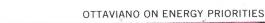


REXFORD ON MERCHANDISING







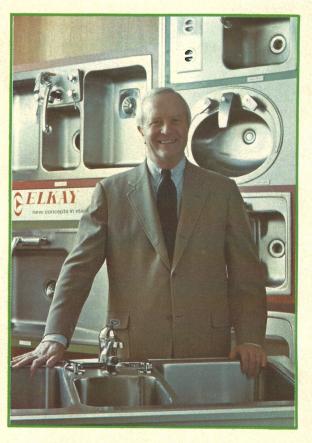


SOLAR PRODUCTS UPDATE

## WHAT'S WRONG WITH PHC MERCHANDISING?

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# WHAT'S WRONG WITH PLUMBING INDUSTRY MERCHANDISING?



☐ Fred Rexford, vice presidentmarketing of Elkay Mfg. Co., thinks plumbing industry merchandising is stagnant. Since 1957, Rexford has had a major voice and been a mover in the merchandising programs of the plumbing industry, on an industry-wide basis, as well as in the interest of his own concern, a leading manufacturer of stainless steel sinks, faucets and water coolers. Few others are as extensively familiar with the industry's merchandising and promotional programs. DE/Journal recently interviewed Mr. Rexford for his current appraisal of plumbing industry merchandising. Excerpts from the conversation follow.

Q: You feel there's a lack of excitement in plumbing industry merchandising today. What about past programs, such as Privazoning, Sinkronizing, Water-Right House, etc. Did they fail? Rexford: "They didn't fail, but they didn't succeed as they should have because we didn't have a continuity of support from the entire industry — the plumbing contractor, the wholesaler and the manufacturer. There was not a uniform, long-term effort.

"Industry-wide programs are not necessarily out-of-date. But consider: There's only one organization in the plumbing industry that supposedly is supported by all facets of the industry, the Plumbing-Heating-Cooling Information Bureau. Yet only a few manufacturers. wholesalers, contractors and representatives participate. In my term of office as president of PHCIB, we took the basic idea of Sinkronizing-which was an Elkay program to sell not one sink in a home, but four or five or six-and we turned it around to call it WaterRight House so the entire industry could use it. We had WaterRight Houses from Dubuque to Alabama. It was successful-but not consistently

successful because it was not properly funded by everyone in the industry who benefited. We were talking about a water heater that was big enough to do the job, a better bathtub, more water closets, etc. The Plumbing Fixture Manufacturers Assn.'s Privazoning campaign should have been a tremendous success; it was only a limited success for the same reason.

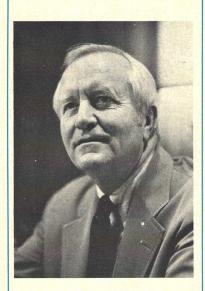
"There has been a residue to many of these promotions; we do sell more equipment in a home today than we did 25 years ago. But too often the industry or a company has eliminated the program they had last year to take on a new one, when the last one was probably better. And the industry has not been willing to properly fund PHCIB. I can't tell you what the funding method should be-I'm sure it can't be a tax, it can't be based on manufactured units or something of that sort. I do not think PHCIB should be a training organization, or merely a publicity organization.

"Until my term as president of PHCIB, it was basically a publicity arm. They placed articles in newspapers, still do, and do a pretty good job of it. This is a service to the industry, but it should also be the promotional arm of this business to the consumer. During my term of office, we were successful in getting quite a few people to participate in such an effort. We ran an advertising campaign to the consumer. We had press parties, we told the story. But it wasn't carried on to a successful conclusion. One problem with PHCIB: One year the president is a manufacturer, the next year a plumbing contractor and the next year a wholesaler. It becomes an 'honorary' situation. Perhaps the biggest problem:

"We are basically promoting the use of water, but all water is public-usually provided by municipalities. We don't have electric utilities and gas utilities to provide direct support. In the

plumbing industry, the manufacturers, the wholesalers and the plumbing contractors must do it for themselves.

"The total dollar volume of our national industry is huge. Yet we can only raise a pittance for an industry promotion organization. It's ridiculous. It costs Elkay more money to belong to ARI for the water cooler industry than it does to belong to PHCIB. We have the vehicle, PHCIB, but we don't have any tires on it or any gasoline in the tank. We've got the body of the car but it's not going anyplace. It's shamefuland it's not in the public interest."



Fred W. Rexford joined Elkay Mfg. Co. in January, 1957, as director of sales. He had served as vice president of Globe American Co., was with Tappan Stove Co. and was vice president of Thor Corp. A long time member of the Board of Directors of the Plumbing-Heating-Cooling Information Bureau, he has served as president and then chairman of the board of that organization and is currently a director emeritus. He is also a member of the board of directors of the Producer's Council Inc., a national organization of building product manufacturers, serving currently as first vice president. A graduate of the School of Journalism of the University of Missouri where he majored in advertising, he also holds a business degree from Davenport-McLaughlin Institute, Grand Rapids, Mich. He entered business after service in World War II, as a Lt. Colonel airborne artillery with the XVIII Airborne Corps, serving in the European Theater of Operations.

#### Q: What do "people" have to do with this current lack of excitement?

Rexford: "I believe one reason for the problem is that we're going through a devastating transition of people in the plumbing industry. The family companies that ran their own show, on the manufacturing and wholesale side of the business-and to some extent on the contractor side of the business—are being purchased or combined with other organizations. This can be good in some ways, but it can also mean too much centralization to make this industry really pop because there are fewer individual pocketbooks involved. An example of problems with people: We spent a lot of money trying to get our representative organizations to bring in qualified younger people, and qualified doesn't mean you can hire them for \$10,000 a year. You've got to get a man who can further a basic organization; he must have a piece of the action. If this isn't done, the rep organizations are going to die and they are an important factor in this industry.

"About five years ago we agreed to pay one-half the salary of anybody that our representatives would hire if they would get a junior or a sophomore in college; we'd do it for two years, if the man was a sophomore, to hold him with our industry. It was about 25 percent successful. We had to drop the program. The first thing we knew they were saying, 'My son, or cousin Pete, is coming in, will you pay half his salary?' That's not what we were looking for. We were looking for fresh young men to come into the sales profession. The plumbing profession is not the most desirable for young people and the sales profession is one that is degraded by our educational institutions.

"Plumbing contractors, the wholesaler and the manufacturer have the same problem. The industry must do a lot more with

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## FRED REXFORD ON MERCHANDISING . . . FROM PAGE 17



the recruiting sections of the universities. If they don't, we are going to keep floundering because we have not trained anyone.

"The generation turnover that we're having in all facets of this industry, whether it be a manufacturer, contractor or wholesaler, is a problem. I note a degree of less compatibility. The youth, perhaps being more aggressive, have lost the human touch in relationships with their counterparts."

## Q: You believe that wholesalers should work "selectively" with contractors. What do you mean?

Rexford: Basically we're a multidistribution industry other than the fixture principals, although even they have multiple situations where they have more than one distributor per market. So wholesalers are driving towards the same contractor and bidding against each other. The plumbing wholesaler probably must quote most contractors that ask. But to get some excitement back into this industry, he must also say to himself, 'Here is my core of customers that I'm really going to work with and help them advertise and promote.' Elkay built its success on limited distribution. We didn't try to sell everyone in the market. The wholesaler

should have a nucleus so he can counter the tendency to bid shopping.

"Some people quote too many people. The representative goes to Dodge, gets all the jobs and he quotes everybody that's in the wholesale business. Then everybody puts out a quotation to the five or six or seven plumbing contractors that can get this job. So the plumbing contractor gets the job and then he can make the decision on which wholesaler he is going to do that business with this particular time. Maybe whoever is cheapest or whoever he can get down in price. I'm not advocating price fixing or anything illegal, but saying that working with responsible sources of supply is the best solution. If a contractor or a contractor and wholesaler should find themselves in difficulty because of misinterpretation of specs, a reliable manufacturer will sit down and assist the contractor in solving the problem."

continued on page 68



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## FRED REXFORD ON MERCHANDISING ... FROM PAGE 32



## Q: What about wholesaler showrooms? Are they good, bad or indifferent?

Rexford: "I'm very pro wholesaler showrooms simply because of the nature of the majority of plumbing contractors. Many of them, and rightly so, feel their

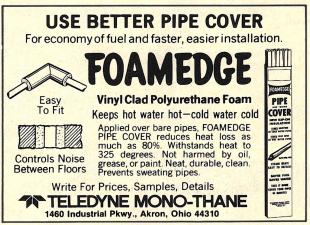
function is basically service, sanitation and health protection. They sell products to the consumer in a different manner than someone selling a refrigerator or a stove. Such wholesalers as Noland Co., or Bond Plumbing Supply Co., in Miami, who has built a \$165,000 showroom to service the contractor, are filling a void; and of course there are many others who are doing a great job. How many of the prime manufacturers with their downtown showrooms have closed? Practically all. How many are there in the city of Chicago? Not one. I am fully aware that some contractors and some contractor associations do an excellent merchandising job, but not enough on a national basis.

"Still, some wholesalers are questioning the value of their showrooms. Those that invested in a showroom obviously must get a better price — they've got a big investment in manpower and space, etc. But the same line is available from a man who doesn't have this overhead, so he will sell it cheaper. This is what forces showrooms to close. If the average plumbing contractor does not support the wholesalers that have showrooms, they're making a serious mistake, because it's the lowest merchandising investment they can possibly make — nothing.

"I wish I could say that in every major city across the country there were showrooms. But as a matter of fact there are more showrooms in small town than there are in big cities. If showrooms were dotted across the country, in big cities as well as the small towns, we could advertise a toll-free number for industry product information. But we can't — and that's a shame."

continued on page 70





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## FRED REXFORD ON MERCHANDISING ... FROM PAGE 68

#### Q. What about selling across-the-counter?

Rexford: Do-it-yourself is here to stay. People are going to put faucets in themselves; they're going to put sinks in themselves; they're going to put in a lot of things themselves. And as long as we force them to go to home centers or the lumberyards, this is where they're going to buy. We can't survive on new construction alone. The plumbing contractor must be willing to give advice, hire somebody to be there in front, rent or sell the tools. The people that have been loyal to this industry are going to have to recognize the reality of the 'home center'. We cannot die on the vine. Of course I'm not talking about the area of sanitation. Where codes are involved and the health and welfare of people is at stake, this is and always should be the special province of the plumbing contractor who has the expertise and is licensed to perform this vital service."

#### Q: Does this mean all contractors must be salesmen?

Rexford: "Not in the extreme sense. The contractor is selling service and I think that's a little different animal. Yet he must be more conscious of merchandising. We get our business by default because people must have a toilet or a bathtub or sink to live. We don't tell them about our superior products. The average contractor doesn't need to be a super-aggressive salesman. But if his journeyman enters the home on a service call and he sees the sink, he probably doesn't say, "Hey, you need a new sink, lady." He fixes the pipe and he goes home. That's not smart. Why can't he at least have a decent piece of literature on a new sink, or faucet, etc. to leave? continued on page 72

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## FRED REXFORD ON MERCHANDISING . . . FROM PAGE 70

"Who's selling the latest showerheads? Outfits that use TV and market them in a department store. One of the hottest items is the hand-held shower. We're losing that one by default, again to the department stores. This doesn't need to happen!"

Q: What about the "economy home?" Is this going to affect us in the coming year? Are there going to be fewer sinks, fewer baths?

Rexford: "I don't think we'll see fewer baths or fewer sinks, fewer anything. It's basically a size situation. The bedrooms will be smaller, the living area will be smaller. But there will be more pressure for low-end products — another reason we must revive merchandising."

O: What about industry associations? Are they doing their job? Rexford: "Some are, but too often they fail to really act on basic problems. Some are excellent, super-excellent and some are worthless. It largely depends on the executive secretary and his staff, how he handles his group, what he does. Take NAPHCC. This is the most powerful organization in our industry, potentially. It was the nucleus of the plumbing industry when I joined it. But, too often, the sons and the new employees of plumbing contractors don't participate. Too often, it's only mom and dad that go to the convention. It has become more of a social situation. When this happened, only manufacturers that are really loyal to the plumbing industry participated and a lot of people dropped out. They must get the younger generation to appreciate this organization and perform more services. Maybe

they have to fund themselves in such a way that they can do national advertising on the Water-Right principle in the consumer magazines. That's one possibility, but that's not the total answer."

#### Q: You're very interested in the Producers Council. Why?

Rexford: "It's the type of organization that can develop an overall effort with other segments of the building industry. There are 53 local chapters, it costs a local wholesaler representative or factory salesman about \$200 a year to belong. This is an organization of building manufacturing companies. Our distributors can belong to their local area chapters to be face-toface with builders, engineers, architects. We asked our reps to join, but we probably have only 60 percent as members.

"It seems that this industry wants to keep itself segregated from the rest of the building industry. Why don't we participate

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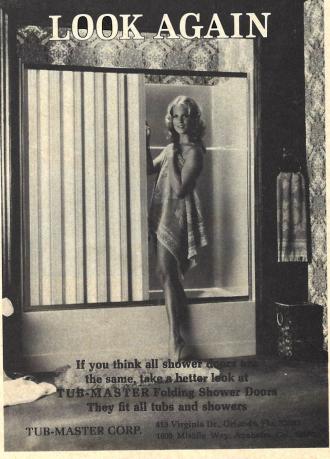
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more aggressively? In the council there's Chicago Faucet, In-Sink-Erator, Elkay, Halsey-Taylor, Bradley, American-Standard, Kohler and that's about it. Why don't more people in the mechanical aspect of the business belong? Why don't our own representatives feel that this is important? Why doesn't the wholesaler in his local market want to belong to reap the benefits that exist at the local level? Why doesn't every mechanical contractor belong? Why doesn't every manufacturer support it? We really have to confront these questions.

"Don't get me wrong. We've made progress, everything isn't all black. When I entered this business 19 years ago — except for principal companies such as American-Standard, Kohler and Crane — most companies didn't hold sales meetings. Elkay Mfg. Co. had held only one sales meeting prior to this time. We had to develop a communication effort with our own sales force.

There were few promotions; there were few advisory boards. There was almost no merchandising effort in the industry. It was sort of a family where people bought and sold and that was about it. Today the majority of independent manufacturers do have sales meetings and they do have a promotional effort. A number of wholesalers and contractors are making substantial efforts in merchandising.

"But we have big questions that we must face — or we will lose a great share of our markets to more aggressive people . . ."

What do you think? Do you agree or disagree with the opinions on plumbing industry merchandising expressed in this story? DE/ Journal encourages comment from any qualified person — manufacturer, wholesaler, representative or contractor — on the subject. Write The Editors, DE/ Journal, 110 N. York Rd., Elmhurst, Ill. 60126.

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