

400 MILLION CUSTOMERS

by
CARL CROW



With a New Foreword by Paul French

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No one liked the new cigarette

CHAPTER I

THE VERY PARTICULAR CUSTOMER

I HAD not been conducting my advertising agency many months before a visiting manufacturer who was looking for trade opportunities in China said to me: 'I suppose the Chinese will buy anything, provided the price is cheap enough.' That is an idea held by most people, even by some foreigners who live in China and should know better. In fact, I remember that I agreed with this manufacturer. It is easy to see how one might come to that conclusion. No one gets more enjoyment out of a bargain than the Chinese, or will search further or haggle more ardently to get one, but, on the other hand, no one will more stubbornly and successfully resist attempts to sell him something he does not want, no matter what the price may be. Mere cheapness is not enough to make him change his tastes or forget his prejudices. The widely prevailing demand for a distinct type of cigarette affords a good example of this and taught me my first lesson about the fixed tastes of the Chinese consumer. Cigarettes have almost entirely replaced the old-fashioned water-pipe in China, and the annual sales run into the billions of units.

Such American favourites as Camels, Lucky Strikes and Chesterfield are all stocked here, and sell for about two thirds of

the price charged for them at home, because the packets do not have to bear an internal revenue stamp and are free from other American taxes. These brands are sold, in fair to modest volume, to expatriate Americans, and to a few other foreigners, but not one packet out of a hundred is ever sold to a Chinese consumer. They prefer the flavour of the bright yellow 'Virginia' tobacco of which all popular British cigarettes are composed, and a few of these well-known brands have wide distribution and sale. All cigarettes made in China are of the British type. Chinese dislike the more aromatic blends of Virginia and Turkish or Virginia and Burley tobaccos which are used in the manufacture of all popular American cigarettes. Some experts in the tobacco business say that if a smoker ever changes from a straight Virginia to a blended cigarette he will never again become a straight Virginia smoker, that he will find them unsatisfactory after becoming accustomed to the more sophisticated blends. This must be true in America, where the blended cigarette and the theory both originated, for there the blended cigarettes have practically driven all others from the market.

One of our clients, representing very successful American manufacturers, thought the same theory would work out in China, and we felt so sure he was right that we undertook his blended cigarette advertising with a good deal more than the usual enthusiasm inspired by a new and potentially large advertising account. Nothing was overlooked in launching the venture. Salesmen got the brand stocked everywhere, and it was advertised by every approved method we or the manufacturers could think of. They were so certain of success that they were willing to let next year's business pay for this year's advertising, and they were generous in their anticipation of what future profits would be. Thanks to the assistance given by their New York advertising agency, one of the best in America, the campaign we put on in China was far better than anything that had ever been seen there before. But, in spite of all that we could do, the cigarettes remained on the dealers' shelves. Maybe the hypothesis that

anyone who changed to a blended cigarette would smoke that kind ever after really would prove correct in China, if given a fair trial. But we were never able to prove it. So far as we could discover, we never succeeded in getting a single Chinese to become a smoker of our brand of blended cigarettes, and so couldn't tell whether or not he would become a regular consumer once he got used to them. Any number tried to smoke them, but, after a few puffs, they found the taste both strange and odious and would not buy a second packet. The Chinese sales fell back to the zero point from which they had started, and the advertising campaign was dropped by common consent of everyone who had anything to do with it. The only satisfaction we got out of the experience was that everyone praised the advertising.

Not only do Chinese have very decided ideas as to what they like and dislike, but once they have become accustomed to a certain brand, no matter whether it be cigarettes, soap or tooth paste, they are the world's most loyal consumers, and will support a brand with a degree of unanimity and faithfulness which should bring tears of joy to the eyes of the manufacturer. There are, in every country, certain proprietary brands which are dominant in their field, but I doubt if any of them are so firmly entrenched as are some in China. In a recent very comprehensive market survey we found that a world famous British household soap enjoys such popularity in parts of North China that nine out of ten shops which sell soap do not stock any other brand, though dozens of cheaper competing soaps are on sale in this territory and a few manufactured locally. Once in a while, when there has been a flood or a drought, and the purchasing power of the local resident falls even lower than usual, he will buy a cheaper soap; but that is a temporary expedient, and with the return of a reasonable degree of prosperity he goes back to his old favourite brand, which was also the favourite of his grandfather. A big and apparently impregnable market like this is just the sort of thing other manufacturers like to train their heavy batteries on, and many of them have used up a lot of ammunition and made a lot

of noise, but without results. No doubt many of them have made a soap practically as good and offered it at a cheaper price, but not one of them has ever built up a volume of sales big enough to let our clients know that there is any serious competition in the field. The consumer who occasionally tries the competing soap because of its cheaper price may fully appreciate its good qualities, but he is not sure the next cake will be so good. He has been fooled before by manufacturers who do not maintain the quality of their products, and is therefore suspicious. On the other hand, he has full confidence in the old brand. He has used it for years, his father and his grandfather used it, and it has always been the same. The satisfactory domination of the North China market by this brand has a sound merchandising basis and is due to the high quality of the soap in a very difficult field. Most of the water in North China is extremely hard, and cheap soaps, which will produce a satisfactory lather in the soft rain-water of the Yangtze Valley, curdle in this water, which come from springs and wells and is full of alkali.

We once helped in an attempt to take some business away from a brand of cigarettes which, in another part of China, holds about the same dominant position in the tobacco field that this brand enjoys in the soap field. There is no secret about the blend of a cigarette which cannot be discovered by an expert, and our friends reproduced in their factory the blend of the popular brand with scientific exactness. In fact, to make doubly sure of success, they employed as their factory superintendent a man who had held a similar position in the competitor's company. Having perfected the blend, they improved the packet, making it, so far as cigarette packets go, a thing of beauty, with a gaudy landscape and with the red and gold lettering which the Chinese find so attractive. They packed the cigarettes in heavier tin foil and offered them at an appreciably lower price. A big advertising campaign was launched and crews of extra salesmen employed. A fair sale was built up. But we never succeeded, so far as we could learn, in getting a single consumer to change from

the old brand to the new one. We knew that the two cigarettes tasted alike, because they were made in exactly the same way from identical proportions of the same grades and qualities of tobacco, and it was impossible for them to taste differently. But the consumer, taking a puff of one and then of the other, laughed at the idea that the taste was identical and kept on smoking the older and more expensive cigarette. Ours was only one of many attempts which have been made by other manufacturers to take business away from this popular brand. In fact, when a new cigarette manufacturer enters the Chinese market that is usually the first thing he tries to do, but no one has ever been any more successful than we were.

It is because of the Chinese loyalty to a brand and their suspicion of any change that manufacturers are so reluctant to make any change in a packet, no matter how trivial. Though they put great faith in the integrity of a brand with which they are familiar, Chinese appear to be in constant fear that the manufacturer will take advantage of that faith and palm off inferior goods, or that someone will fool them with a closely imitated packet. The result is that the least change, even such an unimportant change as a street number, will arouse their suspicions and make them refuse to accept the goods. It is remarkable how quickly Chinese will discover a small change in a packet or label, though it may be printed in a language they cannot read. One of the precautions they always take is to count the number of letters in a brand name to see if the total is correct. Their test, however, is rather futile, for imitators know this and the number of letters in an imitation brand is always the same as the number in the genuine. In advertising, the picture of the packet must be an exact reproduction down to the most minute detail. In the British advertising we place in China we are very rarely able to use the pictures of packets sent to us by the manufacturer. They are quite suitable for advertising in other countries, but are either too sketchy or too inaccurate for China. In cigarette posters the packet is always shown opened so as to display the contents. This is done to show

the bright yellow colour of the tobacco and to offer visual evidence of the fact that the packet actually contains ten cigarettes. A Shanghai manufacturer once printed several hundred thousand posters before it was discovered that only nine cigarettes were shown protruding from the packet. That made the posters valueless for advertising and they had to be destroyed.

It would be very felicitous to be able to give to advertising the credit for creating all or a major portion of the popular prejudices and preferences of the Chinese in favour of certain brands, but candour compels me to admit that most of the foreign articles which enjoy a dominant position in China attained that position solely through reputable age; they were widely and profitably sold before there was any advertising in the country worthy of the name. That is true of the soap and cigarettes referred to above and of many other brands representing various lines of manufacture. Of course, the manufacturers of these pioneer products were fortunate enough to get their goods established and popularised before there was any competition, and they had a free field. When given an opportunity to buy their first cigarette and their first cake of soap the Chinese made their own investigations and came to their own conclusions without the aid of advertising and without any suggestion from the manufacturer. In fact, the reason for the popularity of some old brands remains something of a mystery to everyone who knows anything about merchandising in China. Take, for example, the brand of cigarettes which is so popular. If I had never heard of this cigarette, were shown a packet for the first time and asked my opinion as to the possibilities for its sale in China, I would have no hesitation in saying that it didn't have a chance. The same judgement would be passed on it, I believe, by almost everyone else who knows anything about the cigarette business. The quality of the cigarette is unquestioned, but nothing about the packet is right, according to present-day theories, and there are many things about it that are distinctly wrong. According to most merchandising experts, a cigarette which is poorly packed will never be widely sold, but

in this instance the theory does not work. It is the biggest seller in China and in some places outsells all other brands by a proportion of three to one.

The trade in Hamburg horse shoes offers a very interesting and illuminating example of the way the Chinese come to their own conclusions regarding the merits of a piece of merchandise and form an opinion from which it appears impossible to divorce them. At one time or another, almost every conceivable kind of merchandise has been shipped to China on the off chance that some use would be found for it and that a market would be built up. In the days when the sailing ships came out half empty and returned with their holds full of tea and other China produce, any cargo that would provide suitable ballast was welcome, and would be carried free or at very low freight rates. Among the strange items which came to China during this period was a shipment of old horse shoes from Hamburg — horse shoes which had been worn so thin that it was impossible to put new caulks



Old horse shoes made good razor blades

on them. The consignee hoped they would find a sale, but he had very dubious ideas as to what they would be used for. All that he knew was that Chinese blacksmiths were always hammering useful objects out of all kinds of odds and ends of iron and steel, and he hoped they could make something saleable out of horse shoes. This seemed quite a reasonable expectation, for the skill and inventiveness of the Chinese blacksmith should arouse the envy of his fellow craftsmen in most other parts of the world. The horse shoe dealer's hopes were soon justified, for the smiths discovered that the discarded shoes, when cut in two, provided ideal material for the manufacture of the Chinese razor, which is really nothing more than a glorified and very finely tempered knife with a blade that is thick and broad. There was a big and steady demand for these razors, and soon 'Hamburg horse shoes' became a staple article of commerce in the China trade.

Junk dealers in a great many other cities had old worn-out horse shoes they wanted to get rid of, and soon there were shipments to China from New York, Liverpool, Paris and many other places. But the Chinese blacksmiths were unanimous in refusing to purchase these substitutes. They maintained that the great size and weight of the German draft horses, and the day by day hammering of the horse shoes on the cobbled streets of Hamburg, gave the old shoes a size and a temper which was just right for the manufacture of razors, and could not be duplicated in any other city. Hamburg became the old-horse-shoe centre of the world and, unless the old shoes were shipped from there, they found no market. As a result, horse shoes from all quarters were assembled there for shipment and sale to China. The fact that horse shoes from Paris or New York which reached China in Hamburg bottoms were found to be entirely satisfactory proves, perhaps, that there was nothing in the original theory of the tempering effect of Hamburg's cobbles, but it was typical of the Chinese to discover, or to think that they had discovered, a definite superiority in the horse shoes from one particular city and then to stick to their convictions.