizers. Instead of using twenty-four colors as Ostwald had done, twelve were selected. This was accomplished by selecting every other one of the twenty-four used by Ostwald. A color wheel was then constructed using the twelve basic colors at their deepest possible strength. Experimenting with these colors and the "Gray Base" produced a new type of color - deeper and grayer - which is very popular for certain purposes. A color wheel was also developed using the "Gray base" colors around its circumference.

Each of the twelve basic Colorizers was then reduced six times by adding increasing given amounts of white paint in "White Base." The reductions are in even steps, going from the deepest Colorizer color to a very pale off-white of the same color. The twelve Colorizers were likewise reduced five times in "Gray Base."

a. New Colorizer Blending

The former experience of blending colors was helpful in
setting up the new experiments. Researchers had also discovered the utility of a geometric principle which states that a chord is a straight line intersecting a circle. This principle permitted a determination of the result before actual blending took place.

Blending operations proceeded by placing the color in the Colorizer system at even intervals around a circle. Blending of one color with its immediate neighbor would provide a new color mid-way between the two. It would not be as clean a color as those around the original circle. If a line were drawn between color #1 and color #2, the chord would cut across the circle and the placement of the intermediate color would be nearer the neutral gray in the center. Blending color #1 and color #3 results in the chord cutting even deeper into the circle producing a color which is even more gray. Therefore, the intermediate color at this point will be of the same hue as color #2 but will be much grayer.

Birren observed that the Ostwald circle was short in the yellow area in comparison to the blue-green area, so he developed his "rational circle." He added another yellow, a greener yellow. In the paint industry, the yellow area is more popular than any other area. It is here that the ivories, tans, buffs, creams, etc. are found. These are the fast sellers in paint color.

Bennett's accepted this suggestion by Birren and added
another yellow. In the interest of economy and efficiency, it was decided to augment the Basic Colorizer line even more by adding a ferrite (ivory, cream, and buff), and umber (the adobe and dove series), and a black (the grays), giving a total of sixteen basic Colorizers. These colors were also made in the Gray Base, reduced and blended, producing many new and outstanding colors. 17

These sixteen basic straight colors were reduced with white to the seventh and eighth steps to give a varied and adequate selection of off-whites. From these, twenty-four were selected based on consumer demand. This experimentation produced the now famous 1322 Colorizer colors. These colors breakdown as follows: 708 are produced with the 16 basic colorants and White Base paint, 590 are produced with the 16 basic colorants and Gray Base, and with the 24 off-white shades described above equals the 1322 colors.

The year 1941 marks the beginning of the present Colorizer system based on a definite color theory. World War II interfered somewhat with normal progress, and the product could not be offered on the market until 1947, when the 1322 colors were released for sale. The results of a survey,

17 The sixth circle of blends, which results from blending colors #1 and #6, #2 and #7, etc., was omitted because the margin for error is greater and the properties of paint color very unreliable at this point.
conducted by the author, of leading brands, including many national brands of paint sold in the Salt Lake City area, are provided in Table I on the following page. This information supports Bennett's claim of being first with an expanded color system. In consequence of their work, they have done much to make the paint industry "color conscious." Moreover, Table I indicates that the imitations and emulations of the Colorizer idea by leading paint manufacturers sampled are a postwar development. Furthermore, all but one of these developments are subsequent to the improved Colorizer paint system put on the market in 1947.

b. The Bennett Color Book

Marian Cornwall states that two ideas governed the thinking when the problem of showing the colors to the public was approached. (1) The desire to retain a loose color chip that could be handled without difficulty when matching fabrics, wallpaper, and other home furnishing items. (2) To have as large a chip as possible. Birren, who was consulted from time to time during the development work, suggested that all of the variations of one hue be shown together, i.e., all the yellows, the pinks, the blues. When this was tried, however, it was found that every color was influenced by the color next to it, and none of them retained its own character. No color was really attractive under such an arrangement.

It was also found in showing all of the colors in one
TABLE I

A COMPARISON OF BENNETT'S COLORIZER PAINT WITH
OTHER LEADING BRANDS OF PAINT ON THE YEAR IN
WHICH EXPANDED COLOR ASSORTMENT WAS OFFERED, 1952

<table>
<thead>
<tr>
<th>Firm</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>BENNETT'S COLORIZER PAINTS</td>
<td>1937</td>
</tr>
<tr>
<td>Firm A</td>
<td>1942</td>
</tr>
<tr>
<td>Firm B</td>
<td>1949</td>
</tr>
<tr>
<td>Firm C</td>
<td>1949</td>
</tr>
<tr>
<td>Firm D</td>
<td>1949</td>
</tr>
<tr>
<td>Firm E</td>
<td>1949</td>
</tr>
<tr>
<td>Firm F</td>
<td>1950</td>
</tr>
<tr>
<td>Firm G</td>
<td>1950</td>
</tr>
<tr>
<td>Firm H</td>
<td>1950</td>
</tr>
<tr>
<td>Firm I</td>
<td>1950</td>
</tr>
<tr>
<td>Firm J</td>
<td>1950</td>
</tr>
<tr>
<td>Firm K</td>
<td>1950</td>
</tr>
<tr>
<td>Firm L</td>
<td>1951</td>
</tr>
</tbody>
</table>

book that it would become too bulky if a large color chip were used. Colors riveted together and shown on the wall in spreads representing the circles provided the key for displaying the colors in a book. And from this the present color book evolved. Thus, the first spread of the color book is made up of the twelve basic colors reduced in White Base six times. The next spread consists of the colors of the second or next inner circle which results from mixing colors #1 and #2, #2 and #3, and so forth. Twelve colors representing the colors of one circle are shown on each spread. A spread is a two-page presentation of colors, i.e., six colors on the left page and six colors on the right page.

Each spread using White Base has 72 colors (twelve basic colors in six different strengths). Each spread in Gray Base has 60 colors (twelve colors in five different strengths). The strength of color is indicated by alphabetical letters beginning with A which is the deepest strength of color. The B colors are exactly one-half the strength of the A colors, and this arrangement applies to all colors from A to F or A to E as the case may be.

The colors in the album all have a number in addition to the alphabetical letter. White Base colors begin with number 101, Gray Base colors begin with number 501, and the Off-White colors have numbers running from 001 to 012 with their two different strengths noted by the letters G or H.
The colorant is packaged in eight different size tubes with each size indicated by a number. The sizes running from the largest to the smallest are as follows: 90, 80, 70, 60, 40, 30, 20. Each smaller size contains exactly one-half the strength of the next higher number. Therefore, two 20 size tubes can be used in place of a size 30 tube should a dealer by temporarily sold out of number 30 size.

Proceeding with the explanation of the color book, the twelve deepest colors are at the bottom of each page with the lightest colors at the top. Each of the twelve basic colors in a spread with their reductions in either White Base or Gray Base are mounted on a cardboard strip which is removable from the album. Thus, the customer can make a close comparison of colors in trying to match samples of draperies, floor coverings, wallpaper, and other home decorating pieces. The arrangement of color in the Bennett Colorizer Album actually speeds up the search for the matching color for the paint dealer salesman and the customer. This is supported by the survey results presented in Appendix E, questions 10 and 11, and also in Appendix F, question 5.

There are three necessary identifications at the top of each page, and they are printed directly at the head of each removable strip of color. Each color with its reductions is kept on a separate strip. The number, plus the alphabetical letter is the means by which any color can be identified.
Under this number the Colorizer number or numbers which will produce the particular hue is given. This number is important to the salesman at the outset and later the customer as he prepares to mix the colorizer to the base paint.

Another item of information is an explanation that wherever Colorizers 4, 5, and 6 are used individually or in a blend, they are for interior only. Certain colors are fugitive and fade in sunlight. Down the left-hand and right-hand edge of each spread is found the information as to what size of tube is to be used to produce the color selected. In addition to the size of tube to use, the quantity of paint in which that size tube is used to produce the given color is also indicated. The same size tube may be used in various can sizes, but a different strength of color results.

Information is provided on the edge of the book indicating the type of base to use, difference in price and data relative to finish. To sell a customer a color, the salesman must know the color number and letter (indicating strength), the Colorizer number or numbers, the limitations (interior only), the tube size, the can size, the Base and any addition in price because of more color being used and any limitation of kind or paint in the "A" colors. This information is all on the pages of the color book.

The White Base colors appear first in the book, with colors 13, 14, 15, 16, and their blends following, next the
spread of Off-Whites, which is followed by the Gray Base colors in the same arrangement as the White Base colors, and finally the arrangement of Deep colors is presented.

There appear to be two weaknesses in this album as it is now constructed. (1) It appears complicated. (2) It is difficult for the customer desiring a particular color to search for it among 1322 colors. To offset the second difficulty, a chip rack with the leading popular colors was developed and renders considerable assistance to this type of customer.

6. Summary

The following observations may be itemized:

1. The experience of Bennett's corroborates the importance of the fundamental--customer analysis--as a means of obtaining essential information upon which a manufacturer can adjust operations to better satisfy consumer demand, and thus improve business operations.

2. From the customer analysis work undertaken by Bennett's, it is clear that the principal retail customer of present-day paint manufacturers is "women." Secondly, they are not interested in paint per se, but rather in "color" to beautify their home.

3. The discussion in this chapter emphasizes the importance of basing a multi-color paint system on a scientifically sound color theory, which permits the proper arrangement
and classification of color.

4. The law of diminishing returns finds application relative to the number of colors which can be successfully merchandised. Specifically, Bennett's found that with over 5000 colors it was almost impossible to catalog, classify, and satisfactorily merchandise such an enormous number of colors. Therefore, a paint operator who is contemplating the adoption of a multi-color system should avoid the pitfall of too many colors.

5. Merchandising a multi-color system requires intelligent display of colors. The experience of this company indicates that colors are displayed to advantage when different hues are presented on the same spread. This should prove a guiding principle to those who become engaged with the problem of displaying color.

6. Finally, there are five factors which are responsible for the development of Colorizer paint:
   a. Use of the Ostwald theory.
   b. An "idea" of Wallace Bennett.
   c. Research by Marian Cornwall, Lyman Hunter and others.
   d. Development of new chemicals by pigment suppliers.
   e. Technological advances made in paint manufacturing equipment (tube filling machinery and improvements in other productive apparatus the treatment of which lies beyond the scope of this study).
CHAPTER IV

MERCHANDISING ADVANTAGES

1. Adequate Color Assortment

Having had experience with regular ready-mixed paint for over fifty years, the Bennett people felt that there were inherent advantages in Colorizer from a merchandising standpoint. In fact, they were able to experiment and substantiate the claims made for Colorizer in the branch stores before ever offering them to other types of outlets.

To add fairness to the evaluation of the selection of color made available to the customer from different leading paint lines, the author undertook a survey in the Salt Lake City trading area. This survey was conducted on the basis of personal calls on dealers handling recognized paint lines. The summary of results obtained will be found in Appendix B (Survey results of ten national brands of paint compared with Colorizer.)

Of the ten manufacturers' brands examined, with the exception of Colorizer, the range of colors offered the customer extended from a low of 84 to a high of 5000. It will be remembered that Bennett's produced more than 5600 colors at one time, but deemed such a range impractical from a merchandising standpoint, primarily due to the difficulty of classifying, cataloging and the resulting confusion to the customer.
Only 60 of the 5000 colors offered by this manufacturer are ready to take by the customer. The remaining 4940 require preparation by formula mixing which necessitates the customer waiting for the unfinished manufacturing operations to be completed. In fact, some dealers feel that the manufacturer has in effect shifted part of the manufacturing process to the dealer, especially where there is considerable amount of work required to mix, tint, or prepare the various additional colors offered.

Referring to the survey once more, Colorizer ranked second with 1322 colors, which are ready for sale right over the counter with no time taken for formula mixing or tinting operations. In addition, the colors are available in all finishes, whereas some companies do not offer their complete color assortment in all finishes. Column 3, page 210, indicates how the brands compared on this point.

Another consideration is the fact that the customer can buy the color wanted in the precise quantity. Several of the color systems encountered in the survey, for the most part called inter-mix systems, made it necessary for the customer to buy quantities of paint in excess of their needs. For example, the customer may be obliged to purchase six quarts of paint to get the color wanted when only four quarts are needed. This results from the necessity of mixing two quarts of one color with a gallon of another to get a desired color. Such a method is wasteful and costly to the customer.
With Colorizer paint, the customer after selecting the color of her choice, is given the amount of base paint needed, i.e., one quart. In addition, she receives usually two tubes of colorant. When ready to paint, she removes the lid from the can of base paint, folds back the crimped end of the tubes of colorant and presses the contents into the can of base paint. Because the color is added at the top, stirring is done more quickly and thoroughly. There are no heavy lumps of paint to stir from the bottom of the can. Within a few minutes the desired color is ready for application in the exact quantity. Thus, the Colorizer method eliminates waste, and saves the customer time and money.

In line with the fact that the amount of colors varied with each paint line, so also did the answers to the question about satisfying all color requests. To be sure, it is in the realm of possibility to encounter an occasional customer who would not be satisfied with any color. But by and large, it appears to be a fair statement that with Colorizer most demands for color can be completely satisfied. Some imitators who have followed the Colorizer idea are now beginning to better satisfy color demand also. This point would be a logical place to divide those who do have adequate assortment of color and those who do not. Of the total lines checked, including Colorizer, there were 5 who answered "yes" and 6 who answered "no."
Color stability is given greater assurance under the Colorizer system because the color agent is not added to the paint vehicle until ready for use. Consequently, this eliminates the chance for "chemical breakdown" which takes place with ready-mixed paints which remain on shelves for extended periods of time. The writer was privileged to go through the modern Colorizer laboratory and to see the results of experiments with different brands of paint. Some of the experiments represented several years of work. In one instance, a competitive brand was purchased and samples made. The total samples made of the same color involved 5 different lots of production. Variation in color was detectable with the human eye. Another experiment involved samples of a Colorizer color over a 2 year period, and it was impossible for the untrained eye to detect any variation.

Lyman P. Hunter, chemical engineer and vice-president in charge of production for Bennett's, explained that by holding to a very fine tolerance, maintaining a high degree of standardization, and holding the color separate until time of use, perfect color rematching is practically assured for the customer.1

Flexibility in color is also an advantage of the Colorizer system. There is no problem associated with shifts in the color preferences of the consumer. When color tastes change

1 Survey results on rematching experience are found in Appendix B.
the dealer will merely sell more of a given combination of Colorizer tubes. Some companies find themselves very vulnerable to color changes because their colors are already mixed thereby they lose an important attribute, flexibility.

An interesting situation was encountered with one Salt Lake dealer in connection with the adequacy of color assortment. The dealer indicated that he had carried several lines in an effort to satisfy the color demand of his customers. With the adoption of Colorizer, the other lines were unnecessary and were eliminated. In addition, he stated that Colorizer offered a more complete and balanced color assortment than the combined result of all lines carried previously.

2. Low Inventory - Minimum Shelf Space

Again based on Bennett's experience with ready made paints and colors, they claim that in terms of physical units or in terms of the amount of shelf space these units of paint would occupy, Colorizer permits a saving or reduction of up to 75 per cent. In order to verify this claim, several paint dealers and distributors were contacted to determine how many cans of paint are carried by an average dealer. Table II, showing a comparison between dealers handling regular lines of paint and Colorizer is presented on the following page. The results in this table indicate remarkable savings.
### TABLE II

**COMPARISON OF COLORIZER WITH FOUR LEADING PAINT BRANDS ON THE NUMBER OF CANS OF PAINT REQUIRED FOR A BASIC STOCK, JUNE, 1952**

<table>
<thead>
<tr>
<th>Size of Can</th>
<th>Large Colorizer Dealer</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>Av. A,B, C,D</th>
<th>% of Cans less in Colorizer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gallon</td>
<td>100</td>
<td>451</td>
<td>320</td>
<td>600</td>
<td>448</td>
<td>455</td>
<td>78%</td>
</tr>
<tr>
<td>Quart</td>
<td>225</td>
<td>300</td>
<td>480</td>
<td>1600</td>
<td>684</td>
<td>832</td>
<td>73%</td>
</tr>
<tr>
<td>Pint</td>
<td>211</td>
<td>350</td>
<td>480</td>
<td>600</td>
<td>180</td>
<td>402</td>
<td>48%</td>
</tr>
<tr>
<td>One-half Pint</td>
<td>88</td>
<td>125</td>
<td>160</td>
<td>350</td>
<td>123</td>
<td>179</td>
<td>51%</td>
</tr>
</tbody>
</table>

The reason for the saving is readily apparent, only white and gray base paints are stocked by Colorizer dealers with the 16 different Colorizers in 8 different size tubes. Dealers handling regular type paints must stock a can in each size -- gallon, quart, pint, half-pint--for every color carried. Of course those who have imitated this paint innovation in one way or another have perhaps improved over the orthodox manner.

Survey results on page 210 indicate an average shelf space requirement of 207.56 cubic feet. Colorizer provides these figures for shelf space depending upon the size of dealer. The figures are 7.91 cubic feet, small dealer; 45.09 cubic feet for a medium dealer; and 73.3 cubic feet for a large dealer. It is apparent that a claim of 75 per cent savings does not appear unreasonable. These data further signify the superiority of this product in regard to space required.

3. Reduced Investment

Recognizing that most of the companies in the survey of leading brands of paint offered fewer colors than Colorizer, it is difficult to arrive at a satisfactory basis of comparison in the matter of investment. It is not known what would be the investment of the other companies if they offered 1322 colors with their kind of paint. In attempting to arrive at
some basis of comparison and in taking into account the color factor, it is thought that a consideration of the investment per color would prove useful. Pursuing this idea, it is found from the survey data in Appendix B that the average number of colors offered was 226 with an average investment of $1161. The average investment per color is $5.14. Therefore, to offer 1322 colors would require an investment of $6,795.08. Bennett's is therefore conservative in claiming a reduction of investment of more than 50 per cent inasmuch as they can put in a stock of 1322 colors for as little as $750.

Another approach to this question would be to consider the reduction in inventory between regular type paints and Colorizer paints. From this standpoint, it can be seen that, with competitive prices and inasmuch as fewer cans of paint are required, there would be a reduction in investment. The table on the previous page shows Colorizer to have considerably less percentage in the different size cans carried, which permits the conclusion that investment is reduced by Colorizer.

4. Increased Turnover

It is alleged by Bennett's that a paint dealer can triple turnover using Colorizer paint in place of regular type paints. Dun and Bradstreet published data in 1952 indicating a five-year average of 5.9 times for both wholesalers and manufact-
urers, but this study does not give turnover for retail dealers. Turnover figures supplied by Bennett's for its own operations, which include manufacturing and wholesaling, are from 12 to 15 times.

Over the years prior to Colorizer, Bennett's found its average dealer had a turnover of from 3 to 4 times. Spot checking of dealers of five leading brands indicated an average turnover of 4 times. Inasmuch as Colorizer dealers have reported turnover of from 10 to 12 times, it is possible for a dealer to triple his turnover in comparison to the turnover figures given by regular ready-mixed lines.

An independent survey conducted in the Intermountain area with thirty Colorizer dealers produced the following turnover data:

<table>
<thead>
<tr>
<th>Turnover</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>6-12 times</td>
<td>41.4%</td>
</tr>
<tr>
<td>4 times</td>
<td>24.1%</td>
</tr>
<tr>
<td>3 times</td>
<td>24.1%</td>
</tr>
<tr>
<td>5 times</td>
<td>7.0%</td>
</tr>
<tr>
<td>1 time</td>
<td>3.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

A similar survey conducted in three east central states with thirty Colorizer dealers produced these results:

<table>
<thead>
<tr>
<th>Turnover</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>6-12 times</td>
<td>50.0%</td>
</tr>
<tr>
<td>Unknown</td>
<td>33.34%</td>
</tr>
<tr>
<td>5 times</td>
<td>13.33%</td>
</tr>
<tr>
<td>3 times</td>
<td>3.33%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

3 For a summary of results of this survey, see Appendix E.
4 See Appendix E.
The reader will appreciate that many factors affect turnover and therefore not all dealers will achieve a tripling of turnover, however the results obtained definitely indicate a much higher turnover is obtained with Colorizer as compared with regular paint lines. With 72.4 per cent of the Colorizer dealers surveyed in the Intermountain areas doing upward of the typical 4 times and 63.33 per cent doing likewise in the East Central states shows increased turnover to be a definite merchandising advantage.

Many of the dealers contacted handled ready-mixed paint lines before adopting Colorizer, therefore, with factors remaining as constant as possible, Colorizer appears to be the prime reason for the increase in turnover. The fact should also be added that some dealers presently handle both Colorizer and ready-mixed paint so that they are in a position to see the difference in turnover between the two. These dealers without exception have noted higher turnover rate with the Colorizer paint line.

A few additional words of explanation are warranted here. In the same survey of Intermountain dealers, 40 per cent had data on sales volume changes since adopting Colorizer, and of this group approximately 75 per cent noted an increase in sales volume after adding Colorizer to their stock. Of the dealers surveyed in the eastern area, 80 per cent had data on sales volume changes and all reported some increase in
sales volume. Dealers reported that they seldom lose a sale with Colorizer, in fact, many more customers are attracted when they learn of the complete color assortment available. Therefore, with a reduction of inventory plus increased sales volume, the Colorizer dealer is almost assured higher turnover.

5. Attractive Display

This merchandising advantage is largely the result of the extensive efforts of Bennett's. Advocating aggressive sales promotion, they undertook through careful planning the development of outstanding display material and fixtures. As an innovation this product called for special treatment, particularly the tubes of Colorizer. The Colorizer idea makes possible unusual sales promotion possibilities, and Bennett's attempted to capitalize on them.

One of the most unique sales promotion developments is the Colorizer "Album of Beauty," which presents paint colors in a logical and simplified manner to facilitate customer selection without difficulty. Many pieces of direct mail were utilized to explain the alleged merits and advantages of Colorizer paint. These were sent to dealers and from dealers to

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5 See Appendix E for details.
6 The discussion of the "Album of Beauty" is found in Chapter III.
retail customers. Display racks with color chips were also provided, intended to enhance the store display for dealers. To assist dealers, most of the display items—fixtures, chip racks, and color albums—are provided to dealers at minimum costs, and in some cases the manufacturer shares the cost on a 50-50 basis.

The survey of intermountain and eastern dealers noted 100 per cent enthusiasm on the part of dealers in regards to Colorizer display, storage and stockkeeping. Certainly this commends the work done by the manufacturer in this respect. It may be added that in all of the companies contacted during this study, the writer observed nothing to compare with the extent of planning done by Bennett's concerning the matter of display, storage, and stockkeeping.

Attention is called to Appendix C which contains copies of the model stock plans devised for various size dealers. In addition, there are sheets for the Colorizer tubes, planned right down to the specific place for each numbered tube. Such a plan facilitates ordering and simplifies the duties of stockkeeping. Finally, actual photographs of specially designed fixtures developed and used by Colorizer dealers are shown in Appendix C.

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7 Details on this question are found in Appendix E.
8 In fact most companies had difficulty in providing data such as number of cans required for a basic stock. They had to take inventory to find out.
6. **Obsolescence Eliminated**

Many retail businesses are faced with the problem of unsalable merchandise. The problem has been with the merchandising business from the beginning. According to paint dealers the problem is particularly difficult because colors which are not wanted by the customer can scarcely be given away. The manner by which obsolescence is eliminated with the Colorizer system goes back to the original idea of offering color separate from the paint. It follows that no color is made until the paint is sold. Furthermore, the Colorizer in the tubes does not become obsolete because one tube may be used in combination with several other tubes in producing many of the 1322 colors.

This innovational product provides these major merchandising advantages: adequate color assortment, low inventory with minimum shelf space, reduced investment, increased turnover, attractive display, and elimination of obsolescence.
CHAPTER V

INITIAL MARKETING PROGRAM

The marketing problem which faced this company can be characterized as a situation involving a relatively small company with an innovational idea. After developing the product to the point of being acceptable for marketing, the company was faced with the task of obtaining successful distribution.

In Chapter II, we saw that paint people had had some unfavorable experience trying to blend paint for new or different colors. Consequently, when Colorizer was placed on the market, there was reason to doubt its probable success. In fact, skepticism was rather widespread. This was essentially the problem facing Bennett's in marketing their innovation.

It is one thing to have a new product, and quite another to have it widely accepted and successfully merchandised. The Bennett Company, therefore, undertook several steps to insure success in its marketing operations:

1. **Company Training and Orientation**

To initiate the marketing program, Bennett's organized a school to train employees relative to the new product, and to bring them up-to-date on the developments of the company
over the past several years. The training period was for a duration of one week, and was held prior to the introduction of the product, beginning in the fall of 1946, and continuing through 1947. Instead of handling all of the employees at once, it was decided that a better job could be done with small groups. Subsequently all Bennett employees in groups of ten, received the training course, involving a discussion of company policy and the company's products. Outside or territorial salesmen were given more intensive training with the objective of providing the salesmen with positive answers to possible questions which might be raised by current or prospective dealers. A semi-annual sales meeting was also conducted to keep sales people informed of marketing activity.

2. Dealer Campaigns.

The approach to dealers was along strictly fundamental lines.

1 Training material was prepared by the company under the title "Application of Art Principles to Home Decoration Using Bennett's Products." This was done with the idea of educating the sales staff particularly in the fundamental principles of art so that they could utilize these properly in selling their products. The company was cognizant of the need for proper use of its products to produce the desired consumer satisfaction. In order to accomplish this, the salespeople who are in contact with the customer must understand and apply correct principles in the sale of these products. The training material referred to above did not incorporate all of the art principles nor did it follow a highly technical treatment, however, the following principles were defined, discussed and illustrated: line, texture, pattern, proportion, balance, good scaling, fine space relations, emphasis, transition, unity, and expressiveness.
a. **1949-50 Campaign**

Key advantages and benefits to be derived from handling Colorizer were formulated on post cards and mailed to prospective dealers at frequent intervals. Each card stressed one important merchandising advantage, i.e., minimum shelf space, increased turnover, or the elimination of obsolescence. These were followed by a factual brochure on the following points:

1. A small stock of Colorizer will enable a dealer to sell 1322 paint colors:
   a. In all paint finishes
   b. In large or small cans
   c. Right over the counter
   d. At regular prices
   e. No mixing by dealer

2. This step told the dealer HOW. To provide all 1322 colors, the dealer only had to stock white base, gray base, and colorizer in tubes, with these advantages:
   a. Reduction of paint investment, 50 per cent.
   b. Reduction of paint stock, 75 per cent.
   c. Elimination of slow movers.
   d. Double or triple paint profits.

3. The final point of this brochure was to tell the dealer about the powerful sales program designed to assist him in his merchandising operations. The following were described:
   a. Colorizer album with 1322 real paint chips.
   b. Modern merchandising fixture in which the complete paint department could be placed in 14 square feet.

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2 Most paint color card chips only approximate real paint color whereas colorizer paint chips are actual paint color.
c. National advertising in such magazines as Better Homes & Gardens, American Home, House Beautiful, and House & Garden.

Another piece of literature, The Color Harmony Guide, was prepared as a booklet illustrating proper use of color in the home. A chip rack of take-home color chips for customers was made available. Colorful signs were designed to identify the "Colorizer Dealer."

One of the most spectacular items provided was a twenty-minute sound movie produced in technicolor. The movie was made available to dealers to be used at women's clubs and civic meetings.

There were, of course, many additional items in the form of booklets, leaflets, direct mail pieces, and window displays to assist the dealers. A postage paid, self-addressed reply post card was attached to the promotional material which required only the signature and address of the dealer if he desired to have a representative contact him.

b. 1950-51 Campaign

In the following year, post cards were again used to reach prospective dealers. Again each card emphasized one main merchandising benefit. Typical of the bold headings used were the following:

SIMPLIFY STOCKKEEPING, SATISFY THAT DIFFICULT CUSTOMER, DOUBLE PAINT PROFITS, REDUCE PAINT INVESTMENT BY MORE THAN 50%, ELIMINATE "SHELF SITTERS", CUT STOCK SPACE 75%, MEET ALL COLOR DEMANDS WITH 1322 COLORS.
A detailed booklet was prepared in easy to read form using a reply post card on the last page. The message was similar but more emphatic, and was sent subsequent to the post cards.

A new addition was an envelope containing testimonial letters from Colorizer dealers who testified to the statements made about the product.

c. 1951-52 Campaign

The current promotional program so far as new dealers is concerned is somewhat tapered as a result of the success achieved during previous campaigns which succeeded in producing dealers almost to the point of saturation. The current problem is primarily one of maintaining or raising the efficiency of existing dealers.

In one brochure used, an attempt was made to get the dealer to stock only one line of paint, Colorizer. The copy was built around the question, "Why stock several paint lines?" This was followed by several reasons by which they maintained it was not necessary to have more than the Colorizer line in stock. Another impressive brochure had a magazine-like cover which carried the title, PAINT. The message emphasized the many advantages discussed in the previous chapters.
Testimonial pictures and information were included to show the dealer the extent of Colorizer distribution, and stressed the idea that it was successful wherever sold. Prestige was claimed by citing the fact that Colorizer paints are specified by color experts, and some of these were pictured and their utilization of Colorizer indicated. Finally, the plant and facilities for producing Colorizer were pictured with an invitation extended to visit the plant.

Another piece of advertising material was designed in the form of a photo story in which the dealer is invited to make a comparison of certain factors. The idea of a measuring or comparing was depicted. By following through this photo story, the dealer was to be brought around to the idea of handling the Colorizer line.

This sales promotion device served a dual purpose: (1) it kept Colorizer dealers "sold" on the product, and (2) it was intended to arouse interest from prospective dealers. According to company officials, the described campaigns were thought successful. In the process of these campaigns, an attempt was made to persuade Bennett's dealers to participate in the promotional effort on a 50-50 basis. Initially,

3 Clara Dudley, Color Scheme Consultant for Alexander Smith & Sons Carpet Company, George Nelson, Architect and Designer, Bob Norsen, Developer, Designer and Builder of "Contemporary American neighborhoods."
each dealer was given a color book, the Album of Beauty. In terms of cash outlay, this cost Bennett's approximately $20,000. Current policy is to sell these books to dealers.\(^4\)

A specially designed merchandising unit was provided for stocking the entire Colorizer line, and this was made available to the dealers at half the cost. The company also furnished each dealer a shelf unit for stocking Colorizer at a cost to the company of $16.00 per unit. Neon signs were made available to the dealers, also at half the cost.\(^5\)

The company advertises extensively within the Intermountain territory utilizing the following types of media: direct mail, newspapers, radio (both spot and special women's programs), television, outdoor and bus cards, and point-of-sale displays. There is reason to believe that television provides the most effective local media. There are 23,000 television sets with only two channels in the Salt Lake trading area.

Both rational and emotional appeals are utilized to promote the sale of Colorizer. Rational appeals stress washability, utility, ease of application, economy, and durability. On the other hand, the emotional appeals stress the value of color scheming, happiness, satisfaction and pride of home.

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\(^4\) The writer encountered some opposition to this practice in talking to dealers who felt the matter should be handled on a 50-50 basis.

\(^5\) In terms of direct promotion and advertising expense, there was an increase of 40 per cent in 1947 over 1946.
Color is emphasized more than any other appeal used. The advantages of the product are also incorporated in the copy emphasizing usability, no premium price charged, no waiting, no measuring, no blending.

Demonstration was used extensively with a demonstration kit provided for Bennett salesmen, containing 1/2 pint cans of paint and Colorizer. The salesman could demonstrate to the dealer what a simple process it was to make any of the 1322 colors in a matter of a few minutes. A typical demonstration involved the mixing of two pigments, green and orange, into the white base paint. Observers were astonished with the beautiful shade of ivory which resulted. The mixing of the pigments was associated with the phrase: "Like pouring cream in your coffee," which helped to convey the idea of simplicity in the entire process.

Some dealers told the salesmen outright that they did not want all 1322 colors. They were afraid they would just confuse the customer, or thought the cost would be too great. This objection was met by permitting the dealer to select only the colors he wanted. When he had selected the number of colors which he deemed adequate, the salesman would explain to him that with the Colorizer he had selected he could make practically all of the 1322 colors and thus satisfy most color requests.

Observing the campaign in retrospect, it is believed
by some to have been more intensive and elaborate than was necessary since dealers were probably ripe for a workable multi-color product. At any rate, retail outlets increased as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Dealers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937</td>
<td>90</td>
</tr>
<tr>
<td>1947</td>
<td>220</td>
</tr>
<tr>
<td>1952</td>
<td>416</td>
</tr>
</tbody>
</table>

3. Painter Campaign

During 1949-50, a similar campaign was launched to win over the support of painters. Direct mail was the principal medium used, beginning with a set of postcards mailed periodically. Other brochures were sent subsequently including a replica of the Colorizer Album of Beauty. Mailings were directed by trade territory salesmen or requested by dealers. In either case the dealer was notified when the direct mail material had been sent so he could follow-up. It is difficult to ascertain the reaction of painters to this circularization, but there is reason to believe that there was considerable resentment against Colorizer on the grounds that it infringed on the painter's skill, particularly by implying that the new colors were "better" or "more varied."

Another hindrance to acceptance by painters was the $60.00 color album. Bennett salesmen would meet these objections by approaching the painters with the following practical
illustration. When a customer indicates the shade of color that she wants in a room, the painter then has to go to the store to buy materials. This takes time and gasoline. When he returns with the materials, it takes him approximately one hour at best to mix the proper tint. It takes about one gallon of paint for the average size room, but to be sure that he does not run out of the specially mixed tint, the painter usually mixes a gallon and a half. After the job is finished there is one-half gallon of paint wasted. These drawbacks allegedly would be absent if Colorizer were used. In fact, Bennett's engineers estimated that a painter can save from $7 to $25 per job by using this product. While painters have perhaps been the most difficult customers to persuade, surveys conducted by the author indicate that a gradual but substantial acceptance has developed among this group. Young painters in particular are showing considerable interest in Colorizer paint.

4. Channels of Distribution

The accompanying chart on the following page shows graphically the channels by which Colorizer reaches the consumer. Data are not available which would indicate the volume of business done through the various outlets. Nevertheless, 

Paint sales data are not kept separate from the sales of other products with present accounting procedures. The company is finding a need for these data so that they will no doubt be available in the future.
CHART 3
Channels of Distribution for Colorizer
1952

(8) MFG OWNED BRANCH STORES

(13) COLORIZER ASSOC. MFGRS.
BEAUTY BY THE BRUSHFUL PAINTS
BENNETT'S PAINTS
BLUE RIBBON PAINTS
BOYSEN PAINTS
BUTE PAINTS
GREAT WESTERN PAINTS
JEWEL PAINTS
KOMAC PAINTS
LION BRAND PAINTS
VANE-CALVERT PAINTS
WARREN'S PAINTS
WETHERILL'S ATLAS PAINTS
In Canada
FLO-GLAZE PAINTS AND ENAMELS

BENNETT'S

INDEPENDENT DEALERS
PAINT and WALLPAPER STORE
HARDWARE STORE
PAINT CONTRACTOR
LUMBER DEALER
DEPARTMENT STORE
DRUGSTORE
AUTO-SUPPLY STORE
OTHER TYPE OF DEALER

DIRECT SALES to
INDUSTRIAL USERS
Institutions
Contractors
Small Businesses
Manufacturers
Municipalities

SOURCE: BENNETT'S
data are available showing the percentage of total company business broken down according to important sales categories, and also the percentage of total sales to each of the six classifications of merchandise carried. This information is compiled and presented in Table III and Table IV on pages 97 and 98 respectively.

The group of manufacturers handling Colorizer, which form the framework for national and international distribution, constitute the channel of greatest volume. Colorizer is manufactured primarily in the Salt Lake City factory of the Bennett Company and is shipped by truck to the twelve other associate manufacturers who distribute it throughout the United States and Canada. Since 1951 a small amount of production has been allocated to the Canadian Company. Each of the twelve associates manufacture their own base paints. As would be expected, the associate manufacturers have channels of distribution similar in nature to those used by Bennett's. One exception is noted however, and that involves the use of wholesalers or distributors by some of the associate companies. Bennett's has not seen fit to use a regular wholesaler. The principal reasons given for circumventing the wholesaler are desire for economy and desire for closer control of product. Of the methods of circumventing the wholesaler, Bennett's utilizes most of them: from factory to retailers; through manufacturers' own wholesale branches; from factory
TABLE III
TOTAL SALES, BENNETT'S
1951 *

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dealers</td>
<td>43.75%</td>
</tr>
<tr>
<td>Small Business</td>
<td>10.62%</td>
</tr>
<tr>
<td>(Retail &amp; Wholesale)</td>
<td></td>
</tr>
<tr>
<td>Contractors</td>
<td>7.14%</td>
</tr>
<tr>
<td>Industrial Firms</td>
<td>4.26%</td>
</tr>
<tr>
<td>(Manufacturers)</td>
<td></td>
</tr>
<tr>
<td>Government Agencies</td>
<td>2.54%</td>
</tr>
<tr>
<td>Painters</td>
<td>2.34%</td>
</tr>
<tr>
<td>Institutions</td>
<td>1.95%</td>
</tr>
<tr>
<td>(Schools &amp; Churches)</td>
<td></td>
</tr>
<tr>
<td>Retail Sales</td>
<td>1.65%</td>
</tr>
<tr>
<td>Multiple Occupancy</td>
<td>1.47%</td>
</tr>
<tr>
<td>(Hotels &amp; Apt. Houses)</td>
<td></td>
</tr>
<tr>
<td>Princially Salt Lake City Business</td>
<td>75.72%</td>
</tr>
<tr>
<td>of which 96% is done on credit.</td>
<td></td>
</tr>
<tr>
<td>Branch Store's Business</td>
<td>24.28%</td>
</tr>
<tr>
<td>(Retail &amp; Wholesale sales)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>100.00%</td>
</tr>
</tbody>
</table>

* Period covered, 6 months

Source: Bennett Company
## TABLE IV

**BENNETT'S SALES, BY PRODUCT**

1951

<table>
<thead>
<tr>
<th>Products</th>
<th>Percentage of Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paint</td>
<td>55% (Colorizer represents 45% of paint sales)</td>
</tr>
<tr>
<td>Glass</td>
<td>30%</td>
</tr>
<tr>
<td>Wallpaper</td>
<td>5%</td>
</tr>
<tr>
<td>Cleaners</td>
<td>4%</td>
</tr>
<tr>
<td>Sporting Goods</td>
<td>4%</td>
</tr>
<tr>
<td>Brushes &amp; Equipment</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Bennett Company
Independent dealers constitute the channel which is second in importance in terms of sales volume. Included in this group are specialty paint and wallpaper stores, lumber dealers, hardware stores, general stores, and department stores.

Formerly, Bennett's extended an exclusive franchise to each of its dealers and permitted only one to each trading area. However, in line with their efforts to get wider market coverage, this policy was abandoned. It was deemed more advisable to have dealers in different lines of trade in the same trading area cater to all types of trade. Therefore, several dealers will be found in a given trading area under present conditions.

A further word of explanation is offered to describe the reason for the variety of outlets used; the demand for paint is limited in the less populated areas where there is not sufficient demand to support a specialty store. It is necessary therefore, to sell paint with other products with which it is normally or customarily related. Paint tends to relate itself to the building lines of hardware and lumber.

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particularly, consequently, it has found its way into hardware and lumber stores as a sideline. It follows naturally, according to one paint executive, that the distribution of paint follows where the paint goes rather than the company selecting a particular type of outlet desired in the various markets covered. The fact that Colorizer can be handled with a smaller inventory and less shelf space and still offer a complete color assortment makes it ideal for the outlet carrying paint as a sideline.

Third in importance are the manufacturer's own branch stores, eight in number, located in Salt Lake City, Ogden, Provo, and Logan, Utah, Pocatello, Twin Falls, Idaho Falls, and Boise, Idaho. Selling at wholesale and retail, customers are mainly painters, retail paint customers, or home users. The 8 branches did 24 per cent of total business in 1951, while the 400 plus dealers accounted for 44 per cent of the business. An additional advantage of having branch stores is that they serve as an experimental station for the manufacturer in testing new ideas.

The fourth channel used is direct distribution from factory to industrial users. Although exact data on Colorizer sales are not available, an idea of relative importance can be gleaned from Table III, page 97, which indicates the importance of industrial accounts in terms of their share of total sales of the company.
Finally, a very small amount of Colorizer is sold directly from factory to retail customers. Facilities are provided at the factory where retail customers can obtain Colorizer. While people in the vicinity of the factory do buy direct, this represents only a small amount of the total business.

The reader, upon examination of Table IV, may wonder why a paint company should sell sporting goods as well. Paint, glass, and wallpaper are for the most part seasonal business items, and it is for the purpose of mitigating seasonal oscillations that sporting goods have been added.

Of further interest concerning the various types of retail outlets used in paint distribution are the results of a survey made by the publishers of Butter Homes & Garden magazine. Among its many findings are portrayed the relative significance of different outlets. Chart C, page 102, is presented with the purpose of showing the relative standing of outlets commonly used. Lacking exact data, it was determined from the considered opinion of the sales personnel of Bennett's that the order of importance of similar outlets is as follows:

1. Paint and wallpaper stores
2. Lumber dealers
3. Hardware stores
4. General stores

General stores still represent a worthwhile outlet in small sparsely populated areas in the west, since they are the only outlet for paint in some communities.
CHART C
Relative Importance of Outlets Selling Paint
in the U. S., 1951

PLACE OF PURCHASE

Paint and wallpaper store
Hardware store
Paint contractor
Lumber dealer
Department store
Retail store of mail-order house
By mail from mail-order house
Drugstore
Auto-supply store
Other type of dealer

SOURCE: Independent survey by publishers
Better Homes & Gardens magazine,
1951.
5. Appliance and furniture stores
6. Department stores

This explanation was offered in accounting for the position of the department store in the lineup of distribution outlet, that paint as a product presents problems in connection with correct methods of preparation and surface, and people go where they can get the most reliable and complete information. The paint and wallpaper store offers the most adequate information which is one of the reasons for its importance. Department stores primarily are interested in volume of business and turnover and have the limitation in general of sales personnel who are not fully trained to handle semi-technical information. This is further aggravated by the turnover of personnel in department stores.

Another paint executive contacted expressed the difficulty connected with the merchandising policy of department stores. He indicated that when the merchandising budget is used up for a given period or is cut back for some reason, the paint inventory is depleted and not replaced promptly. As a result, customers go unserved which results in a bad reflection on the paint line.

At the present time, Bennett's is giving attention to the question of how large an order should be to justify servicing an account. A study is also contemplated to determine the relative cost of serving different types of outlets.
a. **Salesmen, Sales Territories, and Sales Control Activity**

The sales organization is shown along with other components of the company on the organization chart presented on page 7. As will be noted, the sales work is divided between outside territorial salesmen and city salesmen. If possible, the sales manager tries to adapt the job or territory to the right salesman. For example, a man raised in a farming community usually does better in an agricultural area. He knows how to meet these people on their own ground, whereas some city salesmen would not be successful under such a situation.

Further assistance is obtained in the selection of the proper individual for sales work from a consulting personnel expert. Consultation with this expert by the author reveals that latest techniques developed in selection work including a battery of tests, are used in selecting Bennett's salesmen. Results from testing and interviewing applicants are submitted to the company in the form of a report, and the decision is made by company officials.

Bennett's has no central personnel office at present. Instead, they rely on specialists to handle various phases of this work. It would seem advisable, with some 235 employees to consider the possibility of establishing a central personnel department, especially if the company enjoys further growth.
There are essentially two types of territories, trade sales territories and industrial sales territories. In setting up these territories, a type of time and duty study was used. Data were collected on how many calls could be made in a day, how frequently accounts should be called upon, and how long the average call should take. The results of this work was the formulation of sales territories which are presented on a road map and will be found in Appendix D. These are the trade sales territories. The company endeavors to have accounts called upon once every three weeks, and at least once in every five weeks.

With the exception of territory 17 in the California area, all of the territories are situated within the Intermountain area. The reason for the California territory is explained in the fact that the company had reached near saturation in the Intermountain region and decided to expand operations to the Pacific Coast. At that time it was anticipated that additional territories would be developed in the San Francisco bay area, Portland, Oregon, and Seattle, Washington. However, plans were changed when production was limited because of a shortage of critical material required for the manufacture of the base paint. No shortage of materials was

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encountered in the production of Colorizer. It was decided that it would be much easier and more profitable for the firm to market their production of Colorizer on a royalty basis. In consequence of this thinking, Colorizer was offered to the members of a group of paint manufacturers known as Paint Research Associates, of which Bennett's was a member. Many of the group accepted the offer and Colorizer Associates was formed. Inasmuch as the company had entered the southern California market, territory 17 was left intact and operations were continued.

Industrial sales territories are classified by the type of accounts serviced. Geographically, these territories are all within the greater Salt Lake trading area:

#10 Government agencies, religious institutions, and municipalities.
#12 Painters and automotive outlets.
#13 Painters and small businesses.
#14 Large Industrial concerns.
#15 Apartment houses, hotels, and multiple dwellings.
#16 Same as #14 with a further division including mining and smelting companies.

The increasing volume of business which accompanied the introduction of Colorizer paint has necessitated improvement
in the administrative aspects of the business. The salesmen's report form was revised and improved. Likewise, the sales order form was modified so that a key sort system could be utilized, and the overall procedure was streamlined.

b. Pricing of Colorizer

The question of pricing a new product arises. Rather than adopt a premium price in the hopes of exploiting the temporary monopoly inherent in product differentiation, the firm resorted to competitive pricing, striving for wider acceptance and volume sales. Price is determined through the use of a markup percentage. To illustrate by way of example without using actual price data, the manufacturers price to the wholesaler (wholesalers cost) for a size #90 tube of Colorizer is 18¢. This figure represents the amount necessary to cover the cost of materials, direct labor cost, overhead, and the profit for the manufacturer. Information obtained from paint wholesalers indicates that the customary margin in the trade is 20-25 per cent. Therefore, using a 25 per cent margin, the wholesaler would sell the #90 tube to the retailer (retailers cost) at a price of 24¢.10

10 Formula used to compute price:

\[
\text{Price} = \frac{\text{Cost}}{100 - \text{Markup percentage}}
\]

\[
\text{Price} = \frac{18}{100 - .25}
\]

\[
\text{Price} = 24¢
\]
Customary margin on paint for retailers is 40-50 per cent. Thus, the #90 tube of Colorizer using a 50 per cent margin would be priced to sell for 48¢. This is the price paid by the consumer. Colorizer is therefore priced similar to other paint products. It is not sold under strict resale price provisions, but rather a retail price is suggested by the manufacturer in line with customary margin percentages. No attempt is made to provide price equalization in different areas.

c. **Customer Services**

Bennett's claim to be the first to initiate an interior decoration department to assist the customer in her selection of decorating materials. This service resulted from the realization that regular personnel were not fully trained to handle the various problems connected with selling paint with a multi-color system. Therefore, specialists in the field of interior decoration were employed. As regular personnel became more competent through training and experience they assumed more and more of this work. However, the company still finds it advisable to provide the services of specialists for cases

---

**Formula used to compute price:**

\[
\text{Price} = \frac{\text{Cost}}{100 - \text{Markup percentage}}
\]

\[
\text{Price} = \frac{.24}{100 - .50}
\]

\[
\text{Price} = 48\,\text{¢}
\]
requiring special attention. The company also provides credit, free delivery, telephone orders and returned goods privilege.

d. **Statistical Analysis**

The major activities of the statistical section involve: analysis of territories; special reports; branch stores; analysis of customer classes by product; analysis of each retail salesman in each branch store for contribution on the basis of his total tickets as well as the total of transactions; and analysis of each department of the business for operating expense and profit contribution. To facilitate this work, products are classified on the basis of similarity of markup so that product classes can be compared.

6. **Summary**

To emphasize and solidify the subjects treated in this chapter, the following points are presented as a summary.

1. In proceeding to introduce a new product, it is important to train properly the personnel of the company involved. This is true particularly in the case of an innovation.

2. A well-planned and executed promotional campaign directed towards dealers and users of a product is of primary importance in overcoming initial skepticism of a new product.
3. Colorizer paint is unique in that distribution is accomplished through other paint manufacturers.

4. Although several paint companies use a regular wholesaler in their distribution activity, Bennett's have elected to circumvent (a) because of a desire to have closer control of the product, and (b) because they believe distribution can be handled more profitably by themselves.

5. Outlets used in the distribution of Colorizer paints include specialty paint and wallpaper stores, lumber dealers, hardware stores, general stores, appliance and furniture stores, and department stores.

6. Sales promotion is fostered by use of color and home decoration experts.

7. Competitive pricing and volume sales were chosen in preference to premium pricing based on exploitation of a differentiated product. The actual price is determined through the use of customary markup percentages.
CHAPTER VI
COOPERATIVE MARKETING ACTIVITIES

1. Introduction

Within a few years after its introduction to the American public, Colorizer paint found itself distributed on a national and international basis. The problem of increasing the production of Colorizer had a direct bearing on the organization of the expanded distributive program. It will be remembered from Chapter V, under the caption Sales Territories, that Bennett's endeavored to expand its market by establishing territory 17 in Southern California, and that due to a shortage of materials necessary to manufacture base paint, their plans for further expansion required modification.

At that time, Bennett's belonged to a research group known as Paint Research Associates. This group consisted of twelve medium-sized, independent, regional paint manufacturers extending from New York to California. The purpose of their organization was to pool technical knowledge for improvement of paint products. Primarily because of the production limitation of base paint, Wallace F. Bennett offered the group use of the Colorizer principle on a royalty basis. In the course of the next two years, eight of the twelve adopted the idea. As a result, Colorizer became a national product. Later, Colorizer was offered to other regional manufacturers to
further expand and complete the market. Coincident with the plan of distributing Colorizer on a royalty basis, the group of manufacturers decided to form an organization to coordinate the merchandising of the product. This resulted in the formation of a non-profit corporation known as Colorizer Associates Incorporated. The organization of this cooperative marketing organization will be found on the following page. It is the purpose of this organization chart to show the reader the companies involved, and the simplicity of the organization structure.

Robert O. Clark is the president of Colorizer Associates as well as president of Jewel Paint and Varnish Company of Chicago, Illinois. James W. Wilson, vice-president of Brooklyn Paint and Varnish Company also serves as vice-president in the Colorizer organization. The secretary-treasurer, Robert S. Allison, is affiliated with Bennett's of Salt Lake City. As will be noted on Chart D, the organization calls for a member from each associate company to serve as a director. This provides representation for each associate company.

Twice each year a meeting is held to plan further cooperative business undertakings as well as to coordinate plans previously adopted. The meetings are conducted on the basis of a round table discussion. This permits an interchange of ideas so all may benefit from the experience of others.
ORGANIZATION CHART of "Colorizer Associates, Inc."
JUNE 1952

Robert O. Clark
PRESIDENT

James W. Wilson
VICE PRESIDENT

Robert S. Allison
SECY & TREAS.

DIRECTORS:
BEAUTY BY THE BRUSHFUL PAINTS, Brooklyn, N. Y.
BENNETT'S PAINTS, Salt Lake City, Utah; Los Angeles
BLUE RIBBON PAINTS, Wheeling, West Virginia
BOYSEN PAINTS, Oakland and Los Angeles, Calif.
BOTE PAINTS, Houston, Texas
GREAT WESTERN PAINTS, Kansas City, Mo.
JEWEL PAINTS, Chicago, Ill.
KONAC PAINTS, Denver, Colorado
LION BRAND PAINTS, St. Paul, Minn.
VANE-CALVERT PAINTS, St. Louis, Mo.
WARREN'S PAINTS, Nashville, Tenn.

In CANADA
FLO-GLAZE PAINTS AND ENAMELS, Toronto, Ontario
The marketing problem of Colorizer Associates was to secure an adequate market coverage and eliminate weak spots in distribution. To more thoroughly analyze the situation, a survey was conducted on a county-by-county basis to measure sales potential and to solicit new dealers to complete the coverage in accord with known potential.

They set forth three primary objectives to guide marketing operations:

A. To build a brand name.

B. To select influential experts on color in the national advertising area.

C. To launch a campaign for new dealers on a local basis.

The procedure followed in accomplishing objective A will be discussed immediately under the caption of advertising below.

Shelter magazines such as House Beautiful and Better Homes and Gardens were utilized to accomplish objective B. Colorizer was received in a favorable manner by the Shelter magazine group. It was given considerable publicity including its use with the well-known "pace setter" homes which are a special feature in House Beautiful each year. Future advertising is anticipated to include Saturday Evening Post and possibly Life.

1 The writer was unsuccessful in obtaining any data from this survey for use in this study.

Accomplishment of objective C was left to each associate member and his organization. The explanation in Chapter V under the heading "Dealer Campaign" describes how this matter was handled by one of the associates. However, the lessons learned by a middle-western Colorizer Associate are worthy of note here. It was found that the larger paint dealers who are well established in business do not do as good a job with a new product as a relatively new or smaller size dealer who is anxious to increase the extent of his operations. Furthermore, the manufacturer was able to select the dealer who wanted Colorizer in the smaller communities, but in the large cities it was sometimes necessary to persuade dealers who were not entirely satisfactory in order to get outlets in desired areas.

2. Advertising

Perhaps the area which has provided the greatest benefits to member companies involves advertising or the broader area of sales promotion. The situation can be appreciated more when one considers that none of these manufacturers could long afford a program which calls for $15,000 a page for advertising, nor would such an expenditure be the best way for any single small company to appropriate its advertising funds. However, because of the market coverage undertaken, such advertising is not only desirable, but can be handled on a contrib-
butory basis. Thus, cooperative marketing has been the means for this group to launch a national sales promotion campaign.

The Arthur G. Rippey Company of Denver, has been employed as the advertising agency for the national sales promotion activities. There is also an advertising committee composed of representatives of the various companies under the direction of Robert S. Allison. Close coordination is thus possible between the agency and the manufacturers.

The principle of decreasing costs applies to advertising as it does to other industrial processes. To illustrate, a particular counter display piece, produced in color, normally costs $50 each. By increasing the output they were obtained for Colorizer dealers for $8. Other illustrations could be cited to show how savings have occurred from collective and cooperative action.

Colorizer associates began using Shelter magazines in 1949 and are using them presently. Extensive use of identification signs have also been used by dealers throughout the country. Following the example described in the previous chapter concerning fixtures, a merchandising unit called the "Hexatron" was made available to all associates and dealers. In so doing on a large scale, the principle of decreasing costs applies to advertising as it does to other industrial processes. To illustrate, a particular counter display piece, produced in color, normally costs $50 each. By increasing the output they were obtained for Colorizer dealers for $8. Other illustrations could be cited to show how savings have occurred from collective and cooperative action.

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---

3 This fixture is pictured in *Sales Management*, August 15, 1950, pp. 42-45.
costs was again brought into play.

Cooperation was carried one step further with the production of the color booklet entitled "Colorizer Collection of Decorating Ideas" in which several manufacturers of different home furnishing items participated. This booklet will usually be found alongside the Color Album and other display material in most dealer stores. It emphasizes the importance of good color coordination in the home, and illustrates how it can be achieved, acknowledging the role played by Colorizer paint.

In the national advertising program, several coupon ads have been used. Replies were addressed to the Chicago offices and were re-distributed to the particular Colorizer associate involved. Upon receipt of the reply, the manufacturer would send a booklet or some other advertising material to the inquirer. The local dealer was notified so that he could follow up with the interested party. For comparative purposes, Table V presents the expenditure by leading paint manufacturers for space in national magazines since 1948. It will be noted that in 1948 Colorizer did not rate, and that from a rank of 0 in 1948 they moved to 15 in 1949, to 12 in 1950 and to 10 in 1951.

<table>
<thead>
<tr>
<th>Paint Brand</th>
<th>1948</th>
<th>1949</th>
<th>1950</th>
<th>1951</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sherwin Williams</td>
<td>$303,008</td>
<td>$507,310</td>
<td>$995,877</td>
<td>$952,649</td>
</tr>
<tr>
<td>Products-Kem-Tone,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ken-Glo, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>303,775</td>
<td>630,385</td>
<td>359,740</td>
<td>548,960</td>
</tr>
<tr>
<td>Glidden</td>
<td>238,606</td>
<td>224,778</td>
<td>487,298</td>
<td>436,600</td>
</tr>
<tr>
<td>N.P.V. &amp; L.</td>
<td>0</td>
<td>320,900</td>
<td>330,660</td>
<td>294,470</td>
</tr>
<tr>
<td>Dutch Boy</td>
<td>219,600</td>
<td>198,485</td>
<td>205,335</td>
<td>242,700</td>
</tr>
<tr>
<td>Devoe</td>
<td>29,404</td>
<td>0</td>
<td>102,235</td>
<td>221,480</td>
</tr>
<tr>
<td>B.P.S.</td>
<td>51,060</td>
<td>41,142</td>
<td>88,946</td>
<td>101,155</td>
</tr>
<tr>
<td>Texolite</td>
<td>63,023</td>
<td>144,825</td>
<td>92,960</td>
<td>85,180</td>
</tr>
<tr>
<td>Acme</td>
<td>137,336</td>
<td>67,241</td>
<td>64,400</td>
<td>84,284</td>
</tr>
<tr>
<td>Colorizer</td>
<td>0</td>
<td>3,400</td>
<td>51,575</td>
<td>75,655</td>
</tr>
<tr>
<td>Eagle Picher</td>
<td>49,150</td>
<td>90,555</td>
<td>63,375</td>
<td>62,080</td>
</tr>
<tr>
<td>Martin Senour</td>
<td>27,600</td>
<td>44,500</td>
<td>45,563</td>
<td>52,780</td>
</tr>
<tr>
<td>Barreled Sunlight</td>
<td>0</td>
<td>0</td>
<td>48,000</td>
<td>51,300</td>
</tr>
<tr>
<td>Pratt &amp; Lambert</td>
<td>56,333</td>
<td>32,476</td>
<td>31,936</td>
<td>49,266</td>
</tr>
<tr>
<td>O'Brien</td>
<td>4,988</td>
<td>10,475</td>
<td>12,123</td>
<td>46,695</td>
</tr>
<tr>
<td>Kyanize</td>
<td>66,848</td>
<td>103,270</td>
<td>52,825</td>
<td>37,585</td>
</tr>
<tr>
<td>Luminall</td>
<td>32,090</td>
<td>17,714</td>
<td>10,789</td>
<td>30,797</td>
</tr>
<tr>
<td>NuEnamel</td>
<td>71,497</td>
<td>616</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,654,318</strong></td>
<td><strong>$2,168,072</strong></td>
<td><strong>$3,043,747</strong></td>
<td><strong>$3,373,636</strong></td>
</tr>
</tbody>
</table>

Source: Arthur G. & Rippey Company, Denver
The type of magazine used to promote Colorizer in the national market in 1951 is noted in Table VI, page 120. It will be noted that they are exclusively shelter magazines. With a limited advertising budget, it was necessary to select the media which would produce the best possible results; a policy in keeping with the marketing objective B discussed on page 114. As suggested by the last column in Table VI, there has been some very careful deliberation as to where it would be best to advertise outside of the shelter magazine group. It was noted that other national paint brands were being advertised in Life and The Saturday Evening Post.

Because of constantly increasing funds in the Colorizer advertising budget, various alternatives are being considered to improve and expand advertising activities. Inasmuch as competitors are using The Saturday Evening Post extensively as indicated in Table VII, it may be of interest to note what the effect would be if Colorizer were to be advertised in that publication.

Table VIII presents the circulation figures of leading national magazines. The total circulation obtained from the 100 per cent use of the shelter magazines indicated in Table V, is 7,268,428. Circulation for The Saturday Evening Post, is 3,745,191. Therefore, the use of this magazine in the Colorizer advertising program would increase the coverage of an advertisement by an average of 51 per cent in the United
<table>
<thead>
<tr>
<th>Advertisers</th>
<th>Share of Total Budget Spent in Shelter Magazines</th>
<th>Used Post or Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sherwin Williams</td>
<td>$251,230 - 26%</td>
<td>Yes</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>154,840 - 28%</td>
<td>Yes</td>
</tr>
<tr>
<td>Dutch Boy</td>
<td>123,700 - 50%</td>
<td>Yes</td>
</tr>
<tr>
<td>Devoe</td>
<td>103,840 - 47%</td>
<td>Yes</td>
</tr>
<tr>
<td>Colorizer</td>
<td>75,655 - 100%</td>
<td>No</td>
</tr>
<tr>
<td>EPS</td>
<td>75,530 - 75%</td>
<td>No</td>
</tr>
<tr>
<td>NPV &amp; L</td>
<td>69,700 - 23%</td>
<td>Yes</td>
</tr>
<tr>
<td>Glidden</td>
<td>61,340 - 14%</td>
<td>Yes</td>
</tr>
<tr>
<td>Martin Senour</td>
<td>52,780 - 100%</td>
<td>No</td>
</tr>
<tr>
<td>Pratt &amp; Lambert</td>
<td>49,266 - 100%</td>
<td>No</td>
</tr>
<tr>
<td>O'Brien</td>
<td>46,695 - 100%</td>
<td>No</td>
</tr>
<tr>
<td>Kyanize</td>
<td>35,555 - 95%</td>
<td>No</td>
</tr>
<tr>
<td>Eagle Picher</td>
<td>27,880 - 45%</td>
<td>Yes</td>
</tr>
<tr>
<td>U. S. Gypsum</td>
<td>26,000 - 31%</td>
<td>Yes</td>
</tr>
<tr>
<td>Acme</td>
<td>24,214 - 29%</td>
<td>Yes</td>
</tr>
<tr>
<td>Luminall</td>
<td>8,493 - 27%</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: Arthur G. Rippey Company, Denver
<table>
<thead>
<tr>
<th>Magazine</th>
<th>Per cent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saturday Evening Post</td>
<td>29%</td>
</tr>
<tr>
<td>Better Homes &amp; Gardens</td>
<td>24%</td>
</tr>
<tr>
<td>Life</td>
<td>13%</td>
</tr>
<tr>
<td>American Home</td>
<td>8%</td>
</tr>
<tr>
<td>Country Gentleman</td>
<td>6%</td>
</tr>
<tr>
<td>Good Housekeeping</td>
<td>3%</td>
</tr>
<tr>
<td>Sunset</td>
<td>2%</td>
</tr>
<tr>
<td>Pathfinder</td>
<td>1%</td>
</tr>
<tr>
<td>Time</td>
<td>1%</td>
</tr>
<tr>
<td>House &amp; Garden</td>
<td>1%</td>
</tr>
<tr>
<td>Household</td>
<td>1%</td>
</tr>
<tr>
<td>Progressive Farmer</td>
<td>1%</td>
</tr>
<tr>
<td>Living</td>
<td>1%</td>
</tr>
<tr>
<td>House Beautiful</td>
<td>1%</td>
</tr>
<tr>
<td>Colliers</td>
<td>1%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Arthur G. Rippey Company, Denver
<table>
<thead>
<tr>
<th>Magazine</th>
<th>Circulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Home</td>
<td>2,808,288</td>
</tr>
<tr>
<td>Better Homes &amp; Gardens</td>
<td>3,488,080</td>
</tr>
<tr>
<td>House Beautiful</td>
<td>577,739</td>
</tr>
<tr>
<td>House &amp; Garden</td>
<td>394,317</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>7,268,428</strong></td>
</tr>
<tr>
<td>The Saturday Evening Post</td>
<td>3,745,091</td>
</tr>
</tbody>
</table>

Average percentage increase by using The Saturday Evening Post in the United States - 51 per cent, in Canada - 129 per cent.

Source: Arthur G. Rippey Company, Denver
States. Because one associate operates in Canada, it would be of interest to them to know that the increase would be 129 per cent.

3. Special Assistance

Those handling Colorizer are aware of the importance of remaining competitive, and they realize that in order to do so requires constant improvements. This thinking, coupled with the fact that color is of prime importance makes it desirable to have the very best assistance obtainable. To secure such talent on a regular basis would be too costly for any one firm in the group, but as with advertising, combined contribution makes such a practice feasible. And so one of the important benefits derived from cooperative marketing is the services of one of America's foremost color authorities, Faber Birren. Mr. Birren has explained that where the customer has a wide choice of color the results run as follows:

1. 80 per cent of colors account for 20 per cent of the volume -- High fashion color.

2. 20 per cent of colors account for 80 per cent of the volume -- Standard colors.

Color experts will provide Colorizer manufacturers with the benefits of their basic research to verify and assure that colors are promoted for the medium and mass market and thus avoid the situation described above. Moreover, color trends can be anticipated, and by so doing will enable the manufacturers
to adjust their merchandising program accordingly. It should be apparent that the average small to medium paint manufacturer could not afford the cost of research necessary to gain this information on national color trends.

Special assistance of another type is provided Colorizer associates through the services of a New York public relations firm. It is the aim of this organization to tell the public the story of Colorizer - its management, its production, its uses, its color range, and other pertinent data. The story is told through various kinds of media such as publications and periodicals of all types, radio stations, and television. All income groups throughout the United States and Canada are reached by this campaign. Such a campaign attempts to familiarize the consumer with the product, in fact it aims to produce pre-sold customers. The effect of this effort is the placing of a third person endorsement on the product. In this case, the company does not have to do all of its own selling. Instead, the articles and reports put out by the press give the appearance of another party recommending the product.

This type of publicity campaign is designed to arouse curiosity in the minds of consumers, put the consumer in a buying mood and build consumer acceptance of the product. The reader will note the nature of this material by reading articles published in newspapers dealing with new ideas
and developments for the home, or stories regarding building materials and methods.

This approach is a recent development for Colorizer which began in November, 1951. In some ways it may have a greater effect on the mass market of the United States than any other single program the Colorizer people have undertaken.

From a technical standpoint, there is much to be gained from cooperation. Each of the companies distributing Colorizer paint benefit from the independent effort of the 13 separate research staffs and technicians. No one company would have as many top men in chemistry and engineering. Much is gained, therefore, from the standpoint of technical research. In addition, a special central laboratory is operated in Chicago which conducts experimentation and collaborates in the exchange of information between associate companies.

4. **National and International Distribution**

The map on the following page indicates present market coverage in the United States, and the product is also distributed in Canada. Completed arrangements will expand coverage to include Great Britain, New Zealand, Australia, South Africa, and Argentina in the near future.

5. **Summary**

The foregoing discussion describes a rather unusual
CHART E
MAP OF COLORIZER DEALERS IN THE UNITED STATES, 1952

Each dot represents one dealer
Source: Bennett's
method of expanding the market coverage of a new product. It is really a case of voluntary horizontal integration with separate ownership maintained. Moreover, this case study points up the close relationship between production and marketing problems, and how the inter-relationship was handled. It appears that this situation was the paramount reason for not selecting a wholesaler or some other outlet for attaining the desired expansion of the market.

The advantages from cooperative marketing activities noted in this study included: advertising, services of color experts, national publicity campaign, and the pooling of marketing and technical information. The use of a public relations firm is recommended as an effective means of sales promotion.

There appears to be additional opportunities for these companies to benefit from cooperative endeavor. A permanent marketing research organization would enhance present and future marketing activities particularly in view of the expanding operations in foreign markets. Such a staff would be invaluable in obtaining data relative to marketing problems. There are other areas which are not fully developed, i.e., training of dealers and dealer salesmen. With such a large marketing organization, it would be an easy matter to handle the costs on a cooperative basis as they have the sales
promotion efforts. It should be recognized that unless the retail salesperson fully understands the Colorizer system with its merchandising advantages and the simplicity of its operation, the efforts to sell Colorizer will be greatly weakened and much of the effectiveness of the national sales campaign will be lost.

This chapter was not intended to convey any ideas that "cooperation" is a "cure-all" for marketing problems, or that it is the best means to expand market coverage of a new product. However, this chapter does illustrate a case of the application of cooperation which may suggest worthwhile possibilities for the solution of relative marketing problems.
CHAPTER VII

EFFECTS OF COLORIZER PAINT

The effects of the Colorizer innovation are herewith considered, appraised, and summarized. This includes not only the effect on production and sales, but also a consideration of the impression on dealers and retail paint customers.

1. Effect on Production

Colorizer paint is first of all responsible as a primary causal factor for the new productive plant and equipment brought into use by this company. There are within the paint industry, firms which produce only white paint, "white line houses." They enjoy a lower cost of production in consequence of a very high degree of specialization. What is significant here is that the Colorizer development has in effect made Bennett's a "white line house." As a result these advantages are provided:

1. There is a marked reduction in change-over time on machines necessitated by changes in color. Bennett's paint production is White and Gray Base paints plus Colorizer.

2. Larger batches of product can be produced.

3. Longer runs with the same size of can is possible.

4. Automatic machinery is justified by the increase in volume. The cost of this machinery is prohibitive to medium-size producers of ready-mixed paints using the tint method of production. Automatic machinery reduces the cost of production.
5. Material handling costs are reduced.

6. Warehousing and inventory operations are simplified resulting in lower costs.

7. Better arrangement of machinery results in lower costs.

Although initially the cost picture was increased due to the investment in fixed assets, the resulting effect has been a lowering of costs as bottlenecks have been solved and production expanded. Production records produce the picture which is shown graphically on the following page. By using 1 to represent the production for 1948, the output of Colorizer had increased 20.5 times by the end of 1952. The large increase noted on Chart F for 1949 is explained by the entry into national distribution.

Bennett's have been able to increase wages over the past ten years and still show a reduction in the labor cost per unit as a result of the increase in production with an actual percentage drop from 40 per cent to 25 per cent. The new plant with improved layout, equipment, and methods, which was due primarily to the Colorizer idea, plus the advantages accruing directly from the production of Colorizer have caused an overall increase in the productivity of workers amounting to 250 per cent. This represents the achievement of the company from 1936 to 1952. Another expression which is indicative of the effect of this innovation is that the productivity of workers in the industry with present day conditions is
CHART F
THE INCREASE IN THE PRODUCTION OF COLORIZER BY RATIO FROM 1948 TO 1953

1948 = 1

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948</td>
<td>1</td>
</tr>
<tr>
<td>1949</td>
<td>14.5</td>
</tr>
<tr>
<td>1950</td>
<td>15.1</td>
</tr>
<tr>
<td>1951</td>
<td>18*</td>
</tr>
<tr>
<td>1952</td>
<td>20.5*</td>
</tr>
<tr>
<td>1953</td>
<td>27**</td>
</tr>
</tbody>
</table>

*Estimated production including Canadian production.
**Estimated production for the fiscal year.
Source: Bennett's
between 7 and 8 gallons per worker per day, whereas the Bennett figures are between 11 and 12.

The expanded production of Colorizer did not necessitate any increase in personnel employed in the actual manufacturing of the product, however, there was a considerable increase in the packaging operations. Total employees engaged in actual manufacturing activities number twelve.

Relative to the old controversy between sales and production, in which sales people desire expansion in styles, sizes, and colors to increase the competitive advantage, and the production personnel stress the importance of simplification and standardization, this innovation tends to satisfy the wishes of both. The orthodox line of paint with colors for interior and exterior usually involved a total range of colors from 30 to 50 depending upon the manufacturer. With Colorizer, there are only 16 basic colors which indicates simplification and standardization. Automatic machinery packages the 16 colors in 8 different size tubes. Standardization is further utilized in producing only two kinds of paint in the paint cans, White Base and Gray Base.

Cost of production has also been decreased due to the reduction in the amount of color standardization, i.e., making

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There have been no appreciative differences in the skill of workers employed by Bennett's.
each batch match the preceding batch of color. Because one small tube may be used to make as many as 50 different colors there is a much smaller problem of standardization of color as compared with ordinary manufacturers.

The question of inventory has been mentioned previously in regard to the dealer, but it should be noted also that a great saving has resulted in warehousing operations both in terms of simplicity of stockkeeping, higher turnover, and smaller finished goods inventory on hand.

2. Effect on Sales

A significant effect is noted when the sales of the firm are compared with industry sales. Although many factors influence sales figures, the management of Bennett's is inclined to believe that Colorizer is the primary factor in accounting for the rise in sales volume over and above that experienced by the paint industry.

The rewards for the time and effort to determine customer wants, to satisfy them through product modification and improvement, and to vigorously promote and market Colorizer are illustrated by the Bennett sales line on Chart 8, next page. This sales line, which is the percentage change in sales volume since the introduction of the original multi-color system in 1937, indicates a constant increase in sales, amounting to 200 per cent from 1937 to 1951.
CHART 6
Percentage Change in Paint Sales from 1937 to 1951
1937 = 100 per cent

SOURCE: Bennett's and U. S. Department of Commerce, Bureau of the Census
For the sake of emphasis as well as comparison, the percentage change in sales for the industry is charted on Chart G also. This reveals that Bennett Company has enjoyed a percentage increase in sales volume for every year since the Colorizer system was put on the market. Also, it has not suffered a decline in sales from one year to the next due to economic conditions which had their affect on industry sales for 1938 and 1949. It will be noted further that the original multi-color system helped produce a doubling of sales volume from 1937 to 1946, and the improved Colorizer system introduced in 1947 helped to produce another doubling in sales from 1946 to 1951.\(^2\)

3. **Effect on Dealers**

In order to evaluate objectively the performance of Colorizer from a marketing standpoint, dealer surveys were conducted in the Intermountain and the East Central areas of the United States. The results of these studies, conducted on the same basis and with the same questions are presented for consideration in this chapter. These surveys were conducted with the purpose of discovering how successful the Colorizer system had been in each area. The major questions to be answered were:

Do dealers like Colorizer?

\(^2\) Raw sales figures are not revealed in this study for competitive reasons.
Which of the color books is preferred?

Do sales take longer with Colorizer?

What do painters, decorators, and large accounts think of Colorizer?

What, if any, are the problems of display, storage, and other aspects of stockkeeping?

How much less is paint inventory with Colorizer?

How fast does Colorizer stock turnover?

Do salespeople like the Colorizer system?

How are salespeople trained?

What advertising media are used by dealers?

Recognizing that Bennett's has operated for many years in the Intermountain area, it was considered advisable to make a similar evaluation of dealers in a newer area. Therefore, a similar sample of thirty dealers were selected from small, medium, and large cities and also a group which comprised the different types of outlets, i.e., department stores, lumber dealers, hardware stores, and paint and wallpaper stores. The same questions were used in each survey to provide a basis for comparison and composite analysis. Guided interviews were used to obtain the information from the dealers.

Dealers for the most part proved relatively enthusiastic in their praise for Colorizer. Although all of the dealers surveyed in the western area preferred Colorizer to ready-mixed
paint, only 73.33 per cent preferred the product in the east. Reasons given for the preference included:

1. Paint stock investment is greatly reduced.
2. Stock takes a fraction of former shelf space.
3. A complete choice of colors is made possible.
4. Stockkeeping is simplified.
5. Paint is always fresh because of increased turnover.
6. Customer complaints are minimized.
7. Paint sales are increased.

Both surveys indicated that over 80 per cent of all customers were apparently satisfied with Colorizer paints. There was a 100 per cent report of building increasing repeat sales. Ninety-seven per cent of the western dealers reported that new customers offered resistance to mixing Colorizer until told that no more mixing is required than with ready-mixed paints. Originally the manufacturer had in mind that the product would be sold without any mixing by dealers. However, the eastern survey reveals a digression on this point. Dealers have obviated the possibility of the customer objecting to mixing by doing the mixing for them. They offer the following reasons for this:

1. Sale is final, eliminating returned goods.

3 Results of the two surveys will be found in Appendix E.
2. Color is checked with sample before leaving the store.

3. It is a customer service which is extended by ready-mixed paint dealers, and is therefore expected by the customer. Arising out of this practice is the objection by some paint salespeople that Colorizer takes too much time for mixing.

Eastern dealers were more unanimous in believing that Colorizer provided an easier means of selecting colors. Also a greater preference and use of the "big book" or Colorizer Album was noted. In fact it is used there almost to the complete exclusion of other books and selling aids.

An important question concerned the amount of time required to make a sale. It appears from both surveys that more time is required to explain Colorizer initially, but numerous dealers expressed the view that this is offset by consumer satisfaction.

Mixed expressions were encountered in surveying painters, decorators, and paint contractors. There was widespread approval of the product as concerns display, storage, and stock-keeping problems. Reports varied in the matter of investment in inventory. Practically all dealers noted a reduction in the amount required. There seems to have been a greater reduction among eastern dealers as 43.34 per cent indicated reductions from 60 to 70 per cent.

As for turnover, the reports substantiated the claim
already made in Chapter IV, that Colorizer offers a worthwhile advantage in increased turnover. Variation in these reports is explained in part by these factors: differences in kinds of outlets, location, type of trade, and the relative importance of paint in the store.

Some sellers objected to the extra time required in selling because of the many choices open to the customer; they would much rather use a color card with only a very few colors to choose from, so that when the choice was made, they could hand the customer the can of paint and be finished. Although key sales personnel of the manufacturer recognize that it takes more salesmanship to sell Colorizer, yet the results of the survey indicate a rather unsatisfactory job of training people who sell the product to the retail customer. This lack of proper training explains perhaps the occasional disgruntled salesperson encountered during the survey.

Production of course is limited by the ability to dispose of the product. Consequently, producers must be aware of ways to aid sales. There is no evidence of unwillingness to assist dealers; much to the contrary, however, considerable more effort could be expended profitably in filling existing gaps. An opportunity apparently exists for expanding cooperative marketing activities. A sales training department could perhaps be used by Colorizer Associates in offsetting this apparent limitation.
A variety of advertising media is used by Colorizer dealers including newspaper, radio, direct mail, and even movie film ads. The extent of advertising depends upon the importance of paint in the store and the size of town in which the store is located. Whereas 30 per cent did not use advertising in the western survey, 100 per cent did use some form in the east.

The writer felt disposed to add four additional questions to those used in the western survey. The first additional question sought to determine from dealers the major advantage of Colorizer. Of all of its advantages, the ability to satisfy color demand was ranked first by 83.34 per cent of the dealers. Paint manufacturers who are not supplying adequate color assortment should take special note of this survey result.

The second question concerned the product and whether the dealer felt there was any great need for improvement. A majority felt that the product was satisfactory, at least under present conditions. However, these suggestions were proffered:

1. Complaint: The color chips are only available in flat finish, and the color appears different with different finishes.

   Suggestion: That color chips be provided for the color album with half of the chip in flat and half in gloss.
2. Complaint: The tubes of Colorizer occasionally break with resulting damage to clothing.

Suggestion: Inasmuch as dealers are doing most of the mixing, some device should be developed for dispensing the Colorizer from the tubes without any leakage, or dealers should be given proper training in handling the tubes.

3. Complaint: Some cans of base paint are too full to add Colorizer for making deep colors.

Suggestion: Allow more space in cans of deep tone base paints to permit addition of Colorizer without difficulty.

The third question was designed to get a reaction to the national advertising and sales promotion campaign. Again a majority of dealers indicated general satisfaction. There was a feeling expressed by some dealers that it would be more advantageous if the manufacturers helped dealers with local sales promotion instead of concentrating on national advertising. It was the opinion of some dealers that national advertising was of little value unless it was related to the local dealer. Some steps have been taken in connection with literature for use in the dealer's store, but some dealers feel this is of no avail to the customers who are doing business in other paint stores.

Finally, a question was asked to find out specifically
what had been the experience of dealers in connection with customer complaints. Ninety-three per cent of the thirty eastern dealers stated they had practically no complaints whatsoever. However, it became apparent in the course of the eastern survey, that there are two types of dealers involved in the marketing of this product. For the purpose of identification, the first type will be known as "Colorizer dealers," and the second type as "dealers who handle Colorizer paints." "Colorizer dealers" are those dealers who are promoting and merchandising Colorizer as one of their primary lines, if not the primary line. As such, Colorizer receives shelf space on the selling floor and is displayed in store windows to varying degrees of advantage.

The second type of dealer--"dealers who handle Colorizer paints"--place secondary dependence upon the product. In some stores the product was not given space on the selling floor, nor was there any noticeable evidence that the dealer had the product in his store. When questioned about this, the dealers explained that Colorizer is only a sideline to supplement the other lines of paint, most of which were limited to relatively few colors. Furthermore, these dealers frequently explained that the regular ready-mixed lines are sold first, and only if the customer cannot be satisfied with ordinary color offerings is Colorizer pushed. In two instances encountered by the author while making the eastern dealer survey, it was observed that
dealers were using Colorizer to mix what they called "custom colors" and were selling these colors at a premium. These situations suggest a problem for the manufacturers distributing Colorizer, and should be of special concern to Bennett's. Perhaps these practices have not come to the attention of the managements involved, and therefore the surveys should be helpful in detecting irregular practices. This would suggest, therefore, that some dealers who are using Colorizer as a sideline are endeavoring to capitalize on a product without giving reciprocal treatment to the manufacturer. It would appear that when his primary paint line manufacturer provides additional colors for his customers, the Colorizer manufacturer will have to look for other dealers. Consequently, it would be far better to get the right kind of dealers and be insured against such possibilities. It would perhaps be better not to have a dealer in a town, than to have one who stands ready to undercut the product. If a product is a strong one, there does not appear to be a good reason for selling it through dealers on a sideline basis. The "dealers who just handle Colorizer paints" operate in a manner which is not likely to cause a switch from their regular primary line to Colorizer.

Many dealers complained in the course of the field survey of how badly they were treated by some leading paint manufacturers who put their product in every place possible in town,
without any regard for the dealer who has handled the product faithfully through the years. On the other hand, they spoke highly of the fine protection given by the Colorizer manufacturer. In view of this attitude, it would seem advisable that the distributing manufacturers take this product out of the hands of dealers which belong to the second category and replace them with other outlets. To continue selling through "fringe" dealers is to continue a practice of building an unsound marketing structure.

Also, the manufacturer's salesmen who may be very qualified and successful at calling on the trade for orders may not be endowed with the necessary qualifications to be successful in selecting the right kind of new dealers. The jobs are quite different. It would seem advisable to have a representative of the company who is specially trained in dealer selection to undertake this work. In fact, the problem at hand may well be the result of improper dealer selection traceable to individuals who are not adequately trained in dealer selection. The salesmen who have been doing this work may be putting forth their best effort, but the fact that one out of three dealers contacted were merely "dealers who handle Colorizer paints" indicates the seriousness of the problem suggesting that attention be directed towards some means of rectifying.

4. Effect on Customers

To further consider Colorizer paint in terms of an objec-
tive evaluation, a customer survey was undertaken by the author in Salt Lake City during August, 1952. The procedure followed was a house-to-house canvass using an interview technique based on a set of standard questions. It was suggested by Professor Harold H. Maynard, one of the advisers to this study, to use a sample of 100 customers, and the consistency of the results sustain this sample as being adequate for the purposes of this study. Three neighborhoods were selected, each consisting of moderate-size homes, and where it was known that most of the home owners did their own painting.

The purpose of the consumer survey was to determine the experience of retail customers with the product under consideration, the nature of consumer satisfaction, and to ascertain, if possible, areas which need further study and improvement. Major questions used in this survey are as follows:

When did you last use Colorizer?
Where did you first learn about Colorizer paint?
What was your main reason for selecting this product?
Have you seen any recent advertising about Colorizer?
Did you find the Colorizer Album helpful?
What is the main thing you look for in a paint product?
Have you experienced any difficulty with Colorizer paint?
Do you have any criticism to offer about the product?
What improvements would you like to see incorporated in the product?

Where did you buy Colorizer paint?
Perhaps the best way to elucidate the findings of this survey is to consider the results of each question in order. Before considering the questions, however, it is noteworthy that from one-hundred-forty interviews, one-hundred were users of Colorizer, or that 71.42 per cent of the homes contacted had used the product. Furthermore, the results of the first question indicate that almost half of the consumers had used the product within the last six months. Only 3 per cent had used the product prior to the last three years, with the remaining 48 per cent having used Colorizer sometime during the last three years.

Most of the consumers learned about Colorizer initially from visiting a paint store handling the product. Friends also played an important role as did the advertising program of the company. When questioned relative to any recent advertising, it was a surprise to find that 65 per cent had no definite recollection of Colorizer advertising. However, customers added in the same breath that they had not been in the market for paint recently and therefore had paid little or no attention to any kind of paint advertising. Consequently, it is believed a better result would have been indicated on this question had the survey been made during the spring when most people look for paint advertising.

This finding emphasizes the importance of doing paint advertising.

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4 Questions and results will be found in Appendix F.
advertising at the right season of the year and the wisdom of trimming the advertising budget during off-season months. For those who did recall, it was Colorizer signs that were most remembered, with television and national magazine advertising following closely. Keeping this finding in mind, Bennett's may do well to utilize signs more fully. Inasmuch as the company has used direct mail rather extensively, the results for this medium were somewhat disappointing.

Another question which substantiates the earlier survey undertaken by Bennett's during the 1930's concerns the main reason for buying Colorizer paint. As might be expected in view of the other material presented in this study, color ranked first, with 65 per cent of the consumers stating this as their main reason. Also significant was the 20 per cent who had Colorizer recommended to them. This fact ties in well with the importance of friends in informing others of new products.

Because some people encountered during this study had indicated that the many colors in the Colorizer Album would only confuse the customer, it was decided to inject a question on that point. Consequently, question five of the survey was developed and used to evaluate this possibility. Ninety-one of the one hundred who used Colorizer used the album in selecting or matching desired colors. Everyone of them indicated that it was easier to match the color they were after.
Only 2.2 per cent encountered any difficulty in selecting colors, with 97.8 per cent expressing general satisfaction.

Question six was developed to find out the prime consideration of the customer in buying paint. For those who gave a single answer, color again ranked first in importance. Price as a consideration in purchasing paint was mentioned by only two individuals, indicating at least in this survey, it is not a very important factor. Sixty per cent indicated that their buying could not be confined to one consideration, but rather that a combination of factors was involved. Almost without fail the following were included in the combination: color, quality, and washability.

From the guided interviews with the one hundred users of Colorizer paint, this observation was noted. The reason for buying paint varies with the room it is to be used in. For example, women seem to prefer a high gloss enamel for the kitchen and bathroom because it is easy to wash. Also, those with small children prefer a washable paint because of the frequent smudges and fingerprints put on the walls by juveniles. On the other hand, for living rooms, dining rooms, and bedrooms there is a preference for the right color to go with the furnishings of the room.

The subsequent question used in the survey was of interest because of the finding in the eastern survey of Colorizer dealers, which indicated in the majority of cases that Colori-
zer was added and mixed by the dealer for the customer. This practice suggested that consumers would object to mixing the Colorizer themselves. Consumers were questioned as follows: Did you experience any difficulty in mixing the Colorizer? The answer was 98 per cent "No," suggesting that there is no particular problem.

Part (b) of this question endeavored to find out customer experience on matching colors at a later date, which is one of the claims made for Colorizer. Of the thirty-four customers who had occasion to do re-matching, thirty-two were satisfied with results obtained, with only two expressing dissatisfaction.

The users of this product were asked for criticism about the product. Fourteen per cent offered criticism, but much of this was related to other products of the company. A list of these criticisms will be found in Appendix F. An inquiry for desired improvements in the product was also made, and the answers took the form of suggestions to overcome the criticisms.

The final question was an attempt to learn which type of outlet was used most by Colorizer users and to note the relative importance of different outlets. Answers received on this question indicated an equal share of business (47 per cent each) for the company-owned branch store and independent dealers. The independent dealers mentioned in most cases happened to be the same dealer using branch stores to reach different areas in the Salt Lake trading area. Therefore, the company-owned store was
doing as much business as the independent dealers with several outlets. Four per cent of the business was done at the department store and 1 per cent each for hardware and lumber stores. The department store ranks a little higher in this survey as compared to the results shown on page 102, Chart C.

It can thus be seen that the effects of Colorizer on the consumer have been favorable as supported by survey results. The consumer survey undertaken as part of this study appears to substantiate the following:

1. That paint customers desire more color in paint.

2. That Bennett's have provided a helpful means of color selection.

3. That Colorizer can be handled by average customers without difficulty.

4. That the product is generally satisfactory in its present form, consumer habits being as they are.

5. That colors can be matched at a later date.

6. That paint stores are now the leading type of outlet.

5. Other Effects Noted

This innovation has produced a favorable effect on the cost of distribution. The inherent advantages in the product provide greater efficiency in handling paint. To be specific, we may cite the savings in freight. It has been estimated
that it would take a minimum of 120 gallons of regular ready-mixed paint to enable a small seller to operate, to say nothing about unsalable colors which further increase cost. Under similar conditions the Colorizer dealer would require about 30 gallons, thereby saving one-fourth on the freight bill, and his color assortment would be more varied. Added to this is the fact that there is no waste or increase in cost due to obsolescent stock. Stock turnover is faster and thus the dealer has a fresher stock for his trade, rendering a better service with greater efficiency and at lower cost.

Profits are a major concern. Referring to Chart G on page 134, it will be noted that there has been a steady rise in sales volume since 1937. Although promotional expense was increased over normal to introduce the product, it has since been reduced to 1.3 per cent of sales. Considering that obsolescence has been eliminated, turnover increased, and operating expenses reduced due to simplification, the net result has been one of increased profits.

This innovation has produced an effect on competition. It is alleged that the Colorizer development with its accompanying advertising and sales promotion has made the paint industry more color conscious. This is evidenced by the fact that other companies have began to imitate in one way or another. Although many manufacturers once scoffed at Bennett's "ridiculous" idea of expanding color assortment, a glance at
the trade publications today will indicate that paint manufacturers are following the idea of more colors. The imitation has taken two forms: First, a partial imitation by firms desiring to remain in a competitive position; second, an outright duplication. One competitor located in Hoboken, New Jersey, has adopted the same number of colors, 1322, the same color album, size and arrangement identical, and the use of a close trademark, "colortoner." At the present time, this matter is in the process of litigation under the Unfair Business Practices legislation.\(^6\)

6. Summary

This chapter indicates that the Colorizer innovation has had marked effects on Bennett's paint production, transforming it from tint manufacturing to a "white line house." A rapid growth in output has accompanied the adoption of Colorizer paints. Sales volume has increased at a higher rate than the industry. Surveys of dealers and home users indicate general satisfaction. The product has produced favorable effects on the cost of distribution and company profits. Finally, competition has been affected with a considerable amount of imitation resulting.

\(^5\) Advertising in Western Paint Review and American Paint and Oil Dealer is indicative.

\(^6\) The firm does not hold a patent on this product for the reason that it is not a mechanical object nor were they the first to use tubes in providing color. Nevertheless, the name, Colorizer, is a registered trademark and certain aspects of the color arrangement has been copyrighted.
CHAPTER VIII
THEORETICAL CONSIDERATIONS

1. Introduction

The fact that the Colorizer paint system is an innovation within the American paint industry, suggests the advisability of considering some of the theoretical aspects relative to innovation, particularly those projected by the late Joseph A. Schumpeter in his theory of economic change and development. Therefore, this chapter deals with the consideration of the significance of innovation per se, and the extent to which this empirical study is in line with the theory postulated by Professor Schumpeter.

Before proceeding in the manner outlined, this study might profitably consider Professor Schumpeter, himself. He is known primarily by most people as a business cycle theorist, but his interests are much broader. His primary objective, as gleaned from reading his works, was to lay bare the anatomy of economic change in a capitalistic society. Traditionally, most of the English and American economists have focused their attention on the normal functioning of the capitalistic economy. This treatment does not exclude the business cycle, but does exclude the larger problems of change and development customarily regarded as pertaining to the province of the economic historian.
The older schools of economic theory approached the subject with a static viewpoint, devoted their analysis to the pricing mechanism primarily, and made extensive use of the *ceteris paribus* assumption wherein they found no place for a discussion of innovation *per se* with its consequent dynamic considerations.

Although Professor Schumpeter is one of the most distinguished contributors to the branch of economics dealing with business cycle theory, he is equally distinguished and important for his achievement in clarifying the process of economic change. His contributions and theory relative to the latter subject are the main concern here.

2. **Professor Schumpeter's Schema**

Professor Schumpeter begins his explanation with an economy from which change has been abstracted. The specific factor that causes change is also abstracted. This resultant condition or economic system is called the "circular flow" because of the fact that it runs year in and year out, in essentially the same channels.\(^1\) Professor Schumpeter does not regard his initial schema, the circular flow, as an unrealistic construction but rather as an abstract construction which is intended to illuminate the consequences of a limited

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\(^1\) The idea of circular flow for the most part fits Alfred Marshall's concept of long-run equilibrium which, though usually discussed with reference to a particular firm or industry, really implies an equilibrium of the system as a whole.
number of very real economic forces. Proceeding from this as a starting point, his analysis consists of three steps as follows:

1. The causative factor change—the innovator or entrepreneur—is analyzed as a pure type of abstraction from its economic environment.

2. The factor of change is inserted into the model of circular flow.

3. The resulting interaction of the innovation with the forces at work in the circular flow is exhaustively analyzed.

From the above emerges the process of development which displays the specific wave-like form of the business cycle.

a. **Innovation Defined**

According to Professor Schumpeter, the causative factor in change is "innovation" which will be defined variously at this stage. The dictionary offers the following: "Act of introducing something new or novel, as in customs, rites, etc.; also a change effected by innovating; a novelty added or substituted."\(^2\)

Innovation is given particular consideration in the *Encyclopedia Of The Social Sciences*, from which the following information is helpful:

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Innovation includes in its range the transformation of food, clothing, shelter, defense against enemies and disease, tools and technologies of production and consumption, form of play and sport, rituals and liturgies of religion; precedents of law, inventions of science and thought, style and attitude in literature and the arts.

This term having been elucidated in a general sense, will now be discussed in the manner in which it is used in the Schumpeterian theory. However, it should be noted that, in regard to the general definition of the term, Colorizer paint can be meaningfully classified as an innovation.

The definition of innovation of the type that involves technological aspects is at one place accomplished with reference to the so-called laws of physical returns. Barring indivisibility or lumpiness, the physical marginal productivity of every factor must, in the absence of innovation, monotonically decrease. However, innovation breaks off any such curve and replaces it by another, which, again except for indivisibility, would display higher increments of product throughout, although it also would decrease monotonically.

Taking the Ricardian law of decreasing returns and generalizing it to cover industry as well, it can be said—as in fact Ricardo himself said in the case of agriculture—that innovation interrupts its action. Such interruption means

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that innovation thwarts the law that had so far described the effects of additional doses of resources. In these two cases, transition is made by moving from the old to the new curve, which now applies throughout and not only beyond that output which had been produced before by the old method. 4

Innovation is also defined in terms of money cost. Thus, total costs of individual firms must, in the absence of innovation and with constant prices of factors, monotonically increase in function of their output. Professor Schumpeter explains that "wherever at any time a given quantity of output costs less to produce than the same or a smaller quantity did cost or would have cost before, we may be sure, if prices of factors have not fallen, that there has been innovation somewhere." 5

Professor Schumpeter adds in a footnote that innovation need not necessarily have occurred in the industry under observation, which may be applying or benefiting from an innovation that has occurred in another. 6 It would be incorrect to say that innovation in the foregoing case produces falling long-run marginal cost curves or makes, in certain intervals, marginal cost negative. Correctly stated, the old total and

5 Ibid., pp. 88-89.
6 Ibid., p. 89.
marginal cost curves become inapplicable at the instance innovation is injected with a new curve replacing the old. These statements are made with the assumption of constant prices of all factors, for if the prices of the factors were to vary, the effect on cost curves—total, average, and marginal—is exactly analogous to the effect of innovation.

To illustrate the situation described above, a diagram, Figure A, is presented on the following page. It should be clearly understood that the injection of innovation does not result in a lower cost position on the identical cost curve as would be the case in moving from position 1 to position 2 on the AC curve (Average Cost curve) in Figure A. Innovation, on the contrary, produces an entirely new cost situation which if plotted, results in a new cost curve. The old curve no longer applies because of the change in data.

Solid lines in Figure A represent a hypothetical cost situation before the introduction of innovation. Coincident with the injection of the innovation, the cost situation is altered and the resulting effect on the cost curves is illustrated by the broken lines representing the new cost curves. According to the assumptions of Professor Schumpeter, all cost curves would be affected.

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This assumption is discussed in detail later in this chapter.
FIGURE A

Graph with curves labeled MC, MC', AC, AC', AVC, AVC', AFC, and AFC'.
It is immaterial whether an innovation implies scientific novelty or not. Furthermore, innovation is not synonymous with invention. "Innovation is possible without anything we should identify as invention and invention does not necessarily induce innovation." Therefore, the inventor and innovator (in the case that an invention should become an innovation) need not be identical people, and in many cases they are different because of the different aptitudes required in each.

Perhaps the most concise and meaningful definition of Professor Schumpeter's meaning of the term is expressed in his own words: "doing things differently in the realm of economic life." Obviously, he did not wish to imply that the cause of change is change, which would be a case of circular reasoning. Instead, however, innovation is the activity or function of a particular set of individuals called entrepreneurs. It is therefore possible to have innovation without a product's being involved. Because a product is involved in this study, more attention will be devoted to that kind of innovation.

b. The Entrepreneur

In the Schumpeterian sense, the term entrepreneur refers

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8 Business Cycles, p. 84
9 Ibid., p. 84.
to a sociological type which is capable of isolation for the purpose of investigation independent of the consequences which follow from any actions of the entrepreneur. The entrepreneur is characterized as follows:

He possesses the ability to appreciate the possibilities of an innovation; whether or not he is also the discoverer or "inventor" is of minor consequence. More important is that the entrepreneur be able to overcome the psychological and social resistances which stand in the way of doing new things. He must have the qualities of leadership. Thus, the entrepreneur is not a social type sui generis: he is rather a leader whose energies for various reasons are directed into economic channels. This conception of the entrepreneur leads Professor Schumpeter to locate the source of economic change in the personality traits of a certain group, whose members in principal are drawn from all strata and classes of the population.

In the words of Professor Schumpeter himself, "it is the carrying out of new combinations that constitutes the entrepreneur." It is not particularly significant that he owns, has risks, manages, is a shareholder, or a capitalist. An individual may be all of the above and still not be an entrepreneur, unless he is engaged in new combinations. Thus, in

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this study, Wallace F. Bennett occupied most all of the above positions, but he was an entrepreneur only during the time he was bringing to pass the innovation--Colorizer paint.

To further solidify the meaning of the term, Professor Schumpeter, in discussing the subject of risk, states, "the entrepreneur is never a risk bearer."\textsuperscript{11} He therefore elucidates the importance of separating the various roles which an individual has in a capitalist economy. The specific case referred to above indicates that one individual plays various roles at the same time--the entrepreneurial role is played only when the individual is working on a new combination. This is an important concept to remember in considering the Schumpeterian theory.

The entrepreneur is very definitely taken out of the general class of labor by Professor Schumpeter, who considers him to be a third factor of production--in distinction to the initial two, land and labor. He uses the terms directing and directed labor as well as independent and wage labor to elaborate the difference. The making of decisions is fundamental in the concept of the directing class--entrepreneurs.\textsuperscript{12}

\textsuperscript{11} Ibid., p. 137.

\textsuperscript{12} Ibid., pp. 19-20.
Being an entrepreneur is not considered a profession, nor is it a lasting condition as a rule. Consequently, entrepreneurs do not form a social class in the technical sense, as for example, land owners, capitalists, or workmen do.\textsuperscript{13}

One critic of the Schumpeterian theory believes that in the contemporary business situation, the entrepreneurial function as conceived by Professor Schumpeter has become highly institutionalized in the hands of research staffs, scientists, cost accountants and others, so that no one individual is identifiable as the entrepreneur.\textsuperscript{14}

Evidence uncovered in this study contradicts this view and tends to support what is believed to be the intention behind Professor Schumpeter's explanation of the entrepreneur. Shortly after his appointment as general manager in 1932, Wallace F. Bennett endeavored to find ways of improving business conditions for his firm, which along with other firms was suffering from the depression.

Throughout the subsequent developments, he was the center of influence and the source of direction. Although the talents of many were called into play, including research staffs and others as well, the role of the entrepreneur--the making of decisions, the ability to overcome obstacles--was

\textsuperscript{13} Ibid., p. 78.
centered in the personality of Wallace F. Bennett.

From the standpoint of a student of business management, it appears that all of the individuals named by the critic are staff personnel, and as such, their primary mission is one of an advisory capacity. Of necessity, there must be some directing force to which advice is given. In this case, the person to whom advice is given relative to innovation is the entrepreneur. Careful consideration of what has been written suggests that this understanding is in accord with the idea promulgated by Professor Schumpeter. If this point were carried one step further it could be said that were it not for entrepreneurs and their innovational concepts many staffs would not be needed in business today.

c. Assumptions

In proceeding with the theory of innovation, Professor Schumpeter describes the modus operandi of innovation by presenting the assumptions which are related to the theory:

1. Major innovations and many minor ones entail the construction of new plant and equipment--or the rebuilding of old plant. It should be remembered that the reverse does not follow: not every new plant embodies an innovation.

2. Every innovation results in the organization of a new firm founded for the purpose. Although Professor Schumpeter did not add that the reverse does not follow, neverthe-
less it is true. There are ever so many new firms organized without the presence of innovation. Reference is made to the many people who begin small retail businesses, as well as the situation which is forthcoming from this study, namely, the innovations which result from the developments of existing firms. The explanation rests in the fact that Professor Schumpeter considers as primary the case which he calls discontinuous change. This refers to an innovation which comes forth having no previous operations or experience accompanying it, in distinction to continuous change which refers to a step by step development such as the Colorizer paint system.

3. The third assumption is that innovations are always associated with the rise to leadership of "new men." This assumption is offered as rationale for the preceding assumption. Accordingly, it explains why new production functions do not typically grow out of "old" businesses. However, Professor Schumpeter recognizes the "giant" concerns which have considerable continuity in operations and to these he refers as "concerns which are but shells within which an everchanging personnel may go from innovation to innovation."\(^{15}\) He concludes therefore that there are no exceptions to the third assumption, "but they may be exceptions to the second, because with such concerns innovation may, and in fact frequently does, come about within one and the same firm which coordinates it

\(^{15}\) Business Cycles, p. 96.
with existing apparatus, and therefore need not assert itself in the industry by way of a distinct process of competition." This assumption is proved valid in this study. As has already been mentioned, Wallace F. Bennett was the "new man."

3. Economic Change and Development

After recognizing the importance of considering the causes for change in the economic system, Professor Schumpeter elected to use the word "development" in a particular sense, having to do with changes in economic life which are not forced upon it from without (external factors), but those which arise by its own initiative from within (internal factors).

Although three internal factors are recognized—changes in taste, growth and innovation—it is the latter one which is thought by Professor Schumpeter to be outstanding. In fact, he brands the results of the changes wrought by innovation by the term "Economic Evolution." His terminological decision to use Economic Evolution expresses his analytic intention, namely, the intention to make the facts of innovation the basis of the model of the process of economic change.

He does not consider mere growth of the economy, as shown by the growth of population and wealth, as part of the

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16 Ibid., p. 96.
17 Ibid., p. 86.
18 Ibid., pp. 86-87.
process of development because no qualitatively new phenomena are called forth. He regards such growth as mere changes in the data.

Furthermore, he indicates that the changes which disturb equilibrium take place "in the sphere of industrial and commercial life, not in the sphere of the wants of the consumers of products."\(^1\) This idea is expanded by stating that the producer as a rule initiates economic change, and the consumers are educated by him if necessary; they are, as it were, taught to want new things or things which differ in some respect or another from those which have been in customary use.

The experience of Bennett's with Colorizer paint is a case where a producer initiated a definite change. But it will be remembered that Bennett's deliberately sought through a customer study to discover consumer wants, after which they proceeded to satisfy the previously unsatisfied wants. This process led to the discovery and development of the innovation. After all, economic institutions maintain themselves by satisfying the demand of the consumers. When these institutions fail to meet a fundamental need, they disappear from the economic scene. Therefore, it would seem that Professor Schumpeter would have done better to acknowledge

\(^1\) The Theory Of Economic Development, p. 65.
cases of innovation which come forth as the result of a direct attempt to satisfy consumer wants.

An elaboration is warranted at this stage in order to better understand the apparent neglect of the possibility of innovation arising from the sphere of consumer wants. During the eighteenth and nineteenth centuries when some of the foundations of economic thought were being laid, men were generally poor. In describing the situation, both Malthus and Ricardo held that the fate of the mass was poverty—any surplus wealth would be consumed by the additional mouths generated by excess wealth. However, Adam Smith recognized the importance of the consumer and of directing economic activity towards satisfying consumer demand, but subsequent economists merely gave lip service to this idea, until the late 1920’s when a "consumer movement" gained impetus. Nevertheless, there seems to have been a carry-over of early economic thought by which the schema and analyses of economists were oriented in terms of a poor economy at least one involving only a few goods.

Although there was little change in the viewpoint of economists generally, there was a considerable change in the model particularly in the economy of the United States, which instead of being a poor economy developed considerable opulence. It is understandable that in a poor economy where there is barely enough necessities, that is is unnecessary for demand stimulation activities—expenditures for advertising, packaging and display. On the other hand, the situation in the
United States is characterized by increasing wealth which in turn produces more goods to be disposed of and thus a need for developing and utilizing demand creation and want satisfying methods and techniques. Consequently, the subject of marketing has been developed more fully since the time Professor Schumpeter set forth his theory of innovation. The developments associated with the rise of marketing produce greater ramifications with innovations, and whereas production and consumption functions formerly enjoyed a much closer relationship, economic development has produced a greater "roundaboutness" resulting in a greater separation between these two functions. This roundaboutness is illustrated in the case of the long channels of distribution for some commodities involving several different中间men.

It appears therefore, that the explanation for the failure of Professor Schumpeter to consider innovations arising from the sphere of consumer wants seems to lie in the fact that he selected a model (largely in terms of eighteenth and nineteenth century economic conditions) in which the changes occurring in the field of consumer wants were for the most part omitted. Present-day economic conditions in the United States present quite a different model in the sense that it is characterized by great opulence with unprecedented production in which the role of marketing is significant in satisfying consumers through its demand creation and want satisfying...
activities. Professor Schumpeter's theory should therefore be considered in terms of the model he selected rather than apply it to the twentieth century economic conditions of this country.

Proceeding with the question of economic development, Professor Schumpeter sets forth five cases which characterize "development" so far as his use of the term is concerned. They are as follows:

1. The introduction of a new good—that is one with which consumers are not yet familiar—or of a new quality of a good.

2. The introduction of a new method of production, that is one not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new, and can also exist in a new way of handling a commodity commercially.

3. The opening of a new market, that is a market into which the particular branch of manufacture of the country in question has not previously entered, whether or not this market has existed before.

4. The conquest of a new source of supply of raw materials or half-manufactured goods, again irrespective of whether this source already exists or whether it has first to be created.

5. The carrying out of the new organization of any industry, like the creation of a monopoly position (for example through trustification) or the breaking up of a monopoly position.\(^\text{20}\)

A digression is warranted here to determine the merits of Colorizer paint as a "development" in the Schumpeterian sense of the word as explained above.

\(^{20}\)Ibid., p. 66.
(1) Colorizer paint is a new good, particularly in the sense that it gives a new quality to paint--practically unlimited color choice for the consumer.

(2) The Colorizer innovation brought forth a new plant, with the most modern facilities yet developed, a new production line, utilization of machinery other than orthodox types, and produced a new way of handling paint--instead of offering paint in ready-mixed colors which has been the customary practice in the industry for years, the Colorizer method provided paint with the colorant separately packaged so that it could be mixed when ready for use. This idea has resulted in many merchandising advantages which are discussed in Chapter IV.

(3) It is believed that a new market was opened because of the remarkable increase in the potential use of the product. Theretofore, the use of paint was discouraged because of the limited number of colors offered and the inability to get satisfactory results in matching paint with other products used in the home. By overcoming these difficulties, the Colorizer system opened a new market--the "color" market for paint. Before the Colorizer idea was born, the main emphasis used in selling paint was in connection with the protective qualities and also the quality of a particular product or brand. In addition to satisfying the rising demand for color, Colorizer paint has brought protection to more surfaces as well.
(4) The Colorizer people have not made a conquest of a new source of supply of raw materials; however, they have caused to be used machinery and materials which had not been used in the paint industry previously.

(5) A new business organization has resulted, namely, Colorizer Associates. It must be kept in mind, however, that this organization was not organized for the purpose of innovation, but rather that it resulted after the success of the innovation was determined. It was through this organization (discussed in Chapter VI) that the product was given both national and international distribution. It is a cooperative type organization and yet it provides each member with a type of monopoly position. Imitation is gradually lessening any benefits which would accrue therefrom as a consequence of the absorption of this innovation within the industry and the economy as a whole. This result fits the explanation given by Professor Schumpeter. Based on the criteria offered by Professor Schumpeter, Colorizer paint is "development" in the sense that the term is utilized by him.

Note should be taken here of the fact that the Schumpeterian theory does not entertain the problem of magnitude of an innovation to account for various effects: for example, it is understandable that an innovation of the magnitude of railroadization of a country would affect the whole of that economy,
whereas an innovation of the magnitude of Colorizer paint would not have such far reaching effects. Perhaps this omission is due to a lack of empirical data upon which to base such a treatment of innovation. In any event, the treatment of innovation is lacking in this respect.

The effects of innovation are sometimes a painful process as they are absorbed into the operations of an economy. This is traceable to the fact that only some firms carry out innovations and consequently operate along new cost curves, while other firms must adapt themselves or die.

a. **Difficulties Facing New Combinations**

The difficulties which new combinations face are treated by Professor Schumpeter in three groups as follows:

1. That there tends to be a reaction of the social environment against doing something new. Resistance may take the form of disapproval, prevention, and outright aggression. This resistance manifests itself first of all in groups threatened by the innovation, then in the difficulty in finding necessary cooperation, and finally in the difficulty of winning over customers.

2. That there tends to be some difficulty in adopting new methods, and new points of view. To elaborate, lenders readily lend for routine purposes but hesitate on a new venture; likewise the right kind of labor is available in the
right place for existing type of operations, but for innovations the necessary credit and suitable labor are often unobtainable; and finally customers readily buy what they understand but are reluctant with many new items.

3. That there tends to be a lack of data for forming decisions. The entrepreneur has no experience to guide him in the new combination. Obviously, no one has walked the path before and consequently the difficulty of making decisions is compounded.  

The experience of Bennett's with their innovation is consistent with the foregoing. The most serious resistance from environment came from members of the trade. From data gathered in field surveys, it was determined that painters produced the greatest opposition because they felt that the innovation encroached upon their skill and trade. Some dealers as well as retail customers manifested varying degrees of reluctance; however, through a carefully planned sales promotion program, which included an educational element, the difficulty was successfully handled. Moreover, the difficulty of obtaining cooperation was overcome through the sharing of the innovation with selected members of the industry, which sharing resulted in the new organization, Colorizer Associates.

21 Ibid., pp. 84-86.
22 See also Chapter VII.
23 See also Chapter V.
The second difficulty mentioned above as it pertains to this study was getting painters, dealers, and retail customers to use the product. This difficulty is being dealt with satisfactorily as explained in the preceding paragraph. Because this innovation developed out of an existing firm of many years of business experience, there was a minimum problem concerning credit or labor.

Concerning the third mentioned difficulty cited, present facts amply substantiate its existence. Nevertheless, the management of the firm and also the national marketing organization are aware that they do not have all the answers, and therefore concern themselves in striving to find the answers to improve upon existing solutions and to be able to render better decisions in the future.

It follows logically that when a new production function has been set up successfully and the trade observes that its major problems are solved, it is easier for others to do the same thing and even improve upon it. Thus Bennett's deserve the title of "pioneers" in the field of multi-color paint systems where several have since followed and are now following with varying degrees of imitation. Firms are driven to copying if they can, and some, as brought out in this case study, do so to the extent of outright duplication.  

24 See Chapter VII for details.
b. Clustering of Innovations

The developments which have become apparent in this case study support the view of Professor Schumpeter concerning what he calls the "clustering of innovations." Professor Schumpeter makes the following two observations in relation to this phase of innovation:

First, that innovations do not remain isolated events and are not evenly distributed in time, that on the contrary they tend to cluster, to come about in bunches, simply because first some, and then most firms follow in the wake of successful innovation; second, that innovations are not at any time distributed over the whole economic system at random, but tend to concentrate in certain sectors and their surroundings.

Expanding on the first point, it is said that disturbances arising from innovations cannot be currently and smoothly absorbed. It can be appreciated that they will disrupt the existing system and enforce a process of adaptation. The Colorizer development adds significance to this observation, because the great many imitations illustrate the following of successful innovation by others.

Moreover, the second point noted above substantiates experience in the sense that progress in a capitalist economy is not one of gentle, though incessant, transformation, but rather a disturbance of existing structure, more like a series

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Business Cycles, p. 100.
of explosions. Professor Schumpeter describes the situation as lopsided, discontinuing, and disharmonious by nature. In fact an element of disharmony is inherent in the very modus operandi of the factors of progress. It may be noted that the history of American capitalism is studded with violent bursts and catastrophes.

c. Cost, Price, and Profit

Professor Schumpeter points to innovation as a factor which not only dominates the picture of capitalistic life, but is more than anything else responsible for the impression of a prevalence of decreasing cost, which results in disequilibrium and cutthroat competition. A noted effect of the intrusion of innovation into the system is a shifting of existing cost curves. Since the entrepreneur has no competitors when the new product first appears, the determination of price proceeds wholly, or within certain limits, according to the principles of monopoly price. Thus, there is a monopoly element in profit in a capitalistic economy. From a theoretical standpoint, there may be reason to accept the foregoing statement; however, the circumstances and experience of Bennett's would suggest that an entrepreneur must consider other factors in addition to the fact that no competitors are present at the time the new product is introduced.

26 Ibid., p. 102.
27 Ibid.; p. 91.
If a market is very competitive, there is a likelihood that imitation will follow closely behind the innovation; it may be actually disadvantageous to raise the price as a monopolist would. This view is further substantiated by adding to this consideration the apparent difficulties which must be overcome by a new innovatory product. In a freely competitive capitalist society in which consumer wants are fairly well satisfied with existing products, the entrepreneur-innovator has a real task to shift consumer purchases to his product without adding additional difficulty in the form of an increased price over other commodities.

Profit is the premium resulting from successful innovation in a capitalist society, according to Professor Schumpeter. By nature, it is only a temporary phenomenon: it will vanish in the subsequent process of imitation and adaptation. Furthermore, there is no tendency toward equalization of these temporary premia. Moreover, innovation is credited with being the most important immediate source of gains, and in addition, it produces via the processes it sets in motion, those situations from which windfall gains and losses as well as speculative operations acquire significant scope. Finally, the process of innovation is credited with being the "prime mover" in massing of the bulk of private fortunes in a capitalist society. Profit is thus linked closely to the entrepreneurial function.

28 Ibid., p. 105.
4. Summary

It will be the purpose now to summarize the foregoing discussion by following through the stages of development, that is before and after the Colorizer innovation, with the various situations being illustrated diagramatically.

In 1932 when Wallace Bennett assumed the responsibility for business operations, the picture was very disheartening because of the problems arising from the severe depression. Without describing all of the details, it may be said that average costs exceeded average revenue at times during this period. These circumstances would give rise to the situation diagramed in Figure B on the following page.

Thus, with the inability to cover all costs, to say nothing about profit, the "new man" was motivated to put forth his effort to find ways and means for improving conditions. The alternatives to be considered were as follows:

a. Reduce costs
b. Increase demand
c. Proceed to do both a and b.

Alternative c was followed as action was taken to reduce costs and effort directed towards increasing demand. The story of what was done has already been told in the preceding chapters concerning the development of the Colorizer paint innovation.

As Bennett's proceeded to put forth this innovation, the cost situation was definitely affected. It has already been
FIGURE B

FIGURE C
pointed out that the innovation was responsible for a new plant, new machinery, and other items which caused the cost picture to rise initially as illustrated by the broken line AC' in Figure C on the preceding page. However, as the bottlenecks were solved and production was expanded, the effects of decreasing cost were noted as shown on the preceding page by the AC" curve in Figure C, which resulted in a lower cost situation than that which existed before the innovation. Thus, it can be seen that lower cost is not the result of a lower position on the same curve, but entirely new cost curves result from innovation.

When Colorizer paint reached the market, sales boomed and production was consequently expanded. Moreover, the Colorizer innovation actually caused a shift in the demand curve (Average Revenue curve) in addition to changing the cost relationship. Thus it is clearly seen that Wallace Bennett accomplished both a reduction in cost and an increase in demand through the Colorizer innovation. The affect on the demand is illustrated in Figure D on the following page in which the broken line curves indicate the situation after the Colorizer paint was introduced in the market. Combining the effects of the Colorizer innovation, both the decreasing cost situation and the increase in demand, augmented profits for the firm. Figure E, on the following page presents both the cost and demand situation after the Colorizer innovation had been introduced. Profit is hypothetically indicated in
the diagram by the area ABCD. This is the reward received by
the successful innovator according to Professor Schumpeter.

Professor Schumpeter explains that successful innovation
is followed by imitations which he calls the clustering of
innovation. As already noted in this study, the Colorizer
innovation has been accompanied by imitations which are in­
creasing rapidly. Although Bennett's are still in the pro­
cess of expanding the market for their innovation, so that
the demand is still increasing; nevertheless, in line with
the Schumpeterian theory, these consequences may be antici­
pated:

1. That in consequence of expanding production, the
optimum cost relationship will be passed giving rise to in­
creasing costs.

2. That the onrush of imitators will cause the demand
to be affected adversely.

3. That because of the increasing competition, profit
will be competed away.

4. That as the paint industry adjusts and adapts to
the color-type innovations, it will approach a neighborhood
of equilibrium.

Diagramatically, the foregoing result would appear as indica­
ted in Figure F on the preceding page.

5. Conclusions

The very thing which Professor Schumpeter was concerned
with—economic change and development—is indeed a dynamic process which continues to move constantly onward. Already some critics feel that American capitalism has changed to such an extent that the explanation of Professor Schumpeter no longer finds full application in reality. For example, the fact that the appearance of important new firms is a rare event, and the fact that innovation is carried out largely by existing firms almost as a part of their regular routine, all suggest that reliance on the volitional and spontaneous activity of the entrepreneur as an explanatory principle becomes less and less safe. It is probable that Professor Schumpeter would agree with this view as he thought his theory more in line with competitive conditions than what he calls "trustified capitalism." The elements of trustified capitalism (large-scale enterprise, large-scale unionism, and large-scale government) are excluded from Professor Schumpeter's schema. Therefore, the first conclusion may be stated as follows:

1. That although significant changes have taken place in American capitalism which render the Schumpeterian explanation only partially applicable under contemporary conditions. Nevertheless, this empirical study reveals a basic consistency in line with the Schumpeterian theory with variations as hereinafter indicated.

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2. Innovation produces a new cost situation for the firm, which in turn affects the industry and related products. As already indicated, this does not imply operations at a lower point on the cost curve, but an entirely new cost curve is brought forth in consequence of the changes wrought by innovation. Thus, Bennett's experienced a noted cost reduction in manufacturing the Colorizer innovation. The hypothetical situation presented in this chapter illustrated by Figures A, B, C, D, and E indicate what in effect took place in consequence of the innovation.

3. As noted in this study, innovation affects the demand situation as well as cost. Initially, the innovation produced an increase in demand which is depicted by a shift of the demand curve towards the right. But in consequence of the clustering of innovations (increasing competition from competitors) which follow successful innovation, the demand for the particular product is reduced which is depicted by a shift of the demand curve back towards the left. This is illustrated in Figures D, E, and F.

4. Innovatory processes are directly linked to the activities of a particular group of individuals, namely, entrepreneurs. In the Schumpeterian sense, the entrepreneur does not bear risk or manage, nor is he shareholder or capitalist. Some critics believe that the function is split nowadays, and has become highly institutionalized in the hands of research
staffs, scientists, cost accountants, and others, so that no one individual is identifiable as the entrepreneur. The findings of this case study are to the contrary and indicate that the role of the entrepreneur—the making of decisions, the ability to overcome obstacles—is centered in the personality of the "new man," Wallace F. Bennett. This is in line with the Schumpeterian view.

Attention should also be focused on the fact that an individual at a given time may play more roles than one, among them the entrepreneurial role. However, an individual plays the role of an entrepreneur only when he is working on a new combination.

5. In terms of the five conditions used to characterize economic "development," it has been demonstrated that Colorizer paint satisfies these conditions by adding a new quality to a good, by producing a new method of handling a product, by opening a new market, by bringing into use new materials, and by effecting a new organization.

6. Professor Schumpeter makes no attempt to allow for the relative effects of innovation in consequence of size and extent of each innovation. Whereas some innovations would involve the entire economy others are limited primarily to a particular industry. Therefore, the failure of the Schumpeterian theory to treat innovation in terms of magnitude and degree and the effects corresponding thereto may be regarded a major disappointment.
7. Innovations do face various kinds of difficulties as suggested and substantiated in the foregoing pages. The principal difficulties have to do with the resistance of social environment, the difficulty of adopting new methods, and the lack of data for forming decisions.

8. The phenomenon of "clustering of innovations" is consistent with the findings of this study. Since the introduction of Colorizer paint, many imitations and emulations have arisen and continue to arise.

9. Pricing of an innovation might well follow the procedure of premium pricing as suggested by Professor Schumpeter; however, good judgment is indicated by Bennett's in considering the various factors which affect price before reaching a decision. Each case should be decided upon its own merits.

10. Profit is a reward to the entrepreneur for successful innovation. It is a temporary phenomenon. Moreover, there is no tendency towards equalization; instead, it is competed away. Profit may arise because of reduced costs, increased revenue or a combination of the two. Because price was competitively maintained by Bennett's, the profit accrued from a reduction of cost and an increase in demand, both due primarily to the innovation.

The following conclusions suggest some variance with the Schumpeterian theory:

1. According to the definitions given, including Professor Schumpeter's, the Colorizer development is an innova-
tion in the liberal sense of the word. Strictly speaking, however, it does not conform entirely to the conditions and assumptions which Professor Schumpeter sets forth. Specifically, it does not result in discontinuous change, nor does it have an independent origin. The Schumpeterian view holds that innovation arises separately and distinctly apart from a continuous step by step process of change—it arises as a discontinuous change without benefit of previous experience. Because it supposedly does not arise as a continuous change within an existing enterprise it therefore has an independent origin which leads to the assumptions of new firm, new plant, and new men.

2. Two of the three assumptions of Schumpeter's theory are consistent in the case of the Colorizer paint innovation. These assumptions have reference to the fact that innovations are associated with new plant and new men. However, the assumption that new businesses are organized for the purpose of innovation does not now hold from this case study.

3. Although Professor Schumpeter confines change to the sphere of industrial and commercial life, the possibility of change emanating from the sphere of consumer wants should not be overlooked. The evidence uncovered and presented in this study indicates that the innovation was conceived and developed in direct response to consumer wants previously unsatisfied.
4. Because of the prevalence of the type of innovation arising from existing enterprises, it is possible that Professor Schumpeter would have added to his presentation had he studied additional specific innovations.
CHAPTER IX
SUMMARY AND CONCLUSIONS

1. Summary

There appears to be opportunity for small firms in our competitive economic system, which is indicated by this study of innovation describing how a small paint manufacturer expanded operations from a regional basis to national and international scope. Consumer analysis played an important role in pointing up the real needs and desires of paint customers. The resulting innovation, Colorizer paint, was the means developed to satisfy the demand for more color. Complete analysis of all of the factors which influence paint customers was beyond the scope of this study; however, some of the major factors considered point to a definite rise in the demand for color by American consumers.

This study brings out the correlation between developments in one area of the economy and their effect on other areas. For example, improvements in technology permitted remarkable changes in architectural design of homes. In consequence of the large windows which are commonly used now, there arose a need and a subsequent demand for more colors—colors which would harmonize the room with the outdoors, which had become a part of the room. It has been demonstrated that there
has been a definite impact of color on the American economy. This awakening of color consciousness became more accelerated following the Second World War. The significance of color has made it necessary for paint salespeople to be more adept in handling decorative problems. One of the major problems in handling color is color coordination. Observation of this problem was one of the factors which led to the development of Colorizer paint. Of particular significance is the fact that color coordination can be an \textit{intra-industry} problem, an \textit{inter-industry} problem, or both.

Planning color is an important aspect of the subject for paint manufacturers. The use of the right color for a particular product is emphasized, and perhaps the most important thing to be recognized in planning color is the idea of a constantly changing color market. Authorities on the subject feel that color is not a fad, but it is here to stay. Furthermore, the level of color appreciation existing among the buying public is at its highest in the history of this country. There appears to have been a failure on the part of paint manufacturers to regard their product as being affected by fashion. However, alert paint manufacturers are aware of the fashion colors and utilize them in their merchandising operations.

\footnote{For particular evidence, note the discussion under caution, "Expanding Utilization of Color," pp. 24-31.}
It was noted in this study that a transition has taken place in the attitude of business management in general relative to the subject of customers. For many years the practice of dictating colors, styles, and fashions was followed. It took some manufacturers longer than others to realize that production is for the consumer, not the consumer for production. Paint manufacturers in particular, had been slow to change their thinking in this regard, with the result that progress in the paint industry was retarded. However, Bennett's deliberately chose to find out who their customers were, what they wanted, and how they could better serve them. Thus, the management of Bennett's utilized a business fundamental, consumer analysis, to help focus attention on the underlying needs of their business. Results of a retail customer survey indicated that women are the principal customer in the retail paint field. In the second place, they are not interested in paint per se, but in color for beautifying their home. These answers prompted Wallace F. Bennett to undertake experimentation to provide a suitable means for satisfying the demand for more color. Research commenced in 1932 and continued up to 1947, when the improved Colorizer product was introduced to the public. It embodied the color theory of Wilhelm Ostwald, which is explained in terms of a color world. The sphere being divided into two cones, with twenty-four strong bright basic colors arranged around the
"equator." At the north pole is the one extreme, white, and at the south pole the other extreme, black. At the equator the primary colors are found, and as they are mixed with the light color, they gradually become lighter in value until white is attained. Moving from the equator towards the south pole the colors increase in value until black results.

An "axis" running through the center of the "world" is made up of a value scale or steps of various mixtures of white and black producing different tones of gray. The majority of the colors lie within the "world." By making two crosscuts, it can be seen what the colors look like in the interior. Above the equator, when the light gray has been added to the surface tint, a lightly grayed color results. When the crosscut occurs below the equator, a darker gray is added, and a deeply grayed color results.

Whereas paint is usually packaged with the color added, the Colorizer system is different in that the color is sold in a separate container (a tube). The customer adds the color. Furthermore, the Colorizer innovation makes possible 1322 colors instead of the usual 30 to 40.

The major advantages claimed to be inherent in Colorizer paint are as follows:

1. It provides an adequate color assortment.

2. It reduces inventory requirements up to 75 per cent.
3. It reduces investment up to 50 per cent.

4. It enables an increase in turnover up to three times.

5. It permits an attractive store display.

6. It eliminates obsolescence of stock.

7. It simplifies stockkeeping and storage operations.

A survey of ten leading brands of paint as well as dealer and consumer surveys were undertaken to verify these advantages. The results confirmed the previous study.2

It is one thing to have a new product and quite another to have it widely accepted and successfully merchandised. Recognizing the importance of promoting a new product, Bennett's undertook several steps to insure as far as possible success in marketing operations. These steps included:

1. Training and orientation of company employees.

2. A vigorous campaign with existing and prospective dealers.

3. A suitable campaign with painters and paint contractors.

4. An aggressive sales promotion campaign to retail customers.

While expanding the market coverage, a production limitation was encountered due to the shortage of critical material for making the base paint. In consequence of this production

---

2 See appendices B, E, and F.
problem, the marketing program was modified. The production and marketing problems were solved simultaneously when Bennett's offered the product on a royalty basis to associate manufacturers in a cooperative research organization. Several of the companies accepted the offer, and national distribution for Colorizer was begun by incorporating associate manufacturers as part of the channels of distribution. Distribution through the twelve associate manufacturers represents the principal channel of distribution. Other channels include: independent dealers, manufacturer-owned stores, direct factory to industrial users, and direct from factory to retail customers.

Through cooperative endeavor, Bennett's and their associate manufacturers have placed Colorizer on national and international markets. This affiliation brought forth a new cooperative organization of the manufacturers involved. The purpose of this new organization was one of coordination of merchandising efforts. Some of the principal benefits derived from the cooperative marketing activities of Colorizer Associates include:

1. Provision of a national advertising and sales promotion campaign.
2. Provision of the services of an advertising agency.
3. Provision of lower cost on display material by pooling orders.
4. Provision of counsel from a leading color consultant.

5. Provision of the benefits of a national publicity organization.

6. Provision of interchange of technical as well as marketing information and experience.

7. Provision of a central laboratory to further experimental work and to collaborate in the exchange of information between associate companies.


Not only is the product marketed throughout the United States and Canada, but Colorizer is to be introduced in Great Britain, New Zealand, Australia, South Africa, and Argentina, according to recent arrangements.

The method of expanding market coverage of Colorizer appears to be a case of voluntary horizontal integration with separate ownership maintained. Study of this particular phase illustrated the importance of recognizing the close relationship between production and marketing problems and the necessity for close coordination.

One interesting area of the study involves the appraisal of the effects of Colorizer paint. For example, the old problem and controversy between sales and production personnel is settled with apparent mutual satisfaction. Expanded variety of color is provided at the same time that simplification and standardization in production is effected. A reduction in the
cost of production resulted from production advantages related to the product and also due to the decreasing costs from expanded output. Savings have been produced in warehousing operations through simplification of stockkeeping, higher turnover, and a smaller finished goods inventory.

Since the introduction of Colorizer there have been numerous cases of imitation and emulation. Of special interest is the outright duplication by an eastern paint manufacturer.

This study of innovation indicates that both the cost and demand situation is affected. Initially, costs rise because of the increase in investment as preparations are made to put the innovation into action. Production is increased as a response to sales increase which reveals the shift of the demand curve towards the right. As production is expanded, however, the unit costs decline. Accordingly, profits arise and competitors endeavor to share this situation by putting forth similar products. Thus profits are only a temporary phenomenon being competed away in the process called "clustering of innovations," which follows in the wake of successful innovation.

2. Conclusions

The following conclusions are drawn from this case study of an innovation in the paint industry:

1. There has been an increasing utilization of art in
manufacturing, merchandising, and the American home, resulting in a greater appreciation by consumers of aesthetic qualities.

2. Coincident with the above conclusion, this study lends credence to the view that demand exists for color assortment.

3. Consumer analysis is a key for determining the true nature of consumer demand. Furthermore, the experience of Bennett's suggests that consumer analysis should be the foundation on which the production and marketing program should be built.

4. This study indicates that a paint manufacturer, in working to modify a product to satisfy consumer demand, should base the modifications on sound marketing considerations. Specifically, just having more colors proved unsatisfactory from a merchandising standpoint. It was necessary to standardize colors, catalog, classify, and provide a complete color system. This principle is suggested: Study of consumer needs should precede the planning and development of products.

5. There is a very close relationship between technological developments and the changes in architecture and design, which in turn influence consumer tastes and preferences. A significant result of important achievements in the field of building technology with their resulting changes in architecture and decoration, have produced a noticeable trend called "naturalism" by writers and authorities in the trade.
6. Colorizer paint provides a saving in the cost of distribution. (See Chapter IV and Chapter VII)

7. Bennett's operate on the principle that the more kinds or types of outlets used in the distribution of a product the greater the sales potential. Exclusive agency policy was replaced so that products are now sold through various kinds of outlets in a given trading area including: paint stores, lumber dealers, hardware stores, etc. This became a guiding principle.

8. Colorizer paints are preferred to ready-mixed paints by dealers who have handled both.

9. Although initially some painters resented the product on the ground that it encroached upon their skill and trade, there is a growing acceptance and expanding use of the product by painters, decorators, and paint contractors.

10. The fact that color has become widespread in factories, hospitals, and homes, means an ever expanding market for those who can supply the right colors in paint. However, some manufacturers still offer only a few paint colors.

11. Colorizer has proved generally satisfactory with present consumer tastes and attitudes toward color.

12. Because of the rising demand for color, it is deemed essential for paint manufacturers to understand more fully the various aspects of color and that this information should be interpreted and utilized in the training of sales personnel.

13. The product requires more salesmanship, according to dealers, but results in wider consumer satisfaction.
14. Based on this study, Colorizer paint is found to be superior to other leading paints based on the fact that it offers all of the following points:

a. There is an adequate assortment of color.

b. The customer does not have to wait for color mixing.

c. The exact amount of paint desired can be purchased avoiding unnecessary expense and waste.

d. Color stability has greater assurance because the color is withheld until the time for use.

e. Flexibility of color is provided, which enables adjustment to changes in color preference.

f. The product saves approximately 75 per cent shelf space.

g. There is a possible reduction in investment in excess of 50 per cent.

h. There is an increase in turnover in some cases as high as three times the average figure of retail paint outlets.

i. The problem of obsolescence of stock has been eliminated.

15. Colorizer has been a key factor in the rising sales volume of Bennett's, which is above the industry's sales experience. (see Chart G on page 134)

16. The product has been marketed in a satisfactory manner as evidenced by consumer satisfaction, dealer satisfaction, the increasing sales volume, and the expanding markets.
17. These conclusions maintain in consequence of a retail customer survey:

a. Paint consumers desire more color in paint.

b. Bennett's have provided a helpful means of selecting colors.

c. Colorizer can be handled by average customers without difficulty.

d. The product is generally satisfactory to practically all customers in its present form.

e. Colors can be successfully matched at a later date.

f. Paint stores are the leading type of outlet for Colorizer.

18. In view of the changes which have taken place in American capitalism—the increase in wealth, the multiplicity of consumer wants, and the elements of "trustified capitalism," the present American economy as a model no longer represents the model selected by Professor Schumpeter all of which suggests that the Schumpeterian explanation would seem more useful to the economic historian than to the student of the contemporary scene.

19. Innovation produces a new cost situation for the firm which in turn affects the industry and related products. It also affects demand with the curve shifting towards the right, initially, but in consequence of the imitation and emulation which follows, the curve eventually moves back towards the left.
20. Colorizer paint satisfies the conditions set forth by Professor Schumpeter as characterizing economic "development," by adding a new quality to a good, by producing a new method of handling a product, by opening a new market, by bringing into use new materials, and by effecting a new organization. Even so it may be necessary to broaden the economic concept of production to include marketing which is not explicitly treated by the Schumpeterian theory.

21. The principal difficulties which face innovational products have to do with the resistance of social environment, the difficulty of adopting new methods, and the lack of data for forming decisions.

These conclusions appear to be at variance with the Schumpeterian theory of innovation in the following respects:

1. The Colorizer innovation does not conform entirely to the conditions and assumptions which Professor Schumpeter sets forth. Specifically, it does not result in discontinuous change, nor does it have an independent origin. The Schumpeterian view holds that innovation arises separately and distinctly apart from a continuous step by step process of change—it arises as a discontinuous change without benefit of previous experience. Because it supposedly does not arise as a continuous change within an existing enterprise it therefore has an independent origin which leads to the assumptions of new firm, new plant, and new men.
2. That two of the three assumptions of Schumpeter's theory are consistent with the Colorizer experience, however, the assumption that new businesses are organized for the purpose of innovation does not now hold in this case study.

3. That although Professor Schumpeter confines change to the sphere of industrial and commercial life, the possibility of change emanating from the sphere of consumer wants should not be overlooked. The evidence uncovered and presented in this study indicates that the innovation was conceived and developed in direct response to consumer wants previously unsatisfied. The explanation for the failure of Professor Schumpeter to consider innovations arising from consumer wants seems to lie in the fact that he selected a model (largely in terms of eighteenth and nineteenth century economic conditions) in which the changes occurring the field of consumer wants were for the most part omitted. Contemporary economic conditions in the United States present quite a different model in the sense that it is characterized by great opulence with unprecedented production in which the role of marketing is significant in satisfying consumers through its demand creation and want-satisfying activities. Professor Schumpeter's theory is best considered in terms of the particular model he selected. Due to the changes which have taken place in American capitalism the whole of the theory does not now apply in terms of the findings of this present study.
APPENDICES
APPENDIX A

CHECKLIST OF FACTS NEEDED IN CUSTOMER ANALYSIS
APPENDIX A

CHECKLIST OF FACTS NEEDED IN CUSTOMER ANALYSIS

1. Is the product right? How can it be improved? What new or additional features would customers or prospects like to see incorporated in it?

2. Is the product priced right? Could we get additional profitable volume if price were lowered? Do we suffer any disadvantage from prices of competitive products?

3. Is the product packaged properly? Could service or style features be built into the product or packages?

4. Is the product distributed through the proper trade channels? Do distributors make sufficient profits to warrant their pushing our products? Are there any defects in service to customers by the trade that handicap sales? Would sales be increased if we altered our distribution setup and sold through other outlets?

5. Could the selling season be lengthened if we emphasized new values to the trade and consumers? If so, how?

6. Is our line of products too long? If so, what slow-selling items should be eliminated? How much effort should be concentrated on the popular items?

7. Do we have a "leader" in our line which helps the sale of other items? If not, would it be advisable to create one?

8. What are the facts about our present customers? To whom are we now selling profitably?
   a. Where do they live?
   b. Why do they buy?
   c. When, how much, and how often do they buy?
   d. Where do they buy?
   e. What price do they pay?
   f. Why do they not buy in larger quantities?

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A-2
g. What age, sex, and educational, social, economic, and occupational factors influence our present customers?

h. What brands of competitive products are also bought? Why?

i. Is the need for our product clearly defined? Only vaguely present? Or dormant?

9. What are the facts about our potential market?

a. Are there other people to whom we might profitably sell?
   1. Why do they not buy now?
   2. How could they be influenced to buy?

b. What methods are necessary to induce them to buy from us?
   1. What sales promotion might be used to appeal to them?
   2. Are there special obstacles which make selling to them unprofitable or impossible?

10. What about our competition? Is it gaining on us? If so, why? What effects are competitors' sales and advertising activities having on our profits? On our prestige with the trade and with customers?

11. What other products or lines could be sold profitably through the present distribution channels? Would such a policy of expansion be advisable? What effect would it have on our present trade relations?

12. Should the line of products be further diversified to alleviate seasonal or style factors or severe market slumps due to effects of other factors?

13. What defects exist in the present selling strategy? Are our salesmen underpaid? Are territories too large or too small? Are we building potential volume in new markets so as to maintain our competitive standing in the national market now and in the future?

14. What long-range market trends as to products, sales policies, and customers' preferences are discernable?
What changes are needed to keep pace?

15. Is the sales-promotion program (national advertising, radio, direct mail, etc.) really understood by the trade, our sales force, and consumers? Is it being actively merchandised to the trade by our salesmen? What can be learned in advance of the release of our promotional campaigns by pre-testing so as to assure maximum results?\(^1\)

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APPENDIX B

SURVEY RESULTS OF TEN LEADING BRANDS OF PAINT COMPARED WITH COLORIZER

<table>
<thead>
<tr>
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<th>2</th>
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<th>4</th>
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<td>No. of colors Provided</td>
<td>400 Ready mixed 200 400 Ext. 1000</td>
<td>500 Ready mixed 200 400 Ext. 1000</td>
<td>500 Ready mixed 200 400 Ext. 1000</td>
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<td>500 Ready mixed 200 400 Ext. 1000</td>
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<td>2/3 Interior Glass 2/3 Flat 2/3 No. of colors 175</td>
<td>No. of colors Provided</td>
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<td>C</td>
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<td>No. of colors Provided</td>
<td>9500</td>
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<td>No. of colors Provided</td>
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<td>No. of colors Provided</td>
<td>460</td>
<td>460</td>
<td>460</td>
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</tr>
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<td>F</td>
<td>180 Interior Glass 180 Flat 180 No. of colors 320</td>
<td>No. of colors Provided</td>
<td>320</td>
<td>320</td>
<td>320</td>
<td>320</td>
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<td>320</td>
</tr>
<tr>
<td>G</td>
<td>150 Interior Glass 150 Flat 150 No. of colors 270</td>
<td>No. of colors Provided</td>
<td>270</td>
<td>270</td>
<td>270</td>
<td>270</td>
<td>270</td>
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<td>270</td>
<td>270</td>
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</tr>
<tr>
<td>H</td>
<td>104 Interior Glass 104 Flat 104 No. of colors 194</td>
<td>No. of colors Provided</td>
<td>194</td>
<td>194</td>
<td>194</td>
<td>194</td>
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</tr>
<tr>
<td>I</td>
<td>800 Interior Glass 800 Flat 800 No. of colors 1400</td>
<td>No. of colors Provided</td>
<td>1400</td>
<td>1400</td>
<td>1400</td>
<td>1400</td>
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**Table:** Survey Results of Ten Leading Brands of Paint Compared with Colorizer

1952

**Source:** Survey conducted by William H. Day, 1952.
APPENDIX C

STORAGE, DISPLAY, AND STOCK INFORMATION

Index

1. Exhibit A:
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   215 C-5

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   Bennett's Colorizer Arrangement
   216 C-6

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   Bennett's Suggested Stock For Dealer #3
   217 C-7
The arrangement, suggested stock and amount of stock represents the combined thinking, experience and suggestions of Bennett Dealers and Salesmen. (This is an actual photograph.)
**EXHIBIT D**

**BENNETT’S PAINT AND COLORIZER DISPLAY**

**DEALER NO 3**

**COLORIZER TUBE ARRANGEMENT**

<table>
<thead>
<tr>
<th>COLORIZER (8 Units)</th>
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<tbody>
<tr>
<td>Tube #20</td>
<td>Tube #30</td>
<td>Tube #40</td>
<td>Tube #50</td>
</tr>
<tr>
<td>12 tubes</td>
<td>12 tubes</td>
<td>12 tubes</td>
<td>12 tubes</td>
</tr>
<tr>
<td>Tube #70</td>
<td>Tube #80</td>
<td>Tube #90</td>
<td></td>
</tr>
<tr>
<td>12 tubes</td>
<td>12 tubes</td>
<td>6 tubes</td>
<td></td>
</tr>
</tbody>
</table>

**COLORIZER TUBE ARRANGEMENT**

Bennett’s Paint and Colorizer Display for Dealer #3 houses 18 units of colorizer. Six units contain colorizer for tinting basic white paints; the remaining 2 contain colorizer for tinting clear varnish to produce varnish stain.

Each of the 16 standard units contain all sizes (#20 through #90) of 1 color, so that a total of 16 colorizer colors is represented equally in the 16 units. The 17th and 18th, or varnish stain units, contains all sizes #40, 70, 80 of 2 stains per unit for coloring varnish. The diagram at the top of the page will clearly show you the tube arrangement in both units.

**COLORIZER TUBES PER UNIT**

**BOTTOM ROW**

<table>
<thead>
<tr>
<th>Tubes</th>
<th>Size</th>
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</thead>
<tbody>
<tr>
<td>#20</td>
<td>1/4 oz</td>
</tr>
<tr>
<td>#30</td>
<td>1/4 oz</td>
</tr>
<tr>
<td>#40</td>
<td>1/2 oz</td>
</tr>
<tr>
<td>#50</td>
<td>1/4 oz</td>
</tr>
<tr>
<td>#60</td>
<td>1/2 oz</td>
</tr>
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</table>

**VARNISH STAIN TUBES PER UNIT**

(2 colors per unit)

**BOTTOM ROW**

<table>
<thead>
<tr>
<th>Tubes</th>
<th>Color</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>#40</td>
<td>Oak</td>
<td>1/2 oz</td>
</tr>
<tr>
<td>#40</td>
<td>Oak</td>
<td>1/2 oz</td>
</tr>
<tr>
<td>#40</td>
<td>Mahogany</td>
<td>1/2 oz</td>
</tr>
<tr>
<td>#40</td>
<td>Mahogany</td>
<td>1/2 oz</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Tubes</th>
<th>Color</th>
<th>Size</th>
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</thead>
<tbody>
<tr>
<td>#70</td>
<td>Oak</td>
<td>1 oz</td>
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<tr>
<td>#80</td>
<td>Oak</td>
<td>2 oz</td>
</tr>
<tr>
<td>#70</td>
<td>Mahogany</td>
<td>1 oz</td>
</tr>
<tr>
<td>#80</td>
<td>Mahogany</td>
<td>2 oz</td>
</tr>
</tbody>
</table>
**REMARKS:** The above includes sixteen different colors each in eight different tube sizes. From these sixteen colors can be produced all the tints and shades found in the new Bennett Album of Beauty.

The Varnish Stains comprise four different colors in three tube sizes, the size of the tube varying according to the quantity of varnish stain to be produced.
## BENNETT'S SUGGESTED STOCK

### FOR DEALER NO. 3

### ENAMEL - COLORS

<table>
<thead>
<tr>
<th>Color</th>
<th>5 GAL.</th>
<th>GALS.</th>
<th>QTS.</th>
<th>PTS.</th>
<th>% PTS.</th>
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<tbody>
<tr>
<td>Orange</td>
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<td>4</td>
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<tr>
<td>Yellow</td>
<td>2</td>
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<tr>
<td>Blue</td>
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<td>4</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Green</td>
<td>2</td>
<td>4</td>
<td></td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Dark Red</td>
<td>2</td>
<td>4</td>
<td></td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Light Red</td>
<td>4</td>
<td>6</td>
<td></td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Black</td>
<td>2</td>
<td>4</td>
<td></td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Geranium</td>
<td>2</td>
<td>4</td>
<td></td>
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<tr>
<td>Blue Spruce</td>
<td>2</td>
<td>4</td>
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**Total** = 22 Gals. 40 Qts. 40 PTS.

### EXTERIOR PAINTS - COLORED

<table>
<thead>
<tr>
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<th>GALS.</th>
<th>QTS.</th>
<th>PTS.</th>
<th>% PTS.</th>
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<tbody>
<tr>
<td>Oak</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Light Brown</td>
<td>2</td>
<td>3</td>
<td>3</td>
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<tr>
<td>Spanish Red</td>
<td>2</td>
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<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pine Green</td>
<td>2</td>
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</tr>
<tr>
<td>Colonial Blue</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Maroon</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dark Brown</td>
<td>3</td>
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<td></td>
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<td></td>
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<tr>
<td>Brick Red</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hunters Green</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total** = 8 Gals. 27 Qts. 27 PTS.

### CLEAR VARNISH

<table>
<thead>
<tr>
<th>Varnish</th>
<th>5 GAL.</th>
<th>GALS.</th>
<th>QTS.</th>
<th>PTS.</th>
<th>% PTS.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparent Spar Varnish</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transparent Floor Varnish</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total** = 12 Gals. 12 Qts. 12 PTS.

### FLOOR-ENAMEL-COLORS

<table>
<thead>
<tr>
<th>Color</th>
<th>5 GAL.</th>
<th>GALS.</th>
<th>QTS.</th>
<th>PTS.</th>
<th>% PTS.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pure Gray</td>
<td>2</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oak</td>
<td>2</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Light Brown</td>
<td>2</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Walnut</td>
<td>2</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spanish Red</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brick Red</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maroon</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colonial Blue</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dark Brown</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hunters Green</td>
<td>4</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total** = 8 Gals. 54 Qts. 54 PTS.
**EXHIBIT F (CONTINUED)**

**BENNETT'S SUGGESTED STOCK FOR DEALER NO. 3**

(Continued)

<table>
<thead>
<tr>
<th>GRAY BASE</th>
<th>5 GAL.</th>
<th>GALS.</th>
<th>QTS.</th>
<th>PTS.</th>
<th>% PTS.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Semi-Gloss Finish</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gloss Interior</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Flat Finish</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exterior Paint</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16</td>
<td>24</td>
<td>24</td>
<td></td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PAINT BASE</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Glen Green</td>
<td>2</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spanish Red</td>
<td>2</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graphite</td>
<td>2</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6</td>
<td>18</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| GRAND TOTAL:               | 8      | 92    | 219  | 205  | 88     |

*Industrial Enamel for Farm Machinery (Optional)*

- Red
- Green
- Black
- Etc.
APPENDIX D

MAP OF BENNETT'S TRADE SALES TERRITORIES
APPENDIX E

SURVEY RESULTS OF
EASTERN AND WESTERN COLORIZER DEALERS

(Survey of Eastern Dealers conducted by William H. Day. Survey of Western Dealers conducted by independent survey company)
SURVEY QUESTIONS AND ANSWERS

1. How long have you handled Colorizer paint?

<table>
<thead>
<tr>
<th></th>
<th>Eastern</th>
<th>Western</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 6 months</td>
<td>20%</td>
<td>3.6%</td>
</tr>
<tr>
<td>6 months to 1 year</td>
<td>20%</td>
<td>6.7%</td>
</tr>
<tr>
<td>1 to 8 years</td>
<td>80%</td>
<td>39.7%</td>
</tr>
<tr>
<td>Since introduced</td>
<td>--</td>
<td>50.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

2. What line of paint were you selling before adopting Colorizer?

<table>
<thead>
<tr>
<th>Line of Paint</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorizer manufacturers lines</td>
<td>33.3%</td>
</tr>
<tr>
<td>Other lines</td>
<td>66.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0%</td>
</tr>
</tbody>
</table>

3. Which of these policies did you follow after taking Colorizer:

<table>
<thead>
<tr>
<th>Policy</th>
<th>Eastern</th>
<th>Western</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have carried only Colorizer manufacturers line</td>
<td>30.0%</td>
<td>76.7%</td>
</tr>
<tr>
<td>Carried no paints before taking Colorizer</td>
<td>10.0%</td>
<td>36.8%</td>
</tr>
<tr>
<td>Carry Bennett's dark colors and varnishes</td>
<td>---</td>
<td>26.7%</td>
</tr>
<tr>
<td>Dropped old stock fairly soon</td>
<td>6.7%</td>
<td>50.0%</td>
</tr>
<tr>
<td>Kept another line permanently</td>
<td>63.3%</td>
<td>37.5%</td>
</tr>
<tr>
<td>Dropped other lines immediately</td>
<td>---</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

4. Regardless of how you feel about the line now, can you recall what were some of your reasons for taking the Colorizer line in the first place?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Eastern</th>
<th>Western</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular line not able to satisfy the demand for color by customers</td>
<td>63.3%</td>
<td>---</td>
</tr>
<tr>
<td>Reduced investment</td>
<td>---</td>
<td>25.0%</td>
</tr>
<tr>
<td>Had Colorizer manufacturers line before</td>
<td>6.7%</td>
<td>25.0%</td>
</tr>
<tr>
<td>Quality of Bennett's products</td>
<td>---</td>
<td>14.3%</td>
</tr>
<tr>
<td>Combination of reasons</td>
<td>30.0%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Less space</td>
<td>---</td>
<td>7.1%</td>
</tr>
</tbody>
</table>
In stock at time of purchasing store  
Public demand  
Don't know  

| In stock at time of purchasing store | 7.1% |
| Public demand | 3.6% |
| Don't know | 3.6% |
| **Total** | **100.0%** |

5. As a result of your experience, do you now prefer the Colorizer system, or would you rather handle the usual type of ready-colored paints? (Could you give me some of your reasons for feeling this way, with as much detail as possible?)

Preferred Colorizer  
73.3% 100.0%

**Reasons**
- Smaller stock space  3.3%
- More adequate color choice  18.2% 10.0%
- Paint is always fresh  3.3%
- Combination of following reasons: small investment, color choice, fresh paint, better service to customer, high quality, greater sales, and more profits. 81.8% 83.4%
- Total 100.0% 100.0%

Preferred ready-colored  
26.7%  

**Reasons**
- Established business with line  62.5%
- Easier to sell  37.5%
- Total 100.0%  

6. Is Colorizer satisfactory from the standpoint of attracting the attention and curiosity of customers?

| Yes | 86.7% 50.0% |
| No | 10.0% 46.7% |
| Don't know | 3.3% 3.3% |
| **Total** | **100.0%** **100.0%** |

7. What has been your experience in satisfying customers and building repeat sales?

Practically all customers satisfied  96.7% 33.3%
Few complaints based on improper mixing or misjudging the color chip  3.3% 16.6%
Reported never having a single complaint  59.9%

Reported building repeat sales  100.0% 100.0%
8. What about the problem of building a brand name and a distinctive line . . . do people learn to ask for Colorizer by name or description, or is it just another paint to them?

People ask for Colorizer by name 36.7% 50.0%
People ask for that new paint, that tube paint you mix yourself 20.0% 50.0%
No particular brand preference 43.3% ----
100.0% 100.0%

9. What about the customers having to mix the colors themselves . . . do they react all right to this, or do many of them object? (Could you estimate what proportion object?)

Practically no objection 23.3% 96.7%
Objections to mixing ---- 3.3%
Possible objection eliminated by dealer mixing for customer 76.7% ----
100.0% 100.0%

10. What about the problem of selecting shades or matching colors. . . . do people find this easier or harder with Colorizer?

Finding colors is not easy but always happy with perfect color matching 6.7% 50.0%
Color selection is easier 86.6% 29.9%
Color selection is harder 6.7% 6.7%
Didn't know ---- 13.4%
100.0% 100.0%

11. Which of the color books do you prefer and use in selling Colorizer?

Big book 96.7% 46.7%
Small book ---- 30.0%
Use both. . . .small for starting selection and big book for finishing selection or for matching 3.3% 16.7%
Big book is difficult to use, but it always makes the sale. ---- 6.6%
100.0% 100.0%

12. What about the length of time required to make a sale. . . does it take more time or less time to sell a customer a given amount of paint with the Colorizer system?

Colorizer takes more time but the customer is more satisfied 76.7% 41.4%
Colorizer takes less time 3.3% 24.1%
Colorizer takes the same amount of time as ready-mix  | 16.7%  | 10.3%
Takes longer to sell with big book | **----** | 3.4%
about same time with small book | 3.3%  | 20.8%
Don't know | **100.0%** | **100.0%**

13. What about painters and painting contractors...What is their reaction?

Say painters and decorators use it and like it | 40.0%  | 60.0%
Report doing no painter business | 23.3%  | 23.3%
Say painters do not use it because they object to the complicated process of mixing large quantities | 3.3%  | 10.0%
Say painters do not like it | 13.4%  | 6.7%
Painters slowly accepting | 13.4%  | **----**
Painters prefer regular paint | 3.3%  | **----**
Painters resent encroachment on skill | 3.3%  | **----**
**100.0%**  | **100.0%**

14. What about maintenance and other big accounts...hospitals, schools, institutions, large hotels and office buildings, and etc., how do they like Colorizer paint?

No big accounts available to them | 56.7%  | 76.7%
Big accounts like Colorizer | 36.6%  | 20.0%
Big accounts object to mixing large quantities...rather use ready-mix | 6.7%  | 3.3%
**100.0%**  | **100.0%**

15. What about display, storage, and other problems of stock-keeping...how does Colorizer compare with other lines?

Enthused about advantages of Colorizer | 93.3%  | 100.0%
No enthusiasm | 6.7%  | **----**
**100.0%**  | **100.0%**

16. What about the money you have tied up in paint inventory with Colorizer...how does it compare with the amount necessary for regular lines of paint?

Smaller inventory than any other known brand, | 10.0%  | **----**
Say inventory 10 per cent as much | **----**  | 25.0%
Say inventory 15-25 per cent as much | **----**  | 39.3%
Say inventory 30 per cent as much | 3.3%  | **----**
Say inventory 50 per cent as much | 20.0%  | 7.1%
Say inventory 60-70 per cent as much | 43.3%  | 10.7%
Say inventory 90 per cent as much | **----**  | 3.6%
Don't know | **25.4%**  | 6.3%
**100.0%**  | **100.0%**
17. What about turnover of Colorizer paint stock...how fast does it move, or how many times do you turnover your stock in a year?

Say 6 to 12 times  
Say 5 times  
Say 4 times  
Say 3 times  
Say 1 time  
Don't know

<table>
<thead>
<tr>
<th></th>
<th>50.0%</th>
<th>41.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Say 6 to 12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Say 5 times</td>
<td>13.4%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Say 4 times</td>
<td>3.3%</td>
<td>24.1%</td>
</tr>
<tr>
<td>Say 3 times</td>
<td></td>
<td>24.1%</td>
</tr>
<tr>
<td>Say 1 time</td>
<td></td>
<td>3.4%</td>
</tr>
<tr>
<td>Don't know</td>
<td>33.3%</td>
<td></td>
</tr>
</tbody>
</table>

18. Can you recall whether you noticed any real changes in dollar volume for the first year you handled Colorizer? (Could you estimate the change as a proportion or percentage...how much of that do you attribute to the Colorizer line alone?)

Say 100 per cent more  
Say 50 per cent more  
Say 25 per cent more  
Say 10 per cent more  
Say much more  
Say a little more  
Say a little less  
Don't know

<table>
<thead>
<tr>
<th></th>
<th>10.0%</th>
<th>3.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Say 100 per cent more</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Say 50 per cent more</td>
<td>3.3%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Say 25 per cent more</td>
<td>16.7%</td>
<td></td>
</tr>
<tr>
<td>Say 10 per cent more</td>
<td>10.0%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Say much more</td>
<td>6.7%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Say a little more</td>
<td>33.3%</td>
<td>13.4%</td>
</tr>
<tr>
<td>Say a little less</td>
<td></td>
<td>10.0%</td>
</tr>
<tr>
<td>Don't know</td>
<td>20.0%</td>
<td>60.0%</td>
</tr>
</tbody>
</table>

19. What about today's profits on the Colorizer line..... could you estimate how much change the line has made in your paint profits?

Say 100 per cent greater  
Say 75 per cent greater  
Say 50 per cent greater  
Say 25 per cent greater  
Say 10 per cent greater  
Say profits are greater  
Don't know

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>6.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Say 100 per cent greater</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Say 75 per cent greater</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Say 50 per cent greater</td>
<td>3.3%</td>
<td></td>
</tr>
<tr>
<td>Say 25 per cent greater</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Say 10 per cent greater</td>
<td>13.3%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Say profits are greater</td>
<td>23.4%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Don't know</td>
<td>56.7%</td>
<td>56.6%</td>
</tr>
</tbody>
</table>

20. Do your sales people take to Colorizer easily, or do you find them resisting it some?

Like Colorizer  
Think it takes too much time  
Rather sell ready-mix paint

<table>
<thead>
<tr>
<th></th>
<th>86.6%</th>
<th>96.2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Like Colorizer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Think it takes too much time</td>
<td>6.7%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Rather sell ready-mix paint</td>
<td>6.7%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>100.0%</th>
<th>100.0%</th>
</tr>
</thead>
</table>
21. How do you train sales people to sell Colorizer?

Pick it up themselves—no training 56.7% 54.2%
Trained by manufacturers salesman 16.7% 25.0%
Trained by store manager 26.6% 20.8%

22. What about advertising and promotion...how have you been handling that with Colorizer? (What media have been best? What points about Colorizer do you stress in advertising copy? Have you used demonstrations or other special promotions?)

Get best results from newspaper 43.3% 33.3%
Use no advertising ---- 30.0%
Use Bennett's co-op newspaper ads but claim little results ---- 20.0%
Prefer radio advertising 22.3% 10.0%
Get equal results from newspaper and radio ---- 6.7%
Use direct mail 26.7% ----
Use movie screen ads 6.7% ----

The following questions were answered by Eastern dealers only:

A. What is the one big advantage of Colorizer to you as a paint dealer?

To satisfy customer demand for color 83.4%
Reduction of inventory 13.3%
More profit 3.3%

B. Where do you see a need for improvement in Colorizer as a product?

Satisfactory as it is 66.7%
Show color chip in all finishes 6.7%
Need something like rubber base paints 3.3%
Improve means of adding colorizer 6.7%
More room in cans to add large tubes 3.3%
Occasional hardening of tubes 10.0%
Occasional tube breakage 3.3%

C. Are present national merchandising methods satisfactory?

Yes 70.0%
Need more help on local level 16.8%
Better display material for dealer 3.3%
Would like a radio program sponsored 3.3%
by manufacturers 3.3%
Too much repetition in ads 3.3%
Copy needs improvement 3.3%

<table>
<thead>
<tr>
<th>Complaint</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Practically no complaints</td>
<td>93.4%</td>
</tr>
<tr>
<td>Deviation in color matching</td>
<td>3.3%</td>
</tr>
<tr>
<td>Mistakes of salesman</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

D. What type of complaints do you have with Colorizer?

100.0%
APPENDIX F

SURVEY RESULTS OF SALT LAKE CITY COLORIZER CONSUMERS

AUGUST 1952

(Survey prepared and conducted by William H. Day)
SURVEY QUESTIONS AND ANSWERS

Number of interviews 140
Number using Colorizer 100
Percentage using Colorizer 71.42%

1. Have you ever used Bennett's Colorizer paint? How long ago?
   a. During the last 6 months 49%
   b. 1 to 3 years 48%
   c. Over 3 years 3%
      100%

2. Where did you first learn about Bennett's Colorizer paint?
   a. Paint store 40%
   b. Friends 21%
   c. Bennett's advertising 19%
   d. Painter 4%
   e. Used Bennett's before 4%
   f. Bennett's salesmen 1%
   g. Architect 1%
   h. Don't know 2%
   i. Combination of above 8%
      100%

3. What was your main reason for selecting Colorizer paint?
   a. Adequacy of color 65%
   b. Recommended 20%
   c. Used Bennett's before 5%
   d. Convenient location of paint store 3%
   e. Combination of above 7%
      100%

4. Have you seen any recent advertising about Colorizer? Where?
   a. No definite recollection 65%
   b. Colorizer Signs 11%
   c. Television 9%
   d. Magazines 7%
   e. Newspapers 6%
   f. Radio 4%
   g. Direct Mail 2%
   h. Store Display 2%
5. Did you find the "Colorizer Album" helpful?

9% did not use the album, but the 91% who did indicated the following experience:

a. Was it easier to match the color you were after?
   Yes 100%
   No

b. Did you encounter any difficulty in selecting the color you wanted?
   Yes 2.2%
   No 97.8%

6. What is the main thing you look for in a paint product?

a. Color assortment 19%
   b. Quality 11%
   c. Washability 6%
   d. Price 2%
   e. Dry time 1%
   f. Ease of application 1%
   g. Combination of the above factors 60%

7. Did you experience any difficulty in:

a. Mixing the colorizer?
   Yes 2%
   No 98%

b. Matching colors at a later date?

   Never had to match 66%
   Satisfactory match 32%
   Unsatisfactory 2%

   100%

c. Application of Colorizer paint?

   Satisfactory 98%
   Unsatisfactory 2%

   100%

8. Do you have any criticism of the product?

   Yes 14%
   No 86%

   100%
General criticism noted:

"Paint doesn't hold gloss"
"Difficult to stir color evenly"
"Takes too long to dry"
"Wrong tube number by sales clerk"
"Dries too quick"
"White One-Der-Kote turns yellow" (mentioned several times)
"Outside paint peels too easy"
"One-Der-Kote chips bad"
"Paint too thick"
"Doesn't wash too good"
"Strong odor"

9. What further improvements would you like to see incorporated in the product.

Satisfied as it is 86%
Suggestions offered 14%

Suggestions for improvement involved correcting the above deficiencies.

10. Where do you buy Colorizer paint?

a. Bennett's stores 47% (paint stores)
b. Independent dealers 47%
c. Department store 4%
d. Hardware store 1%
e. Lumber store 1%

100%
BIBLIOGRAPHY
BIBLIOGRAPHY

Books


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Special Studies


I, William Henry Day, was born in Salt Lake City, Utah, June 27, 1924. My secondary school education was received in the public schools of Salt Lake City, Utah. Undergraduate training at the University of Utah was begun in 1941. This training was interrupted by three years of military service, but upon honorable discharge as an officer, I returned to the University of Utah and graduated in 1947 with a Bachelor of Science degree with Honors. A scholarship was awarded by Carson, Pirie, Scott and Company of Chicago, Illinois to assist in my graduate studies at Northwestern University. The degree, Masters of Business Administration, was awarded by Northwestern University in 1948. Subsequently, I was employed by the University of Utah as an Instructor in Marketing. During the summer semester of 1950, I attended New York University for graduate work in economics. The University of Utah awarded a John R. Park scholarship, and I continued my PhD program at The Ohio State University in the fall of 1950.