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Joe Pedott Oral History Interview

Interviewee: Joe Pedott

Interviewer: John Fleckner

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Tape 1 (of 1), Side A

Pedott is accompanied by Sherry Edelson (?), who is his niece, and Cheryl Katz (?), his “significant other.” He begins by recounting his young adulthood in Chicago. He was on his own at age 17 and moved into the Larrabee (?) YMCA after high school. He went to the University of Illinois. In his second or third year, he met a fellow student who wanted to be a radio announcer and talked him into going to the Chicago Board of Education radio station. The two worked there a few days a week for 4 months. Pedott also worked as a switchboard operator and sold women’s shoes. In addition, the Scholarship and Guidance Association gave him \$80-100 per month, and he got by.

Pedott recounts how he and his friend came to do a weekly radio program. “Uncle Ezra,” a weekly children’s show airing on the Board of Education radio station, was cancelled after Uncle Ezra swore on air and was fired. Pedott and his friend offered to fill the vacant slot with a program called Camping with Nature (?). Pedott had worked with many different children’s camps (serving underprivileged kids, juvenile delinquents, etc.). Their proposal was accepted, and they did the show for 4-5 months.

Pedott describes his entry into the advertising field. Pedott met someone who knew someone who worked in “master control” at an NBC TV station (WMAQ). Pedott visited master control and there met someone who worked for an advertising agency. He realized there was money in advertising and asked how to get started. He and his friend subsequently had business cards made and called themselves Pedott & Peters (the partner was Daryl Peters). They arranged for an answering service and visited sales managers at TV stations. After about a half a year, they secured their first client, Made Royale Interiors (?), which operated several stores in Chicago that sold Formica-topped tables. The partners wrote a script, found talent, and produced a live commercial, in which they threw alcohol on a table, lit the alcohol, wiped off the table, and then pointed out that there were no marks on the table. The next accounts they picked up were automotive accounts.

Pedott continues his description of the business dealings of Pedott & Peters. He briefly discusses a commercial done for a movie, circa 1952. At this point, they were writing and producing about 20 commercials a week, plus going to school full-time. He and his partner split their time between Chicago and Urbana-Illinois. By the time the partners

were 21, they had about \$100,000 in the bank. He mentions their first bad debt. “And in one move, we were wiped out. One mistake.” They got their degrees and started building the business again. They had automotive and retail accounts but no national accounts.

Pedott recounts the break-up of the partnership. His partner (“He was the Phi Beta Kappa, and I was the struggling C student”) wanted to split; he told Pedott that he had contacted their clients and that 80-85% of them were going with him. (“It’s sort of like walking into the bedroom and having your wife with some other man. And I was shocked.”) Pedott visited all the clients himself and got 85% of them back.

Pedott recounts that after the split he started to build up the agency on his own, until he secured employment at R. Jack Scott (?), a reasonably large Chicago agency with some good accounts (Walgreen’s, etc.). He was starting to beat R. Jack Scott (?) in competitive presentations. Pedott’s salesman Richardson at WBKB was also a salesman for R. Jack Scott. Richardson said Scott wanted to meet Pedott. Scott offered Pedott a job. They agreed that he could keep any accounts he came with, should he decide to leave. And they agreed that they would split the accounts he signed once he was with the agency, should he decide to leave. They agreed on 2 ½ % commission. His motivation in taking the job was to learn about national accounts.

Pedott describes his departure from R. Jack Scott (?). He worked for them for 2 ½ years, did very well, and started making more money than people many years his senior. This was considered “disruptive”; Scott wanted to change the deal. Pedott offered to leave the agency and take none of the accounts, for one year, with the stipulation that after a year he would pursue everything. Upon reflection, Scott proposed going back to the original working arrangement. But Pedott said, “No. You broke the camel’s back. How could I trust you?” Pedott left.

Several agencies in Chicago were interested in partnering with him. Pedott learned that some agencies were making substantial income by overcharging clients. He turned down an offer of employment from one company that he considered less than scrupulous.

At this time ABC was taking over stations (TV?) in San Francisco and sending people from Chicago there. Pedott knew one of these men and went to visit him. He recounts his first impressions of San Francisco, the Golden Gate Bridge, the Buena Vista bar, etc. He was particularly struck by the fact that, as he put it, “The Buildings stay white after you paint them.” He describes his thoughts at the time: “Isn’t it wonderful. The weather’s great, people are friendly, white buildings stay white, and the country’s beautiful. What am I doing in Chicago?” He left Chicago and moved west (circa 1956).

Pedott then secured a job working for a small agency on commission. He brought in a lot of business, and, once again, the owner indicated that his over-success was a problem. Pedott decided to open his own agency, Joseph Pedott Advertising & Marketing.

Pedott secured as a client a local supermarket/grocery business. He approached the business—Frank Patrini (?) was the proprietor and Al Franzee (?) was the hands-on man—proposing that they market a frozen-food-and-freezer package deal. He based his idea on one that worked for Chicago's Magus Sports (?); they had great success offering combined fishing equipment for a discounted price. The grocery company agreed to let Pedott handle their account if he tripled their sales with his idea. Sales more than tripled in the first day after the ad ran—and ended up being 5 times what they had been. Pedott was offered 5% commission on sales made, plus a guarantee that he would make no less than \$100 per week.

Pedott recounts how one of the men associated with this company asked him why he was ashamed to be Italian, and why he never spoke Italian. Pedott told him that he was Jewish, not Italian.

At this point, he was doing a lot of live and 2-inch tape commercials. After he was in San Francisco for about 5 years, he pitched an account, Eversharp Pen (?), a division of Parker Pen (?). Parker bought Eversharp from Pat Frowley (?), but the deal ended up being problematic: Parker guaranteed their products, but Frowley had sold them millions of dollars of defective product. Pedott devised an advertising program in which he made trade deals with the media for old Parker merchandise and Eversharp Pens. He helped turn Eversharp Pen around.

Carl Priest (?) offered to make Pedott vice president of Eversharp Pen. Pedott was at first reluctant but took the job. Shortly afterwards, the Eversharp office in Culver City was closed—so this opportunity was lost to Pedott.

Pedott describes what he considers his second missed opportunity, involving a TV station in Denver. A client wanted him to buy air time in the Denver market, so he went there to visit station sales people. At one establishment, he ended up talking for a long time to a man who turned out to be the owner of the station. He offered to sell Pedott the station. Pedott at that time had savings of about \$40-50,000. The owner offered to fund the station, as long as Pedott paid him back, out of profits, whatever sum they agreed to as the selling price. Pedott passed; he had moved to San Francisco and wanted it to be his home. Six months later, he found out the station had been sold to the Chicago Tribune. Later, the station was worth millions.

Pedott describes one more missed opportunity. He had dinner with a friend who owned a dry-cleaning business. That friend brought someone who owned about 50 Colonel Sanders franchises and had the franchise rights to all of northern California. This fellow and some others actually found the Colonel and put him into business. This man offered Pedott the rights to the one or two franchises in the Bay Area.

Tape 1 (of 1), Side B

Pedott continues his discussion of the Colonel Sanders franchise offer. The expectation was that a franchise would turn out about a million dollars a year and that 25 franchises could be opened in the Bay area in 3 years. In exchange for monetary backing, Pedott would give up a small percentage of the profits. But Pedott would have to give up his advertising agency. He turned down the offer.

Pedott describes how this same man groomed an African-American ex-convict for a management position.

Pedott discusses some of his advertising firm's next innovations. They invented "dealer tagging," in which the last 5 seconds of a commercial indicate where an item can be purchased ("available at these stores..."). They also developed a practice in which they bought a whole movie and divided up the time among several advertisers. They received an award from Columbia College (or Columbia University) for being the first advertising agency to use this approach.

Pedott describes his work marketing an etcher. An advertising client had a patent on a portable, battery-operated etcher and invited Pedott to be a partner. Eventually Pedott ended up owning the patent. He test-marketed the product with Thrifty Drugstore in L.A. (the largest drugstore chain on the west coast at the time).

Pedott describes the events that culminated in his purchase of the Chia Pet brand. While attending the Chicago Housewares Show, Pedott asked the Vice President/General Sales Manager of Thrifty Drug to identify his best Christmas item. The V.P. said, "Joe, something that's been the best I've had for two years, it's the most stupid thing...it's called Chia Pet." Pedott contacted the owner of the company in Chicago and offered to handle his advertising. The man declined Pedott's services but admitted that he was losing a dollar on each Chia. A year later, Pedott investigated and found that the Chias were selling well; the owner confessed that he was still losing money and would consider selling the product to Pedott. The owner found Pedott's offer low but agreed to sell Chia to him if no competitor offered a higher price. Pedott provided a list of the competitors. At their next meeting, the owner divulged that Pedott's offer was twice as much as the next highest offer. Pedott bought the name, Chia, and the concept, but threw away the product.

Pedott describes his experiences with the Chia supplier. The supplier lived in Chicago but imported the Chias from Mexico. Pedott arranged to fly down to the village in Mexico where the Chias were made. Because he wasn't sure he trusted the Chicago supplier, he arrived a day early to scout things out on his own. He found villagers selling the Chias in the marketplace for a much lower price than what the Chicago supplier charged. Pedott now had a good sense of what the Chias should cost. The next day he led the supplier to the farmer's market, though the supplier tried to divert him. Pedott said, "Look! There's our Chia pets! Find out what it's going to cost, what I could buy them for." Pedott recorded the price the supplier gave him next to the prices he had recorded during the previous day's investigation. Pedott showed the supplier the paper, which demonstrated that the supplier was increasing the price 2 1/2-fold over the original

price. Pedott said, "You're a thief, and you're fired." The supplier asked for one more chance; Pedott granted it.

Pedott describes how he improved the quality of the Chia product. He learned about the clay and where it came from. He met the people who made the Chias. Chia-production was a cottage-industry; people made the figures on their floors and used their own outdoor kilns. But there was no uniformity of quality, size, or shape. Pedott had one of his people buy a cement-mixer to use as a clay-mixer and then required the manufacturers to use uniform clay from this centralized source. He also required that manufacturers make sure that all four legs of the Chia touch the plane of a piece of paper. In addition he rejected burnt products. Pedott recalls, "In this village they don't have electricity...they have to go pump the water from the well, but they're all carrying machetes." The quality of the product improved markedly.

Pedott discusses the expansion of the Chia line. The first Chia was a ram and a bull. Over time they expanded the number of products and the number of markets. The products were sold through drug stores, K-marts, etc. Pedott established Chia as a quality product with a good reputation. Now they have licensed products. Pedott mentions amazing growth and tremendous publicity. There are Chia clubs. The company experimented with Chia watches and t-shirts, but those spin-offs did not work out.

Pedott describes the respective domains of his two companies. The original firm was Joseph Pedott Advertising. Beginning with the etcher enterprise, he set up a separate firm called Joseph Enterprises. He dropped the etcher product about a year later, and gradually Chia Pet became the main product of Joseph Enterprises (which owns all the patents and trademarks for Chia Pet.) Joseph Pedott Advertising handles Joseph Enterprises' advertising; Joseph Pedott Advertising also handles many other clients.

Pedott discusses his work for the Gillette (?) Personal Care Division. This involved further innovation of advertising for retailers.

He relates the events culminating in his marketing of the Clapper. He was contacted by businessmen trying to market a product they called the Great American Turnout (?Turnoff?), which turned lights on and off when you clapped your hands. (Pedott found out eventually that this enterprise was something of a sham: the people involved raised a half a million dollars, pocketed a quarter of it, and used a quarter of it to put out a product that they figured would never work.) Pedott test-marketed the product in Washington, D.C., at People's Drug. The product sold but was also blowing out TV's. The original investors were ultimately declared bankrupt. Pedott then took the concept and hired an engineer to make the device work. Pedott describes a dinner-party effort to come up with good name for the product. He settled on the Clapper.

Pedott discusses another product, the Garden Weasel. He remarks, "Each product came to us by catastrophic accident." The Garden Weasel was a unique gardening tool with 3 rotating tines to open up the soil. The owner of these products, who bought his stock from a German company, found that they weren't selling well because nobody could figure out

what they did. Pedott proposed a marketing program in which the seller “guarantees the sale”—agrees to take back whatever doesn’t sell—and launched a 10-week TV campaign. The whole stock sold in weeks. The products were sold in 3 markets: Indianapolis, Milwaukee, and Chicago. Pedott renegotiated so that he would get a percentage of the sales earnings, in exchange for handling all sales and advertising. He took the marketing campaign national. The product was successful for 10 or 12 years until patents ran out and cheaper knock-offs came on the market.

Pedott discusses another product, the Garden Claw. The German company (Browkes?) who made the Weasel also came out with the Garden Claw, an implement with curved tines, allowing you to “corkscrew” into hard soil. Browkes (?) offered to sell the product to other business concerns because they couldn’t get it to sell on the market. A Canadian distributor bought it and invited Pedott to be a partner but another firm had the first option for U.S. rights. Pedott test-marketed the product in Germany, ordering substantial numbers of the product though others cautioned him against doing so. TV commercials ran and the product sold well. They expanded throughout Europe. After 5 years, knock-offs came along (with straight tines that didn’t work so well) and business died down. This marked Pedott’s first international advertising/marketing venture.

Pedott discusses the challenges of advertising/marketing in Europe. He comments on the high cost of TV advertising in Europe compared to that in the U.S. He has found it difficult to find products overseas, because of the relatively high price one has to charge to make up the differential in advertising costs. He has had 2 European offices, one still extant in Germany, and one in England which they closed last year. Pedott remarks, “The English mentality is totally foreign to me.” He comments on how managers in England do not seem to remain with the same company more than three years. He tired of training new managers so gave the business over to a distributor.

Pedott comments on the current state of their main products. Both primary products (presumably the Chia and the Clapper) are still doing well. However, sales of the Video Co-Pilot (a remote device that simplifies the process of programming a VCR) have nose-dived.

Pedott outlines the characteristics that make a product appealing to him and summarizes his companies’ central strategy. The product has to be unique and patented; it must have mass-market appeal (that is, it should somehow make life easier, better, or more fun); and the margins have to be such that one can afford TV advertising. Pedott says that his strategy is to show demonstrable products on TV (to create demand) and then, in the last 5 seconds, to tell consumers directly where they can buy the product.

Pedott describes two products which belong to his French distributor. The first is a heat-and-cut resistant Oven Glove (?). The second is a Chimney-Sweeping Log. When you burn the log, chemicals in it go up the smokestack and break down the creol (?) residues in your chimney; soon, the matter slides down, and you can clean it out.

Pedott says he is always looking for new ideas, which can come from anywhere: “Ideas are the cheapest thing in the world. It’s executing them that gets involved.” People approach his company with ideas. If he likes the idea, he will fund it and give the originator royalties on the sales.

Pedott comments on the cult aspect of his products: “Products like the Chia Pet and the Clapper are almost cult.” He speculates that the Chia has 90% name recognition among the American public.

END OF TAPE.