

## New Sources of Information for Chemical Marketing\*

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Severe competition in the chemical industry has sharply increased the need for definitive and reliable information on which to make sound business decisions. Chemical market researchers have done a good job of providing their managements with product and end-use trends. However, several instances of severe overcapacity indicate that in many cases, market researchers have not fully provided adequate data on potential competitive strategy aimed at the same markets. Furthermore, this situation has motivated chemical processing firms to investigate new areas of diversification that often are unrelated to present product lines. In both instances, an additional burden is placed on chemical market researchers to expand their information base in order to develop new types of data from unique sources.

The intention of this paper is to suggest several of these unique sources and techniques which have not been extensively cultivated by chemical market researchers. Some of the areas covered include:

- I. Government law enforcement and related agencies
- II. Financial and miscellaneous sources
- III. New low cost massive information gathering techniques

### I. GOVERNMENT LAW ENFORCEMENT AND RELATED AGENCIES

Governmental law enforcement agencies such as the SEC, FTC, and the Justice Department can be a vital source of information for the chemical market researcher, particularly where authoritative data on an individual company or industry are needed. In some cases this is regularly filed by law, while in others, it results from studies and investigations carried on by government researchers. An outline of the type of information provided by the aforementioned agencies is given below.

**A. Securities and Exchange Commission.**—The SEC operates three reference rooms which are open to public inspection. These are located in Chicago, New York, and Washington, D. C. Of interest is the prospectus file, where a recent prospectus issued by most of the firms listed on the major exchanges as well as those who are unlisted can be examined. While the scope and detail of data contained in this statement will vary, it can be said that there is often a substantial amount of accurate data on plant locations, products made, patents, acquisitions, management control, and over-all company philosophy. Most of

this information is not available in published literature. Even where a prospectus is not available, quarterly and annual company reports are often available in the "15D" files.

Still another valuable source of data is the Small Issues Department, which files the "offering circulars" of firms with stock issues of \$300,000 or less. These statements contain the same type of information as a prospectus, but in less depth. Generally speaking, if you are interested in studying the operations of a smaller firm for whom relatively little published data is available, the Small Issues Department is a good place to start.

**B. Federal Trade Commission.**—The Federal Trade Commission can also be a very useful source of marketing information for the Chemical Market Researcher. Two groups within the Commission, namely the Bureau of Restraint of Trade and the Bureau of Economics, are noteworthy in this respect.

*1. Bureau of Restraint of Trade.*—This Bureau investigates, litigates, and secures compliance with orders to cease and desist in cases arising under certain sections of the Clayton Act and in all restraint of trade cases under Section 5 of the Federal Trade Commission Act. If the Bureau, through any of its Divisions, such as Mergers, General Trade Restraints, or Discriminatory Practices, finds it necessary to institute proceedings against violators, a formal complaint is issued. The data contained in the complaint, along with the content of subsequent hearings and findings, usually become a matter of public record. Frequently these records provide the type of detailed marketing information that normally would be unavailable through conventional market research techniques. A visit to the offices of the FTC in Washington will enable you to examine these public files or copies of available documents can be obtained by writing to the Secretary of the FTC, Washington, D. C.

*2. Bureau of Economics.*—Another valuable source of information within the FTC is the economic and statistical reports and surveys published from time to time by the Bureau of Economics. This group aids and advises the Commission concerning the economic aspects of all its functions. As a result, a number of very comprehensive studies on selected industries are available. For example, in 1960, the Bureau completed a 338-page study titled "Economic Inquiry Into Food Marketing," which was followed in 1962 by a related study on the same topic. For anyone studying a product associated with the food industry, these studies provided a veritable bonanza of information and insight.

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A handy way to review similar studies that have been published is by acquiring the Annual Report of the Federal Trade Commission. In the Appendix is a list of general investigations by the Commission since 1915, including those which have been published. Other sections in this report describe recent activities of the Commission which may be of interest.

Studies and reports of the Bureau of Economics may be obtained by writing to the Superintendent of Documents, Government Printing Office, Washington, D. C.

**C. Justice Department.**—Records of cases tried before a court by the Justice Department are usually open to public inspection. Transcripts of the trial and related data can be found in the District Court where the complaint was filed. In order to locate any available information, the Docket Number of the case should be obtained. This number is then presented to personnel in the file room of the Clerk's Office. Here, any records which are available can be examined. As in the case of the FTC, there is often an amazing amount of enlightening information on individual firms and industries which would require considerable time and effort to locate by ordinary market research techniques. Similarly, decisions of the appellate courts (*e.g.*, Circuit Court of Appeals, U. S. Supreme Court) upon appeals from lower court decisions, may contain valuable information. These decisions are reported in the case books.

**D. Congressional Committees.**—Other excellent potential sources of marketing information are the various congressional committees. From time to time these committees study industries, and the information contained in their published reports usually supplies nuggets of data to those willing to dig for the information. Interesting examples of this can be found in a study prepared by the staff of the Select Committee on Small Business of the House of Representatives, which dealt with "Mergers and Superconcentration" among the 500 largest industrial and the 50 largest merchandising firms. Another example is a report on "Concentration Ratios in Manufacturing Industry" prepared by the Bureau of the Census for the Anti-Trust and Monopoly Committee of the U. S. Senate.

**E. Bureau of the Census.**—Special attention should be paid to the Bureau of the Census. While most market researchers are familiar with the scope and types of data published by this government agency, they may not be aware that the Census will entertain requests for special tabulations on a cost basis. No guide lines can be given as to the actual cost of a special report. Usually, they must sample their data before giving an estimate of the charges. In the case of export data, the cost would depend on the number of shippers' documents which would have to be manually examined. In any case, the cost is usually worth the information received. The range of the reports will vary and can best be illustrated by these titles:

1. Soft drink shipments by bottle size, by state, county and standard metropolitan statistical area.
2. Quantities of concentrated superphosphate consumed in the production of fertilizers, by region and state.
3. Quantity of hydrogen produced and number of plants in specified regions producing hydrogen, by process, by specified end uses, and by grade.
4. Shipments of vitamins for human use 1954 and 1957.

One of the drawbacks involved is that these special tabulations become public information and titles are published. If they are considered of general interest they will be published in their entirety. If not, anyone asking for a copy is charged for a portion of the cost.

**F. Other Governmental Agencies.**—Various other governmental agencies are continually doing technical and marketing studies. These are usually always available to anyone requesting a copy of the report. (It should be noted here that one way to keep abreast of all of these publications is to subscribe to the monthly catalog of publications put out by the Government Printing Office.) An illustration of some of the depth analysis which these agencies perform can be seen by examining an Economic Research Service report prepared by the U. S. Department of Agriculture on "Milk Distributors Sales and Costs." The value of these studies stems from their authoritative nature. Firms that cooperate in studies would naturally supply accurate information, since the government does not usually reveal the names of the companies involved. Contact can and should be made with these agencies even if a report is not cited in the literature. These government "experts" are in close touch with industry circles and can often be of assistance in solving marketing problems or can suggest contacts in industry.

## II. FINANCIAL AND MISCELLANEOUS SOURCES

Next we turn to sources which are both old and new. This phrase is used because sometimes we overlook the fact that new and different *kinds* of data are being turned out all the time as adjuncts to existing, or "old" sources of information. In this sense, it often pays to have another look at the familiar. For instance, banks are doing more and more market research. On a selected basis, the commercial bank can be a source of: (a) local market statistics, (b) small firm information valuable for acquisition studies. A recent study conducted by Haight Hill Company of New York (a firm engaged in financial and business economic research and public relations) revealed that 70% of the banks responding to their survey do some kind of market research, while 43% make the data available. (A list of those banks which publish periodic newsletters appeared in the February 1964, New York Chapter Newsletter of the American Marketing Association.)

Another example is an interesting study on blow molding which was carried out by a natural gas company interested in getting other firms to build plants in their region.

Similarly, educational institutions should not be forgotten. Most of the major state universities and land grant colleges maintain agricultural schools and experimental stations. Valuable marketing data can usually be collected at no cost. For example, anyone interested in packaging materials for fluid milk could acquire a pamphlet titled "A Cost Analysis of Fluid Milk Packaging Operations," issued by the Agricultural Experiment Station of Michigan State University.

In passing, mention must be made of the New York Stock Exchange Library and the investment services. The public can use the New York Stock Exchange Library for obtaining detailed securities information which was pre-

vously mentioned. In addition, they file monthly, semi-annual, and annual financial reports on all listed securities.

The research departments of some of the brokerage firms do research on the chemical industry and can on occasion be consulted.

### III. NEW LOW COST MASSIVE INFORMATION GATHERING TECHNIQUES

The professional market researcher is always faced with difficult information problems which challenge his ingenuity. Usually, the request from management requires instantaneous results at virtually no cost. Moreover, we strive to work with large enough samples so as to make our projections as valid as possible.

One of the most commonly used devices to gather data from a large universe consists of mailing a questionnaire to a carefully selected sample. (The subject of sampling is almost a science in itself and can make or break the survey.) At any rate, these questionnaires are usually prefaced with a letter designed to motivate the recipient to drop what he is doing and fill in the form. This is the trick—the motivational aspect, and people attempt all sorts of devices including money. Over the years, researchers have been upping the ante and enclosed 25-cent pieces are not uncommon today. Recently we received a letter stating the following:

"The prize is sixteen (16) 6-ounce, 1½" thick PRIME FILET MIGNONS. These primest of prime tenderloins can't be bought in any market. They're flavorful and aged—come quick-frozen and packed in dry ice for perfect arrival. Prize for what, you're probably asking. For simply answering a few questions about your business, etc., etc."

Attached to the letterhead was a beautifully colored picture of one of these steaks in a platter ready to eat. This survey letter probably received a very high response.

Most mail questionnaires, however, do not return a high enough response as you all *know*. Thus, the market researcher is continually searching for new methods aimed at improving his skills in this area.

We would like to mention two information-gathering techniques which we think offer advantages worthy of consideration—reasonable cost within a short time span with the likelihood of a *very* high response rate. These techniques involve utilization of outside service organizations whose major value lies in their name—their ability to make people sit up and take notice and answer questions.

**A. Dun and Bradstreet.**—The first of these is the marketing services company of Dun and Bradstreet. This service was set up by D & B as a natural outgrowth of their present business and concentrates "on research related to business and marketing problems which can be solved through the gathering of information—facts, opinions, attitudes—at the business level." As a result, D & B can be used for market research on the size and characteristics of markets, new product acceptance, customer attitude studies, and acquisition studies, to name a few. These data can be collected by personal interview, phone contact, and probably even by using mailed questionnaires. The D & B name helps to ensure respondent

cooperation. You would be amazed at the scope of information that this group can gather on the most technical problems—as long as the questionnaire is designed properly.

**B. Western Union.**—Finally we turn to a technique which has had limited usage in the chemical process industry. This technique involves the use of Western Union operators to poll preselected respondents using a simple question and answer format. In essence, the user of this service draws up a simple questionnaire; no more than four to six questions are allowed. The names and city of the firms or individuals to be contacted are also supplied to Western Union with each questionnaire. They, in turn, distribute them to their hundreds of offices located throughout the country. The regional Western Union operators look up the phone numbers and call the respondents. The questions are asked, and the questionnaire is filled in and returned to the client. Complete anonymity can be maintained if desired.

As stated earlier, the effectiveness of this approach stems from the psychological surprise value of using the Western Union name. Respondents are considered more likely to react favorably to this fast, painless survey than to a written questionnaire. Naturally, this device has its limitations. Complicated questions involving search of records should not be attempted.

Questions should also be in a form which the respondent easily understands, since the operator is not qualified to interpret *your* meaning for the respondent. The type of answer received should be thought out as well so as to reduce unnecessary confusion on the part of the operator writing down the answer.

In our opinion, the average cost per questionnaire is nominal when compared to other means of collecting data. For example, we estimate that large volume surveys could be made at a cost of about 65–70¢ each if a four-part questionnaire is used. There is a fixed fee depending on volume and a 5¢ charge per question. One question is free. This cost is irrespective of location. A call to Los Angeles is the same as a New York call. Toll charges outside of the regional office telephone zone are, of course, additional. This is kept to a minimum because of the numerous Western Union locations.

This method is not the market researcher's panacea; however, it can result in massive amounts of data at low cost. Furthermore, we know of a few instances where the response was over 90% in each case. This factor allows a researcher to survey an entire population without the need of having to project from a very small sample response.

### CONCLUSION

We hope we have presented some stimulating thoughts in this paper which will improve the field of information gathering and interpretation. Severe competition requires that management be continually supplied up-to-date and factual information from which to formulate marketing strategies, long-term plans, and day-to-day decisions. In the words of a prominent government official, "The essence of decision is choice; and to choose, it is first necessary to know."