CASES IN 4D VERTISING

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Cases in Advertising

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Macmillan Publishing Co., Inc.
New York

Collier Macmillan Publishers
London

Printed in the United States of America

Macmillan Publishing Co., Inc.
866 Third Avenue, New York, New York 10022
Collier Macmillan Canada, Ltd.

Library of Congress Cataloging in Publication Data

Weilbacher, William M
Cases in advertising.

Includes index.
1. Advertising–United States–Case studies.
I. Title.
HF5813.U6W4 659.2'0973 80-13540
ISBN 0-02-425120-8

Printing: 1 2 3 4 5 6 7 8 Year: 1 2 3 4 5 6 7 8

This book is for GLADYS MANNING WEILBACHER

Preface

This is a book of cases that reflect the practice of advertising. In developing the cases that appear in this volume, particular attention has been paid to ensuring their reality. The cases reflect reality in several senses. They reflect real advertising decisions and real advertising processes. They reflect real advertising research information as it is applied—and sometimes misapplied—in advertising decisions and processes. They reflect the reality of individual personalities as they interact in the process of advertising and advertising decision making.

The emphasis on reality is based upon my conviction that the teaching of advertising can be dramatically enhanced by materials and situations that reflect the world of the advertising practitioner. In this approach the emphasis is on advertising as a useful business tool. Of course, advertising is not necessarily or even usually an easy business tool to use. Successful advertising requires hard thinking, relevant research, a practiced sense of how the advertising process works, and an intensity in and dedication to building advertising successes.

Many advertising students seem to find it particularly hard to grasp the realities and difficulties of advertising practice because of the knowledge of and prejudices about advertising that they have continuously acquired as advertising recipients, long before they ever appear as students in a formal course about advertising. These cases are consciously designed to help the student understand the world of the advertising practitioner and how the practitioner works to make advertising into a successful business tool.

Advertising is a business that depends very heavily upon the creativity of its practitioners. They must develop creative marketing ideas and programs; they must develop creative advertising copy ideas and campaigns; they must develop creative advertising media ideas and campaigns. Too often the word "creativity" is taken to be synonymous with loose thinking or an irresponsible license in the presentation of ideas about products. My own experience as a practitioner has demonstrated how erroneous this conception of advertising creativity is. Advertising creativity is most effective when it operates in a disciplined environment. It is the need for discipline, for rationality, as a backdrop for creative thinking that leads to the emphasis that is put upon information and upon research findings by so many advertisers. I have especially tried to reflect this emphasis in this book of cases: the cases are data rich. The student is continuously, therefore, confronted with data and research materials that reflect the essentials of each of the portrayed advertising situations in a disciplined, rational way. Thus the student's own creativity is directed and channeled as he develops his solution to the questions that accompany each case.

The questions themselves have been very carefully developed to accurately reflect the kinds of issues that the practitioner faces in each of the case situations. They also reflect my teaching experience, which suggests that case questions do most to stimulate students and their learning experiences when they are required to project themselves accurately into the situation portrayed in the case. The successful student will be stimulated by

these case questions to think like a practitioner and to respond to the case situation exactly as a practitioner would.

The cases in this book have two intrinsic characteristics that deserve comment. First of all they are long. And they are based upon imaginary situations rather than upon the experience of real companies.

The cases are long rather than short in order to reflect the variety of advertising (and marketing) issues that almost invariably arise in any particular advertising decision situation. This variety of issues arises even though the advertising decision to be made is primarily concerned with one advertising element like creative development, or media planning, or market testing of advertising programs, or whatever. Thus, the cases are long in order to reflect the way in which advertising issues present themselves to the decision maker in real life. The reality of advertising practice is dense and ambiguous: short cases simply cannot reflect these real life characteristics.

The cases are based upon imaginary situations as a result of conscious choice. It is a great temptation to use real companies, real situations, real people, and real data. The use of such elements creates an illusion that appears to be lifelike. The alternative is to create imaginary case situations that are molded very closely on life. With the latter approach the author gains several degrees of freedom. He may reflect some of those aspects of advertising that rarely seem to find their way into advertising cases that are based upon real companies and events. I am thinking especially of the elements in advertising decision situations that reflect personality and organizational peculiarities. Advertising practitioners do not always behave either rationally or in ignorance of their own self interest and advertising decisions are often affected. The importance of the human element is not, of course, limited to advertising. For example, Daniel J. Kevles has this to say about the importance of the human element in the history of science in this country:

> Scientists know how human an enterprise science is, if only from the strong interest they feel in the award of credit for priority of discovery or from their community's practice of naming theories, effects and experiments after particular people. Science is shaped in the endlessly unpredictable way that social and family environment work upon individual temperament and imagination and the way that professional circumstances meld with the ordinary drives for money, status and power.*

The book is designed to supplement standard advertising texts. It is, of course, particularly well-suited as a supplement to *Advertising.*** But its general organization and emphasis on the reality of advertising make it compatible with the other leading advertising texts. It can be used with both undergraduate and graduate students. It is neither elementary or advanced: it simply reflects advertising practice as it exists. The more mature the student, the more of this reality will be absorbed and resolved, but the situations and issues remain the same regardless of the sophistication of the student or, one might add, of the advertising practitioner. No compromises are made with reality because such compromises do not make the life that the case reflects easier for the student—only more frustrating.

In assigning material of the kind contained in this book to my students, I always make several suggestions to them about how it should be handled.

* Daniel J. Kevles, *The Physicists,* Alfred A. Knopf, New York, 1978, p x.
** William M. Weilbacher, *Advertising,* Macmillan Publishing Co., Inc., New York, 1979.

1. I urge them to immerse themselves in the case itself—to read it through carefully and with thorough concentration. Almost all of the material in the case is relevant in one way or another to an understanding of the situation portrayed and the questions that are raised at the end of the case. An understanding of the arguments and the issues of the case is an imperative first step toward solution.
2. After they believe they *understand* the case, I propose that they try to identify the significant issues and the relevant advertising decisions related to these issues. Paper and pencil help here. I suggest that the students jot down what might have to be decided as a result of the material in the case and what the most appropriate advertising moves might be in each instance. A development of this context makes it easier to answer whatever actual questions are to be answered because the student has begun to feel—if he has done the job—all of the conflicting pressures and issues that the actual decision-maker becomes aware of in reaching an advertising decision.
3. Finally, I suggest that the student begin to develop his answers to the assigned questions. I implore him to be succinct: that is, to have thought through the implications of the case and his specific answers so that they may be stated with simple directness and clarity rather than in muddled verbosity. And I encourage the student to make explicit the assumptions that he has made in answering the questions. I tend to accept almost any reasonable formulation, as long as its underpinnings are explicit, and I tend to mark down unwarranted or unexplained leaps of fancy.

Over forty people responded to my request to reproduce the advertisements that appear in Case 5. Without exception, these representatives of their outstanding companies were enthusiastically helpful in clearing my request through the proper channels and in supplying the materials reproduced here. If there is not enough space to acknowledge their contributions individually, I am no less grateful for it.

Regis Redin served as art director in the preparation of advertising for Mid American Airlines and Sinugard. I admire the crisp specificity of her work. She is a good-natured and dedicated professional, and I am indebted to her for her contribution. Nancy Munro typed the text from my incomprehensible longhand with tenacity and good will, and I am grateful for her help. Martha M. Weilbacher consulted on matters of style and grammar, and, although some of the fires continue to burn, it appears that our marriage will survive.

W.M.W.

Cases in Advertising

Contents

Case 1

Advertising and the Marketing Process

THE AMELIA ETERNAL COMPANY DETERMINES ADVERTISING POLICY

The Amelia Eternal Company was started in 1956 by Henry J. Litt. Litt was a graduate chemist. He had received his B.S. degree in chemistry from a smallish southwestern university in June of 1942. Within weeks of his graduation, he was inducted into the United States Army. At the conclusion of his army service, he applied for and was hired as a junior chemist in the product development department of Eudora Compleat, Inc., a medium-sized California fragrance and cosmetic manufacturer.

He stayed with Eudora Compleat, Inc. for almost ten years, gaining product development experience that was subsequently invaluable to him. In the years from 1947 to 1951 he pursued a master's degree in business administration in the evening studies program of the graduate business school of a large southern California university. He received his M.S. in business administration with a specialization in management and finance, and then, in the next four or five years took odd evening courses at the same university, some in marketing, some in applied chemistry, and some, for the pure exhilaration of it, in modern American literature.

In 1954, Litt was promoted to associate director of product development of Eudora Compleat. In this job, he served as chief operating officer for a laboratory group of fifteen chemists, technicians, and other specialists. He reported to Johnathan Springford, Ph.D., who had executive responsibility for product-development work at Eudora Compleat, was seven years older than Litt and who was, by Litt's admission, an able administrator with a real flair for cosmetic and fragrance development.

Litt was well paid by Eudora Compleat, was fully vested in a generous profit-sharing plan that served as the company's pension program, and was the recipient of a modest but satisfying range of fringe benefits which included a company car and membership in the company's executive dining room.

Litt could not say that he was bored in his work for Eudora Compleat since he in fact, was, not. He liked his peers and associates and he did not find working for Springford to be burdensome. He was in continuous interaction with the marketing people in the firm and had developed a singular rapport with them. His product-development philosophy was to develop and perfect products that the marketing people found easy to sell: that is, he believed that product-development work was pointless if it did not respond to needs that were real for consumers. As he pursued this point of view, he turned naturally to the marketing people and asked them, what products in effect, they felt were most wanted by consumers. This product-development-marketing relationship was an important element in the continuing success of Eudora Compleat and in retrospect it is not at all hard to understand why this would be so. Nevertheless, Litt's fraternization with the marketing people did not always make Springford happy.

"Look here, Henry," Springford remarked at lunch in the executive dining room one spring day in 1952, "I think you spend too much time hobnobbing with those guys over in sales, or whatever they call themselves now–marketing, is it? You put yourself in a vulnerable position when you do that, seems to me."

"What do you mean, 'vulnerable,' Johnny?" asked Litt. "Those guys are supposed to know what all those ladies that they're trying to sell to want to buy, aren't they? If that's true, and I think it is, then why shouldn't I spend time with them? The more I know what they think they can sell, the more likely we are to develop a product that consumers will like–and that *will* sell, therefore, and make the company money, and you happy. You got me stumped, Johnny: How can that make me vulnerable?"

"You don't know those sa–, uh, marketing guys, Henry," responded Springford. "They're fair weather friends. It's all right if you develop the products they ask for, and they sell through and make a success. But the marketing people won't always be right about what will sell, Henry. As a matter of fact, they're certain to be wrong at least some of the time. And when they give you wrong direction, it won't be their advice they'll blame–it will be your product. I say that part of *our* job is to develop those products that we know consumers want from *our* own experience and observation and from *our* knowledge of what our technology will permit us to do. Then give those products that *we* have confidence in to the sales department and it's their responsibility to sell them. If they don't do it, it's their fault, because we know how good those products that we developed from our own expertise and resources are to begin with. That's what I think, Henry, and I wish you wouldn't be so damned chummy with those sales guys. They really are setting you up for a fall."

"Okay, Johnny, I understand what you're saying," said Litt, "and what you're not saying, too: You're suggesting that maybe I've been a little naive with these marketing boys, aren't you?"

"I didn't say that, Henry," replied Springford, rather sharply. "I think what you've been doing is one way to approach your job, and if I was in your position, I'm not saying that I wouldn't have done the same thing. I'm not even suggesting that you cut it totally out–just tone it down."

Litt recognized at once that this was a topic that Springford felt strongly about. It was rare for Springford to talk about any subject either at length or with much seeming

sense of conviction. He was man of mild manner, and Litt had never before heard him swear for any reason, business related or not. But there was one statement that Springford had made that confused Litt, and he kept the conversation going because of it:

"Okay, Johnny, fair enough. I'll keep my natural conviviality and outgoingness in check," he replied with a smile. "But you said something just now that I didn't understand at all. You said that the marketing people are 'certain to be wrong at least some of the time.' Why is that Johnny? If those guys don't know what will sell, who, for heaven's sake, does?"

"The point I was making," replied Springford, "is that the sales or marketing people, or whoever, almost never talk to the women who use our cosmetics; and, if they do talk to them, they don't talk to them in any organized way. They are in touch with their customers, but their customers are *trade* customers, not ultimate customers. The trade doesn't necessarily know what's really going on in their stores, and sometimes, when they talk as though they do, they are really just reflecting their own prejudices."

"You mean," said Litt, breaking in abruptly, "that the buyers in department stores and drug chains, and in the drug wholesalers, don't really know what their customers want?"

"Why should they?" responded Springford. "They talk to their wives and to women they meet at cocktail parties, but that isn't a valid reflection of the consuming public. And, of course, they have a kind of general knowledge of their sales, but that only reflects what's selling now and not necessarily what will sell in the future. That's what I meant when I said that our sales guys were almost certain to be wrong about the kind of products that the public wants, at least some of the time."

So ended the conversation between Litt and Springford about the reliability of the Eudora Compleat sales force as a source of new product ideas. Litt did not really agree with Springford's belief that new product ideas should come solely from new product development personnel, reflecting only their own intuitions and technical know-how.

"If the sales people can't be trusted to reflect the needs of the consumer, there must be some other way to keep in touch with those needs," reasoned Litt. But this was as far as his thought about the topic went in 1952. Litt might have investigated the potential of marketing research to identify consumer new-product needs, but the thought never occurred to him. He was, after all, primarily interested in chemistry and its new product-development implications. Having majored in management and finance in business school, he had probably never heard of marketing research; and, if he had, it was in passing, without serious study. And, of course, in 1952 marketing research was little more than an emerging art, the early manifestations of which rarely, if ever, dealt with a determination of the kinds of new products that women might wish in fragrances and cosmetics. Eudora Compleat did not have a market research department until 1967. And so, in ignorance of marketing research and with other matters of considerably greater importance on his mind, Litt simply forgot about this conversation with Springford, except to consciously curtail the amount of contact that he had with the Eudora Compleat marketing staff.

Some weeks later, arriving home after work, Litt was confronted by his wife Amelia. "Henry," she said, "we've had some real problems around here. The plumber has been here all day. The septic tank has been overflowing since this morning."

"Why is that?" asked Litt. "The bacterial action in the tank is supposed to go on forever. Those tanks are supposed to be trouble free forever—at least that's what the guy who sold us the place said."

"Well, that's right, Henry," said Amelia, "and that's what I told Luke Long, the plumber—but he just laughed. Luke said that everyone in the neighborhood has the same problem. There's something in the detergents that we all use that destroys the bacterial action in the tank, and then the trouble begins."

This innocent exchange marked the beginning of the Amelia Eternal Company. The problem of the detergent destruction of septic-tank bacterial action intrigued Henry Litt. He set up a small crude laboratory in his basement to see if he could figure out just what chemical and biological activity was involved, hoping that perhaps he might find a way to offset the detergent activity. Weeks passed, the laboratory gradually expanded and the equipment became more and more sophisticated as Litt spent more and more of his spare time trying to solve the problem.

Early in 1953, Litt developed a detergent product that tended to exhaust itself after combination with water for twenty or twenty-five minutes. Litt had identified the phosphate ingredient found in all commercial detergents as the element that attacked and destroyed active bacteria in household waste-disposal systems. He could not find a substitute for this phosphate ingredient in 1952 (although he and other detergent manufacturers did develop phosphate substitutes in later years). His solution was to render the phosphate harmless to bacterial action in waste-disposal systems *after* it performed its cleaning chores but before it had a chance to do further damage. The Litt detergent did an excellent job of washing dishes for lengths of time up to and including ninety minutes. But, meanwhile, a chemical change had taken place that rendered the phosphate ingredient harmless. Litt applied for, and ultimately received a United States patent for his process and formula. In the meantime, he made up two-gallon batches of the product for the use of his wife and the neighbors.

The product did an excellent job in the tasks of conventional light-duty liquid detergents: that is, in washing dishes and in bowl-washing of lingerie and other delicate clothing. It seemed mild to the hands and all the users reported that its cleaning properties were excellent. The women who used the Litt detergent were relatively indifferent, however, to Litt's claim that the product would not interfere with the functioning of the home-waste disposal systems.

"Henry, you've got a problem convincing me or my friends that your detergent won't hurt the septic tank," said Amelia one evening when they were discussing his new detergent. "First of all, the septic-tank protective feature is like preventive medicine. If it works, we won't know it for a long time; and, of course, we'll never be certain that it has worked because the septic tank can always go haywire anytime. But Luke Long says that you've only solved a little bit of the problem."

"Who is Luke Long, and what does he know, Amelia?" asked Litt.

"He's the plumber; you remember Luke," said Amelia. "And he knows, because he's the one who has to deal with the septic tank backups. He says the biggest volume of detergent going into the septic tanks is powdered laundry detergent, not the liquid. And because the laundry powders are stronger and more concentrated, he says, they are the things that really cause the trouble.

"But, anyway, Henry, can you make up about twenty gallons of that stuff of yours and put it in one-quart jars? Mildred Allenby, on the other side of the development, wants to pass some out among her friends."

"Hold on, Amelia," replied Litt. "That stuff of mine costs money to make. Maybe what we ought to do is sell some to Mildred, and let her resell it to her friends. Maybe she

could even make a profit! But what good will it do her, or them, if the real villian is the laundry detergents?"

Litt solved the laundry-detergent problem in late 1953. By early 1954, he had made an arrangement with a contract packer of household cleaning items. Under the Power Safe brand name, he was selling about $2,000 worth of light duty and laundry detergents a week to a group of about thirty women, recruited by his wife, who in turn sold the products to their friends and neighbors. The price, suggested by Litt, yielded the saleswomen a 35 percent profit on each package of Power Safe they sold.

Litt resigned from Eudora Compleat, Inc. on September 1, 1954 and never again worked for anyone but himself in the newly incorporated Amelia Eternal Company. He was president and his wife, Amelia, was secretary-treasurer.

As Litt and his wife thought about their new enterprise and tried to determine what they should do to make it prosper and grow, they came to two basic conclusions. At first, these conclusions were not conclusions at all, but rather merely inclinations that they both seemed to share, almost intuitively.

The first of these inclinations was that they should move toward the production of their own products, as quickly as they could afford it from income and profits and/or as soon as their financial statements were sufficiently respectable to justify bank loans for the construction of their own production facilities. As Henry Litt put it, "Amelia, we have to make what we sell. By 'we' I mean our company, not contract packers or other outsiders. I don't want other people knowing our formulas, and I don't want outsiders responsible for our quality. This company will stand or fall on the quality of its products. If it falls, I want the satisfaction of knowing that it was our mistake, and not some guy who isn't part of Amelia Eternal."

Their second inclination was that there should be no middlemen in the Amelia Eternal marketing chain. "We'll sell as much of our product as we can, ourselves, direct to our customers," said Litt. "But, we already know that we won't have time to do much of that. So, we'll sell to others who sell to consumers, but only on a direct basis. No wholesalers, no company salesmen, no retail outlets, none of that. I never want to be more than one person away from the consumer, and I want that one person in the middle to have as much at stake personally as I do in the products of Amelia Eternal."

"Do we have to hire them, Henry?" asked Amelia. "I mean we haven't done that yet, and I think our representatives prefer to work for themselves. At least it seems to me that the best ones aren't the type that will ever work for anyone else, if they can help it."

"Let's keep it that way, Amelia," said Litt, "at least for as long as we can. Some others seem to be able to do it. Avon, for example. Let's not be greedy, either. Let our people make as much money as they can. The more they make, the more we make, after all, and if they end up rich, we'll end up very rich, won't we?"

Exhibit 1-1 shows the sales growth of Amelia Eternal from 1954 through 1979. As the sales data reveal, the company grew dramatically between 1954 and 1975, and sales evened out in the years following 1975. Nevertheless, even with the sales sluggishness of the late 1970s Amelia Eternal was a gigantic enterprise by any system of reckoning.

Henry and Amelia Litt's original inclinations about how the business should be run gradually hardened into firm policies. By 1975 the company produced seventy-nine different household cleaning products under the Power Safe brand name. The original Power Safe liquid and powdered detergents were still in the line, as were improved, nonphos-

EXHIBIT 1-1
Specimen Data: Dollar Sales of Amelia Eternal Company, 1954–1979

1954	29,000
1955	64,000
1956	122,000
1957	342,000
1958	456,000
1959	872,000
1960	2,899,000
1961	6,924,000
1962	12,784,000
1963	18,642,000
1964	28,642,000
1965	39,827,000
1966	47,832,000
1967	61,531,000
1968	72,963,000
1969	84,662,000
1970	91,249,000
1971	101,632,000
1972	109,724,000
1973	115,861,000
1974	123,842,000
1975	128,321,000
1976	129,673,000
1977	131,421,000
1978	127,320,000
1979	132,634,000

phate, extra-strength versions of both. In addition, the line included floor and rug cleaners, upholstery cleaners, pet shampoos, window-washing solutions, automobile cleansing lotions and waxes, refrigerator shiners, and on and on. There was literally no product for home cleaning that the Litts and their product-development staff could think of that had not been included in the Power Safe line. These products were manufactured in three geographically dispersed plants: one in Southern California, one in Mississippi, and one in upstate New York.

Drawing on his experience with Eudora Compleat, Litt introduced lines of facial-treatment, cosmetic, fragrance, and hair-care products to the company product roster in 1957. These lines grew strongly over the years as new brand names were introduced and as existing brand lines were expanded. By the early 1970s there were five or six cosmetic brands in the line at any one time, as well as ten to twelve fragrance brands, three treatment brands and three or four hair-care brands. Collectively, these various lines and brands constituted a total of 706 individual items, not counting shades, in 1979.

This proliferation of makeup lines and brands had many advantages. In the first place, it permitted the company to present products at a variety of price points, each competitive to those that existed in the retail marketplace. Secondly, the variety of makeup brands gave Amelia Eternal considerable flexibility in meeting both the needs of their customers and their individual sales resistances. Whatever objection a potential purchaser

might have against a particular item in a particular line of merchandise, there was always another comparable item from another brand within the line that might overcome the objection.

In addition, the arrangement facilitated the introduction of new makeup products into the company's lines and the discontinuation of products whose sales potential had been exhausted. New makeup formulations could be introduced into a single brand line, for example, and, if they were successful, expanded to other brand lines. This approach tended to minimize the costs of introducing new products while providing a flexible format for assessing consumer response to all of the new product ideas that were developed in the research and development laboratories. Meanwhile, if it were necessary to discontinue an item within a brand, it was frequently possible for the sales representative to offer a comparable substitute product from another company brand.

Finally, the proliferation of lines and brands provided an ideal basis for developing promotional programs of one kind or another with the sales representative group. It was relatively easy to direct sales attention to one brand of merchandise or another by offering special extra discounts or bonus gift-merchandise point certificates for sales of one or two items from the brand during the promotional period. Such promotions tended to develop extra sales across the brand as a whole and thus provided not only sales stimulation, but also extra incentive to the sales representative groups.

The cosmetic, facial-treatment, hair-care, and fragrance products are all manufactured by Amelia Eternal in their own plants. There are three Amelia Eternal cosmetic, facial-treatment, hair-care, and fragrance production plants. They are adjacent to, but physically separate from, the plants that produce the household cleaning products. Litt had considered producing all of the Amelia Eternal products within a single plant facility, and in fact, in the early days of the company, this is exactly how it had been done. But, as sales and profits grew, Litt decided to separate the two production processes. There were production economics to be realized from combined production facilities, but they were relatively minor.

More important, however, was Litt's strong feeling that the two types of products simply did not belong together in the same production plant. As he explained his feeling to Amelia: "It's just not right to be making fine fragrances right next to dog shampoos, and, even though it doesn't make any difference, really, I still don't like it one bit. Eventually, we want to encourage our sales representatives to visit our factories. The factories must appear to have the same characteristics that we say our products have. If we say that our products have the highest possible quality and are made of pure non-synthetic ingredients, it seems to me that this will be a lot more believable if we separate the household products from the makeup products—don't you agree, Amelia?"

Amelia agreed, and that was that. The Amelia Eternal household products were produced in sparkling new factories that were distinct from, yet adjacent to, the sparkling new factories that turned out the four product categories that the Litt's referred to, collectively, as makeup products.

All of Amelia Eternal makeup products were designed to be effective, yet without side effects either for the environment or for the user herself. This principle had been established at the very beginning when the liquid and laundry detergents had been designed to protect the bacterial action of home waste-disposal systems.

But the principle was generalized to all of the subsequent product-development work. As Litt put it in his introductory speech to new research and development employees: "We design products here to have two distinct characteristics. They must do what they

are designed to do, but, beyond that, our products must be completely benign. This means that our products don't do anything they aren't supposed to do. They musn't upset the bacterial action in septic tanks; they musn't give pet dogs skin sores; they musn't cause allergic reactions to those who use them; they musn't discolor fabrics or cause fabrics to wear out prematurely.

"If there is ever a doubt in your mind about a product, then that product should not enter the Amelia Eternal line. And, I charge you with the responsibility of devising a broad range of tests to assure yourselves and Amelia and me that every product that is introduced by Amelia Eternal has these characteristics."

Thus, it happened that Amelia Eternal household products were biodegradable and Amelia Eternal makeup products were hypoallergenic before those words found their way into the American vocabulary. Litt did not set out to make products with these specific characteristics; rather, he set out to produce products that would do exactly what they were supposed to for the consumer, without, at the same time being in any way objectionable. This made his products biodegradable and hypoallergenic, but it made them considerably more. Amelia Eternal products were simply and totally acceptable to consumers, and Litt insisted that any consumer objection or complaint about any of his products that was revealed to the sales representatives be brought to his personal attention, at once.

Over the years this policy became a powerful factor in the success of Amelia Eternal. The reputation of the company's products grew by word of mouth, and this policy was continually presented as a strong selling point by the Amelia Eternal representatives. As the decade of the seventies unfolded, it was true that no Amelia Eternal product, household or makeup, had ever contained an ingredient subsequently found or suspected to be carcinogenic.

The growth of the sales representative organization paralleled Amelia Eternal dollar-sales growth. As Exhibit 1-2 reveals, the size of the Amelia Eternal sales-representative force stood at 34 on December 31, 1954, and at 63,099 on the same date in 1979.

The Litt policy of direct selling to consumers through sales representatives had been refined and articulated over the years. In the beginning, of course, the sales-representative staff had been a small group of Amelia's friends and neighbors, hand picked by her. For a year or two this system worked satisfactorily, as the business gradually grew in the geographic area around the housing development in which the Litt's lived. Shortly, however, requests began to arrive for Amelia Eternal products from friends and relatives of the California sales representatives. These friends and relatives were widely dispersed geographically, and it was no longer feasible for Amelia Litt to screen them, nor to train them. The way to increased sales was clearly through an expansion of the Amelia Eternal sales-representative staff. But it was equally clear that some sort of plan would have to be developed so that this expansion could take place in an orderly way and to insure that the sales-representative force would develop a dedication and integrity that would match the qualities of Amelia Eternal products themselves. Amelia and Henry discussed the problem in mid-1955.

"I think that what we should do, Henry," said Amelia, "is to let anyone sell our products who wants to. Put them on a cash-with-order basis, and just 'let it rip.'"

"We can't be that free and easy about it, Amelia," replied Henry. "We have to have some assurance that the people who are representing us are going to put the company in a good light, that they are honest, and that they will work hard. Beyond that, we've got to