*Argument 7*

*The following appeared in a memorandum issued by the strategic planning department at*

*Omni Inc.*

*"Mesa Foods, a manufacturer of snack foods that currently markets its products within a*

*relatively small region of the country, has strong growth potential. Mesa enjoyed a 20 percent*

*increase in profits last year, and its best-selling product, Diabolique Salsa, has had increased*

*sales over each of the past three years. Since Omni Inc. is interested in reaching 14-to-25 year*

*olds, the age group that consumes the most snack food, we should buy Mesa Foods, and*

*concentrate in particular on marketing Diabolique Salsa throughout the country."*

This Omni, Inc. memorandum recommends that Omni buy snack-food manufacturer Mesa

Foods and aggressively promote its brand of salsa nationwide. To support this

recommendation the memo relies on the exceptional profitability of Mesa's salsa during the

last three years, along with the fact that Mesa's overall profits were up last year. However, the

recommendation relies on a series of unsubstantiated assumptions, which render it

unconvincing as it stands.

First of all, the memo indicates that Omni is interested in selling to 14-to-25 year-olds.

Accordingly, the argument rests on the assumption that Mesa's snack foods appeal to this age

group. Yet, we are not informed what types of snack foods Mesa manufactures, aside from its

salsa. It is entirely possible that Mesa's foods, including its salsa, appeal primarily to other age

groups. If this is the case, the recommended acquisition would not serve Omni's goal.

Secondly, the argument rests on the assumption that in the region where Mesa's products

are sold the preferences of consumers between the ages of 14 and 25 typify nationwide

preferences among this age group. If this is not the case, then it is entirely possible that Omni

would not sell enough Mesa snack foods, including its salsa, to earn a profit from its Mesa

operation. Thus, without more marketing information about the snack-food tastes of 14-to-25

year-olds nationwide it is difficult to assess the merit of the memo's recommendation.

Even if the memo's author can substantiate the foregoing assumptions, the author overlooks

the possibility that last year's 20% increase in Mesa's profits was an aberration, and that in

most other years Mesa has not been profitable. Also, the 20% increase might have been due

entirely to sales of Mesa's salsa, and aside from the profit from salsa sales Mesa's profitability

is actually declining. If either is the case, and if Mesa's salsa does not turn out to be popular

among 14-to-25 year-olds across the nation, then Omni is unlikely to profit from the

recommended course of action.

In condusion, the recommendation is not well supported. To convince me that the Mesa

Foods acquisition would be profitable Omni would need to provide clear statistical evidence

that Mesa's snack foods, and its salsa in particular, would appeal to 14-to-25 year-olds

nationwide. To better evaluate the recommendation, I would need more information about

Mesa's profitability over a longer time period, and about the extent to which Mesa's salsa

accounts for any such profitability.