

Starting From Behind

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White Goods Corp was behind. White Goods is a long-time maker of appliances and kitchenware that had kept up with trends for decades. Now the appearance of a patented, 3-cup digital DeVeaux food processor had eroded sales for White Goods' non-digital machine. The DeVeaux was more flexible, easier to use and 20 percent lower in price. Unsold inventory for White Goods' 3-cup processor was building, and stores had stopped ordering. Industry scuttlebutt indicated sales had plummeted as well for Cuisinart, Kitchenaid, Hamilton Beach, Black & Decker and smaller brands. The patented DeVeaux machine had taken the market by storm. It had found a preferred place in department and kitchenware stores, online stores, catalogs and on TV food shows where the DeVeaux had become a common sight.

White Goods' product managers were worried. DeVeaux's patented technology could be scaled easily into 8-cup and 14-cup machines. In fact, DeVeaux had already announced them, and their prices were going to be significantly less than White Goods' non-digital models. If White Goods failed to respond, it would no longer be economical to remain in food processors. The company considered retreating but decided to defend its share of the kitchen counter. Once DeVeaux got a beachhead there, it would do what other appliance makers had done, diversify into every other kind of kitchen appliance on the strength of its brand name. White Goods didn't need another major competitor.

It took White Goods six months to come up with a digital design of its own that did not infringe DeVeaux's patents and was nearly as easy to use and clean. The price of the new design was comparable to DeVeaux and could be discounted to 10 percent less than a full-priced DeVeaux. On the other hand, some retailers were already discounting DeVeaux, so the price differential wouldn't hold for long.

White Goods had a choice. It could feature the machine at trade shows and take orders, or it could fight back. The trade show path wasn't going to regain market share lost to DeVeaux although the White Goods brand presence would help it make up some lost ground. Fighting back with ads, in-store merchandising and demos would be costly and wasn't worth the expense.

Sara Welch, the PR manager, assessed the TV food shows and concluded that it would be difficult to dislodge the DeVeaux. Chefs were happy it and some featured it during demonstrations. DeVeaux, meanwhile, had an active PR program designed to train chefs to use the digital advantages built into its machine. The DeVeaux was becoming an all-around kitchen tool and not just for slicing/chopping, shredding, pureeing and mixing. At best, the White Goods machine was a "me-too." Its technology differentiation was minimal.

At a meeting two months prior to the new product's introduction, the marketing manager asked Welch what PR could do to help launch the machine. Welch had detailed the usual press releases to trade, food and shelter magazines and a feature, "Six kitchen tricks with a Digital Food Processor." She would market the feature to food editors and try for pickup. However, she cautioned that DeVeaux had already been in the food columns and press releases could take three months or more to appear.

Welch then said that White Goods should consider a comprehensive online strategy to support the new model. She noted that Cuisinart, Kitchenaid, Hamilton Beach and Black & Decker had Facebook pages that actively engaged customers. Cuisinart was sponsoring a contest. Black & Decker was soliciting volunteers to test new equipment. Kitchenaid was sending live updates from the Food Network Wine & Food Festival and was merchandising recipes and giveaways on its Twitter channel. Hamilton Beach was allowing customers to vote on which charities would get its appliances.

"We should take over the web page, Facebook and Twitter and saturate them with the new model. We should start a food processor blog and use it to merchandise recipes."

"Every product manager wants space online. How am I going to tell the specialty appliances manager that his popcorn maker is kicked off the home page?"

"We run a product intro for six weeks."

"Is that going to get enough eyeballs?"

"Back it by a giveaway."

"This is getting expensive."

"The new model isn't breakthrough enough to sell on its own merits."

The marketing manager agreed.

Later that day, Welch received an e-mail from the marketing manager. White Goods would run an 8-week online introduction of the new model along with a giveaway. The online introduction would be the main communications campaign. Welch would provide the comprehensive campaign plan. She should use the services of the web master and promotions specialist to get the plan ready. The theme for the campaign would be "A Revolutionary Design For Food Processing." Budget was an issue.

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Questions for discussion:

1. What is the best online approach given that White Goods is behind?
2. How should Welch connect online to in-store merchandising?
3. How will White Goods know if the online campaign is working at the store level?
4. In what ways should Welch engage customers?