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Bitter Coffee & Watered-down Bourbon: Lessons for Libraries from Chase & Sanborn Coffee and Maker's Mark

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Corey Seeman Kresge Business Administration Library Ross School of Business (University of Michigan)

#### Current Economic & Library Budgetary Environment

- Unless you have lived under a rock or are 2 years old, you know:
  - ~ Budgets are down

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- $\sim\,$  At best, many budgets are flat
- ~ Almost all of our costs are sensitive to inflation (ongoing resources and salary)

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 $\sim$  Buying power has been shrinking

Doing More With Less Cutting Costs vs. Raising Revenue • This is the HORRIBLE MANTRA of the · Libraries are left to make the best of the situations Day • We can operate only with the resource we • We have been doing more with less for so long – we do not know how to do more have with more! ~ Space • More energy put to "keeping the lights on" ~ People than doing anything else. ~ Information Resources We are doing LESS with LESS MICHIGAN M MICHIGAN M e & Watered-down Bourbon: Lessons for Libraries nan – MLA Conference 2013 – Ignite MLA Session & Watered-c in – MLA Co



# Price vs. Quality

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- How do they see our future?
- Are we growing or contracting?
- "Do we provide a 4 star service when a 3 star service will do?" – Former dean at Ross School of Business.
- Anyone can cut a budget there are resulting savings and costs to each move.





Chase & Sanborn	Maker's Mark Bourbon	
<ul> <li>No single change would have caused customers</li></ul>	<ul> <li>February 4, 2013 – It was announced that Beam</li></ul>	
to leave the brand. <li>But these changes were compounded and the net</li>	Inc. (Maker's Mark parent company) profits	
result was a coffee that was inferior.	increased by 43% on strong bourbon sales.	
<ul> <li>The total effect was that they destroyed the overall quality of the coffee.</li> <li>Now, Charlie McCarthy would not touch it.</li> <li>"Death by 1000 cuts"</li> </ul>	<ul> <li>The following week, they announced they would be meeting the higher demand for bourbon by watering down the alcohol level by 3% (45 to 42) – but there would be NO change in flavor.</li> <li>They would not change the price, or the "flavor", but it would have less of a kick.</li> </ul>	
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### Maker's Mark Bourbon

- To meet the greater demand, they could raise the prices (supply and demand).
- But Maker's Mark has a role to support the other Beam products, and a higher priced bourbon would be less appealing – possibly hurting overall sales.
- They received great criticism and restored the alcohol level without implementing this change.

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# Just Noticeable Difference

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- In both these instances, these consumer goods were attempting to maintain pricing for consumers while responding to either greater costs (Chase & Sanborn) or greater demand (Maker's Mark).
- Instead of raising the cost, they sought to lowered the quality.
- This created the illusion of continued value of a slightly inferior product.

### Just Noticeable Difference

- The key concept here is from the great German Psychologist Ernst Weber
- He discovered that one could measure stimulus and determine the "Just Noticeable Difference (JND)"
- JND occurs when something has changed enough for us to notice.

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#### Just Noticeable Difference

- So if we can institute a change that is less than a JND, then people cannot tell the difference and we save money.
- Could be a penny change that is one each good - which can translate to a big profit.
- Could be aging bourbon 5 years and 360 days instead of 6 years - Can you tell the difference?



## Doing Less with Less

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- · While libraries have focused on the acquisition and implementation of discovery layers and mobile connectors, we have also seen the contraction of services for our communities.
- Reference desks have been removed in favor of appointment driven services.
- Self-service is nice when you know what you want...but when you don't, it stinks.

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# What Does This Have to Do with Us?

- In an effort to keep resources flowing through our library, we find ourselves trimming services and hours.
- · Our real contribution is our role as a service and teaching unit.

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• We should not be measured only by what we have, but how we direct patrons to the information they need.

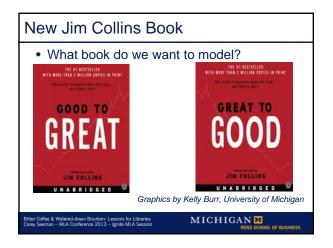
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# Is this Erosion of our Brand?

- Many of these changes are necessary to meet our budget constraints.
- However, some of these changes are fundamentally altering what a library is and how we can help patrons get what they need.

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Th	ank You
	Contact Information
	Corey Seeman
	cseeman@umich.edu
	Kresge Business Administration Library http://www.bus.umich.edu/kresgelibrary/
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