

RETAIL SELLING AS APPLIED TO SHOES

by

EDRIS WILLIAM RECTOR

B. S., Kansas State College
of Agriculture and Applied Science, 1931

A THESIS

submitted in partial fulfillment of the
requirements for the degree of

MASTER OF SCIENCE

KANSAS STATE COLLEGE
OF AGRICULTURE AND APPLIED SCIENCE

1932

INTRODUCTION

It is generally recognized by business leaders today that the weakest link in the chain of factors that have a part in getting goods from the producer to the consumer lies within the marketing system. Furthermore, perhaps the weakest spot in the marketing system is the retailer.

Changes in methods have been taking place rapidly all along the line, leaving the retailer, alone, attempting to carry on in the same old way. The successful retailer of the future will be the one who studies the different phases of the problem and uses the recognized principles of successful management.

Numerous studies have been made and considerable material has been compiled on the more general phases of retailing, such as salesmanship and advertising, but there is a lack of complete, coordinated and specific material on how to retail any one type of product. This study is an attempt to set forth in a brief and concise form the most advanced principles of business as they apply to the retail selling of shoes. No attempt is made to cover all types of shoe stores or to give a complete discussion of the principles involved in any one type, but rather to set forth general business principles that can be adapted to any type retail shoe store. Here, however, direct application is made to

that more common type; the individually owned, family shoe store, located in a city of from five to one hundred thousand population.

In the preparation of this paper, books by recognized authorities, on the different phases of retailing, such as business management, credits and collections, selling, and advertising have been digested in order that a firm foundation of general retailing principles be laid. These sources were supplemented with specific articles on shoe retailing extracted from the Boot and Shoe Recorder, the shoe trade magazine, in order that these principles might be adapted to the retailing of shoes.

To insure that the practical side might be balanced against the theoretical, a survey of the shoe stores in Manhattan, Kansas, was made to find out actual general trade practices, and finally all of the information so gathered was coordinated with the author's four years' experience as a salesman, in three different shoe stores.

The theoretical and the practical were then combined in the analysis of the different phases of shoe retailing, giving due consideration to the common problems which most frequently lead to failure and making recommendations for improvements in those practices.

MATERIAL

Chapter 1. Initial Organization Problems

Financing. The most perplexing problems confronting the retailer today are those connected with financing his business. A depression, such as the one we are experiencing at the present time, brings to light many defects which the average merchant never knew existed. Many apparently successful business men are being faced with insolvency - insolvency, not from lack of capital, but from lack of liquidity of that capital. In the past, the banks have furnished them with working capital, and, in many cases, a part of the fixed capital as well. Now, the banks are less liberal in granting credit and are demanding greater security.

The only solution for those who are faced with such a situation is a forced sale; and this at a time when the buying power of the public has been greatly curtailed. The goods must be priced, at such a sale, far below cost in order to compete with the other demands on this buying power. The result is a considerable loss of invested capital. Adequate financing or the proper balance of invested and borrowed funds would have prevented this situation.

The wise shoe store proprietor has found it best to furnish, as invested funds, all the fixed capital as well as

practically the entire amount of working capital required in his business and to borrow from his bank only in emergencies. Since so large a part of the assets of a retail store is in the form of working capital and earnings are somewhat unstable, the least fluctuation in price is likely to cause the security for a loan to become inadequate and result in the banker's refusal to renew the loan. The total capital required is relatively small, therefore, the proprietor who cannot himself supply the ordinary requirements of the business should never assume the risk involved in such an undertaking.

Location. The choice of the proper location for the store ranks second only to lack of initial capital. Where a store fails to make good, even when it is adequately financed, it is usually due to one or the other of the following reasons. Either there was no economic justification for another store in that particular community, or the location within the community was badly selected. If there are more shoe stores in a community than its buying power will support, then all of them must suffer until the condition is changed by the failure of one or more.

The desirability of a location varies with the excess of customers in a certain trade territory as compared to the average number of customers per store. In other words, it

is best not to locate in a district in which the number of customers per shoe store is much less than four thousand, this being the approximate average number of customers for each store throughout the country. In this connection, however, there is another factor which should be taken into consideration, namely, the buying habits of the community. For example, a store located in a rural or industrial district will require a greater number of potential customers than would be necessary if it were depending upon an exclusive residential district for its patronage.

On the other hand, a store may be located in a very desirable trade territory and still have an unfavorable location within the city. The most desirable store site is at that place where the largest number of people pass or congregate during business hours, for it is here that the merchant can utilize to the fullest extent the selling power of the show windows. The retail and residential census reports are very valuable sources of information in the analysis of any particular location.

In addition, the merchant himself, can make a scientific check to determine the most desirable place for his store. One of the very best methods of doing this and one that is used extensively by certain chain stores, is to place a man in front of the location in question to count with a stopwatch the number of people passing hour by hour and to esti-

mate their buying probabilities. In connection with this check, a detailed analysis of competition should be made, taking into consideration the number of competing stores, their size, strength, age, and the character of their management. Such an analysis was made by the city of Long Beach, California as a basis for determining the relative desirability of each location within the city, by plotting on a map all the industries, business houses and residences within each district. Figure 1 shows the analysis of one section of the city. Any retailer or group of retailers could make such a map of his own community with equally satisfactory results.

The selection of a type of store to fit the site decided upon is a third problem of location. Shoe stores may be classified on two bases: first, as to the type of shoes handled, and second, as to the price-class appealed to.

Of the first class, the family store predominates, especially in the smaller communities, men's and women's specialty shops being confined to the larger cities where the population is large enough to enable such stores to draw its required number of customers. The relative importance of the three types as found in a group of selected cities is shown on the following chart, giving a percentage comparison of sales between them.



Figure 1. Showing a business analysis of a section of the city of Long Beach.

Comparison of Sales Between the Three Kinds of Shoe Stores

Selected Cities:	Population	Total Shoe Store Sales	Per cent of Sales in Men's Shoe Stores	Per cent of Sales in Women's Shoe Stores	Per cent of Sales in Family Shoe Stores
Chicago	3,376,438	43,015,140	7.92	25.19	66.89
Detroit	1,568,662	18,371,748	9.77	19.80	70.43
Los Angeles	1,238,048	19,790,312	11.05	13.88	75.07
Cleveland	900,429	11,591,068	3.20	17.04	79.76
Baltimore	804,874	7,303,644	9.91	25.43	64.66
Boston	781,188	13,238,556	14.21	17.93	67.86
San Francisco	634,394	10,652,243	6.29	19.65	74.06
Milwaukee	578,249	7,700,883	7.95	12.90	79.07
Buffalo	573,076	7,349,893	7.45	22.22	70.33
Washington	586,869	6,910,106	7.15	27.46	65.39
Minneapolis	464,356	3,543,836	11.58	26.22	62.20
New Orleans	458,762	5,963,415	14.42	20.21	65.37

Under the second classification it must not be thought that each grade has only one price, for every store has a variation in price on each class of shoes. But a store's trade tends to center around a certain price class according to the selling appeal. The low grade store appeals to the people who are interested in price alone. In the high grade store, price is of little or no consideration. While in the middle grade, price is a factor but not the all important one. All customers demand value of some kind, but a store in any one of the three grades may interpret this as a demand either for quality, for correctness in fitting, for fashion, or for service. Quality appeal means footwear that will give the most satisfactory service. Emphasis on correct fitting necessitates the clerks having the ability and the available styles and sizes to fit all types of feet. Such a store usually stresses corrective footwear. The service store offers such extra considerations as delivery, credit, adjustment, shopping garages, free gift wrapping, theater ticket reservations, and travel bureaus.

It is the most advantageous then, for a merchant to find the groove in which his store will operate most profitably and to put all his energy into making it a success in that groove. Only rarely do stores progress by serving more than one or two adjacent income groups. President Geuting of the National Shoe Retailer's Association, gives the fol-

lowing sound advice, "Every man ought to select his particular activity in the shoe business and adhere to it, regardless of what anyone else does. The successful merchant is the one who has a real service message for his community, and who sticks to it. What the retailer should carefully consider is adapting the grade of his merchandise to the particular trade to which he is catering."¹

Chapter II. Internal Management Policies

When a merchant has determined the class of trade to which he shall appeal, he should next formulate his policies as regards the store's attitude toward its customers, its employees, its competitors, and its creditors.

Customers. The policy governing the relations of the store with its customers is extremely important, for the future sales volume of the business depends upon it. A merchant who has established in his community a reputation of honesty and fair dealing has created an asset that means many dollars to him.

Most retailers recognize the value of such a reputation but many do not know how to create it. This problem has

1. Geuting, A. H., President National Shoe Retailer's Association. January 9, 1932. Boot and Shoe Recorder p. 21.

been solved by some successful merchants by the recording on show cards and in newspaper advertisements the policies that have been determined. The record constitutes a body of rules that governs the store's salesmen and educates the buying public. These rules cover such important policies as that of adjustment of complaints, exchanges of merchandise, fair prices and standards of quality.

No policy is so conducive of good or ill will as that of adjustment of complaints. Liberal adjustments are recommended for this is good advertising. On the other hand, some stores feel that the policy can be carried so far that an unwarranted proportion of the profits will be lost. More important, however, is the method of handling the customers who make complaints. The attitude to assume in an adjustment should be one of open-mindedness and conciliation. A desire should be shown to learn the weak points of the store and have them corrected.

A second customer policy of considerable importance is the matter of exchanges. The damage to the merchandise and the loss of sales while the shoes are out of the store amounts to considerable when exchanges are allowed to go unrestrained, and yet the loss of customers through unskillful refusals will in most cases cost more. Here again, a liberal policy, definitely established and strictly adhered to, is recommended. A small card with the principles printed on

it and placed in a conspicuous place in the store or inclosed in the merchandise sent on approval, will prevent much misunderstanding. The following is a suggestion by Helen Rich Norton, 1919:

1. The shoes returned in as good a condition as when purchased.
2. Returned within a reasonable time, possibly twenty-four or forty-eight hours.
3. Altered wear non-returnable.¹

It is generally recognized that fair prices and a standard of store quality are policies of good business. This is particularly true of the present, which is a time of price adjustment and price cutting. Any store that contemplates changing the past standard over to one based on price, regardless of quality, should seriously consider the future, for a repeat business is built upon quality and not price.

Employees. The policy of a store toward its customers is expressed through the store's employees, therefore, the success with which it is carried out depends directly upon the encouragement of agreeable employee relations. Furthermore, all sales must be made by the salesmen and the more

1. Norton, Helen Rich, 1919. A Textbook on Retail Selling. New York and London: Ginn and Company, pp. 160-172.

harmonious the relations between them and the management, the larger the sales volume will be.

One of the very good means of building up a feeling of harmony is to create a spirit of cooperation. To do this, the management must recognize the value of the employees and must fulfill its obligations toward them. Some of these consist of the payment of a just wage, the institution of planned instruction, the maintenance of favorable conditions of employment, and the guarantee of permanent positions and regular promotions. If the store's policies are written down and displayed where both employees and management can read them, each will know what to expect of the other and the most productive means of disagreement - misunderstanding - will be removed.

The method by which the employee is remunerated causes the most dissention for this is the point of greatest interest. There are three outstanding plans for wage payment in use today: the straight salary, the straight commission, and the combination of salary and commission. The first two plans have been in use much longer than the third, and therefore have the advantage of familiarity. They are, also more simple to use. On the other hand, the third method retains the advantages of the salary payment in creating loyalty to the store and causing fewer forced sales, while at the same time it has the advantages of the commission method

in creating an incentive for industriousness and the exercise of superior ability. For these reasons, many progressive merchants are turning to the combination payment and finding it more satisfactory.

Planned instruction is an obligation to the employee on the part of management because it creates self-confidence in the salesman. But, while adding to the harmony in relations, it at the same time, increases the efficiency of the organization as a whole.

The most common forms of planned instruction are the training school and the store conference. The training school is a prearranged course of study for the teaching of new salesmen. It includes instruction both before and, for a definite period after, the employee goes on the floor. The store conference is a meeting of all employees at which information is given on better methods of selling, new lasts, new patterns, and new materials. It is a place where employees can suggest changes in policy or improvements in buying.

Competitors. The third major policy of a shoe store, relates to competitors. It is generally known that cooperation is productive of good results to all the merchants concerned. And yet price cutting and lack of harmony is the general rule. The small number of shoe retailers participating in the nationally advocated sport shoe week is an

indication. Cooperation, however, is possible and the progressive shoe merchant should make every effort to do his part in increasing harmonious relations.

The experience of the shoe stores in Omaha, Nebraska, is a good example of the benefits of working together. There, a survey of the town was made to find out how to increase the total shoe business. The merchants found that forty per cent of the consumers' dollar went for food and automobiles. Therefore, the shoe stores had to take their share from the sixty per cent that remained. In order that they might increase their share of this sixty per cent, the following articles of cooperation were agreed upon:

1. A sale should not be held in full season when there was no need of it financially, or otherwise.
2. There should not be different prices for standard articles.
3. The increasingly unwarranted return of charge account shoes in unsalable condition should be checked.
4. Unfair complaints that raise store expense, such as free replacing of broken heels and half soling of good shoes should not be adjusted.
5. The unfair and damaging criticism of shoe salesmen thoughtlessly spoken to a customer when selling the customer of some other brand or make of shoe or about some other store where the customer might have been before arriving at his store should be stopped.
6. The thoughtless remarks of shoemen to traveling salesmen, who in turn thoughtlessly spread the story, as true, should be called to the attention of the shoemen and checked.

7. The constructive work in collective selling at times, of a style or material not moving, by collective advertising, but most of all by timely concerted window display and display cards and collective talk by the sales force, should be pushed forward.
8. The constructive plans and policies formed from the comparison of stock-turn-over, stock keeping and records, mark-ups, range of prices, best selling materials, best selling patterns, and best selling heights of heels and best selling men's lasts, should continue.
9. The added strength of collective shoe advertising is highly advantageous and should be increased.¹

Creditors. The policy of a shoe store toward its creditors depends to a large extent upon the successful financing of the concern. If the store has adequate working capital owned by the proprietor, it can either use a part of this capital to pay its accounts or it can, with ease, borrow temporarily at the bank in order to take a desired discount. The credit policy is, however, bound up in a high degree with management in that, if the working capital is tied up in a large stock of merchandise, or in slow accounts, the capital might not be in a liquid condition. In this case, continually increasing amounts would have to be borrowed in order to meet the obligations of the business.

1. Roose, Walter C., April 16, 1932. Boot and Shoe Recorder, pp. 32 and 40.

If a merchant is in such a financial condition that he can pay his creditors promptly either out of his own resources or by a short term loan at the bank, he can take the discounts offered by manufacturers and wholesalers on all purchases. These discounts usually carry the terms 2/10, net 30, meaning a two per cent discount if the account is paid within ten days from the time of the purchase, but that it must be paid within thirty days. If the merchant does not take the discount, he pays two per cent interest to use the manufacturer's credit for the difference in time between the discount and the net period, or twenty days. Two per cent for twenty days amounts to thirty-six and one-half per cent a year. If the money can be borrowed from the bank at eight per cent interest, then twenty-eight and one-half per cent can be saved. This difference in interest constitutes for many merchants the entire profit of their business. It may mean at the end of the year, the difference between a profit and a loss.

Not only does the discount mean a considerable profit to the retailer, but it also maintains his credit with the manufacturer, keeps his bank lines open, and puts him in a favorable position in case of a change in business conditions. It is one of the most important items in successful retailing.

Chapter III. Factors in Price Determination

While the savings from discounts mean much to a merchant in yielding a net profit, the proper selling price must be set on the goods or this profit will be turned into a loss by the expenses incurred during the operation of the business.

Mark-up. The proper retail price of any pair of shoes is the amount that will yield a fair profit for the merchant over and above the cost of the merchandise and the allotted share of the expenses of the business, while at the same time giving the store's customers adequate value for the money paid out. When the retailer knows these items he can add to them the amount of net profit that he wishes to make and place a fair selling price on the shoe.

It must be kept in mind, however, that the merchant has limits imposed upon the selling price by competition, for his shoes must give to the public values comparable to what the other stores in the community are offering. But this value does not depend entirely upon basic cost for exclusive desirable patterns and store service are points of value which do not enter into the original cost. Within these comparatively wide limits, then, the merchant has the possibility of setting his own price.

The process of adding a definite amount to the cost of

a shoe is called marking up the goods and the amount of net profit and expenses which is added is called mark-up. This amount is also spoken of as gross profit. These two terms, however, differ in the method by which they are determined. Gross profit is figured as a percentage of the selling price, while mark-up is figured as a percentage of the cost. If a merchant confuses the two and figures his gross profit percentage on the cost in order to obtain his selling price, he will not have a retail price high enough to obtain his planned net return, for it takes a twenty-five per cent mark-up to equal a twenty per cent gross profit. For example, if the twenty per cent gross profit is figured as mark-up on goods that cost forty thousand dollars and it is thought that two thousand five hundred dollars is a fair net return, then:

\$40,000	Cost
<u>.20</u>	Mark-up
\$ 8,000	Margin
\$40,000	Cost
<u>8,000</u>	Margin
\$48,000	Selling Price
\$40,000	Cost of Merchandise
<u>7,500</u>	Expenses
\$47,000	Total Costs
\$48,000	Selling Price
<u>47,500</u>	Total Costs
\$ 500	Net Profit

But if the correct mark-up of twenty-five per cent is taken:

\$40,000	Cost
<u>.25</u>	Mark-up
\$10,000	Margin
\$40,000	Cost
<u>10,000</u>	Margin
\$50,000	Selling Price
\$50,000	Selling Price
<u>47,000</u>	Total Costs
\$ 2,500	Net Profit

Expenses. It is easy enough for a merchant to find the cost of the merchandise in order to ascertain the amount of mark-up that he shall obtain on his shoes, but it is another matter to determine the share of the expense that should be allotted to each pair of shoes, for many items of expense are incurred after the mark-up is determined and the selling price decided upon. If, however, the merchant has kept track of the expenses in the preceding year, he has a fair estimate of what they will be during the year in question and if he has revised these according to the experiences of the store, month by month, up to the time of setting the selling price, he will have adequate data on which to mark-up the shoes. Furthermore, the expenses do not have to be determined and allotted each time a new shipment of shoes arrives, for a definite percentage of cost can be decided upon and this used in marking up each shipment.

If a merchant should find that in the past year he made a desired net profit of five per cent on sales over and above his expenses by maintaining an average margin of forty per cent on the cost of the goods, then, he could mark up each shipment by that amount during the year in question.

Should conditions change during the year so that he could make his desired net profit at a lower selling price, the proper adjustments can be made. The average mark-up for shoe stores varies from thirty to forty per cent. The net profit that shoe merchants strive for centers around five per cent.

Mark-downs. In arriving at the mark-up percentage, merchants regularly take into consideration such expenses as: rent, taxes, interest, salaries, advertising, and bad accounts. But many do not add to these, the expense of mark-downs. Such merchants find at the end of the year that their business shows a loss instead of a gain, for a few pair of shoes sold at less than cost will cut off the entire profit on a run of shoes.

Mark-down expense may be incurred in three different ways: by the P.M. or salesman's premium, by the in-season mark-down, or by the end-of-the-season clearance sale. The P.M. means the payment of a premium of ten to fifty cents to the salesman who sells certain slow moving shoes. This gives an incentive to the salesman to show and sell the shoes

picked out. While it is an effective means of selling slow moving shoes, it is likely to cause the salesman to force the sale of undesirable patterns at their regular price.

On the other hand, in-season mark-downs move the shoes at the time when they are salable and gives to the customer the reduction that must be taken on a poor buy. It has an advantage over the P.M. system in that it does not lose customers for the store.

The Boot and Shoe Recorder adequately sums up the advantages and disadvantages of the two methods in the following words: "If you have sales people who are working in the interest of the store, a P.M. system will probably be less costly. ----- When you P.M. undesirable shoes, you merely tempt your sales-people to show this type of merchandise to your customers; to show it continually, praise it, advertise it, sell it and thus create dissatisfied customers. ----- Continually review your merchandise. ----- Know your stock, pick out those lines of shoes that have sales possibilities, but are sluggish. Place a small premium on those particular lines which you have picked for a very definite reason. Don't P.M. a novelty color such as red or gray and hope to move this type of shoe merely because you have placed a P.M. on it. This type of footwear has too few sales possibilities to warrant the P.M. method. Instead confine P.M.s to merchandise which can

be classed as salable to a major portion of your customers if properly presented and not forced upon them. Never P.M. disgrace footwear. ----- This is mark-down material. ---
 ----- Remember the seasons. ----- Don't wait until summer to P.M. winter merchandise. Do it this winter or not at all." 1

The end-of-the-season sale takes care of merchandise that has not been sold by in-season promotion. It has the price appeal as its primary pulling power. Therefore, prices should dominate the advertising, the window displays, and the sales talks. To be effective, the prices must be low enough to appeal to the bargain hunter and to pull this trade to the store. Since a loss must be taken, it is better to take it at the end of the season rather than to carry the shoes over to the next year and take a greater loss then. Stressing price, however, does not mean that such superlatives as "lowest prices in town" must be used. It means that they must be low considering the quality of shoe being shown. Price reductions and comparisons should be made on particular patterns, instead of by percentages, because the public understands such comparisons better. Each advertisement should be a stimulus to action.

1. Boot and Shoe Recorder, March 5, 1932. p.19. New York Boot and Shoe Recorder Publishing Company.

These sales should be converted into a means of making new customers by offering real values to people who may never have been in the store before. Care in fitting and courtesy in handling sale customers will bring these people back for a purchase at regular prices later on. It should be remembered that the store is intending to operate the next season and that any misrepresentations will have their effect at that time. It is important to uphold the dignity and reputation of a store for fair dealing and truthfulness during a sale as well as the rest of the year. In this manner an expense that is apparently a total loss may be converted into valuable advertising which may be turned into profits later.

With the mark-downs and other expenses determined, a selling plan for arriving at a net profit can now be drawn up. Such a plan might be as follows:

Cost of the merchandise -----	60%	on the selling price	
Mark-up -----	66 2/3%	on the cost	
Gross Profit -----	40%	on the selling price	
Expenses -----	30%	on the selling price	
Number of pair -----	100		
Selling Price per pair -----	\$10.00		
Sales: 80% at \$10.00 -----	\$800.00		
15% at \$ 8.00 -----	120.00	a 20% discount	
5% at \$ 6.00 -----	30.00	a 40% discount	
	<u>950.00</u>		
Total Selling Price	\$950.00		
Cost	<u>600.00</u>		
Gross Profit	\$350.00		
Expenses	<u>300.00</u>		
Net Profit	\$ 50.00		

$$\begin{aligned} \$350 \text{ Gross Profit} / \$950 \text{ Selling Price} &= 36.7 \text{ percentage gross profit} \\ \$ 50 \text{ Net Profit} / \$950 \text{ Selling Price} &= 5.2 \text{ percentage net profit.} \end{aligned}$$

Turnover. A final factor in price determination which must be given careful consideration is that of turnover. This term means the constant changing of merchandise into cash and cash into merchandise. Whenever sales of goods within a given time, such as one year, equal in volume the average inventory, the stock has turned. So has the capital invested. Because a given stock is never completely sold at once, it is the ratio of stocks to sales for any given period.

$$\frac{\text{Yearly sales}}{\text{Average inventory at selling prices}} = \text{turnover}$$

It is generally conceded that a shoe store should turn its stock three times per year, but this goal is frequently unattained as was shown in a recent survey, which established one and six-tenths as the average for all stores. Such a ratio indicates large investments in inventory as compared to sales, as well as a high percentage of old stock. An ideal stock to have in a shoe store and one that can only be obtained by a quick turnover is:

Shoes less than six months old -----	75%
Shoes less than one year old -----	25%
Shoes one to two years old -----	00%
Shoes two to three years old -----	00%
	100%

This is obtained by the proper relationship between buying and selling which will be considered later.

Chapter IV. Credits and Collections

The efficiency of the credit and collection system of a retail shoe store is a major factor in the determination of profits, for a merchant who has a large amount of money tied up in credit loses not only the use of his capital, but also a considerable portion of that capital, itself, through uncollectable accounts.

It is practically impossible to avoid some loss on charge accounts especially if credit is granted liberally, but a predetermined policy and an effective system of collection will make this loss a minimum.

Application. The first step in the operation of a successful credit system consists of adequately checking up on the customer who seeks a charge account. A common method is to have him fill out an application blank. This usually contains such information as the following:

1. The name of the person in full
2. His present residence and former address
3. His business or occupation
4. The name of his bank
5. Business address
6. Property owned and encumbrances thereon
7. References
8. Additional information and remarks
9. His signature.

Some stores grant credit immediately upon the filling out of the application blank, following a policy of always allowing an initial charge. Others make an immediate investigation, usually by phone, and refuse or grant credit at once. The more conservative have the customer return at some definite later time when, after a more thorough investigation, the decision is given. The size of the community and the store, usually determines which method is the most practical.

Investigation. The second step of the credit system is the thorough investigation of the person in order to discover his or her past record as to promptness in paying accounts, his capacity to pay, and the possibilities of his maintaining those habits and capacities. This information can be obtained from banks, credit reporting agencies, retail credit interchange bureaus, Chambers of Commerce, other retail stores, and from the person's employers. The investigation should take place either before credit is granted at all or, if the policy of accepting all initial orders is followed, before additional purchases are allowed.

Credit Limit. The third step is the determination of a credit limit for the customer. The merchant should fix a definite figure as the maximum amount the customer may purchase before paying his account. This is important, for

many people, due to lack of judgment rather than to dishonesty, will exceed their capacity to pay if they are allowed by the store to do so.

The merchant may set a credit limit by calculating an amount for each customer based on what the average person would be expected to purchase during the credit period under similar circumstances. A simple, but perhaps less satisfactory way is by grouping the customers according to their capacity to pay, and placing a limit for each group. In either case, credit should be stopped when an account becomes sixty days overdue.

Classification. The fourth step of a credit system consists in the classification of debtors. This is partly accomplished if a merchant groups his customers in order to set credit limits. But the object is entirely different. The arrangement by credit limits is formed entirely on the basis of ability to pay, but in the ranking of debtors, honesty and willingness are given as much weight as capacity. The usual classification of debtors is as follows:

1. Good risks - those that must be handled with care, and whose failure to pay is purely due to negligence.
2. Fair risks - those who are believed to be good, but are prevented by some unusual circumstance from paying the account.
3. Poor risks - those who will pay if they are watched closely and pushed promptly.

4. All others - those who should be refused any credit whatsoever.

Collections. The fifth and last step in successful credit granting is the formation and operation of a good collection system. If the other steps have been followed intelligently, this final one will seldom have to be used extensively, a mere notification sufficing to collect the majority of accounts. In the first place, credit would have been granted only to those who were capable and willing to pay their accounts promptly, based on adequate and reliable information, and in the second place, a limit would have been set on the total amount of purchases within the capacity of the customer to pay.

But even under these circumstances, there are always a few customers who meet with adversities and are unable to pay their accounts, furthermore, the combination of steps outlined for granting credit is seldom followed closely by any one retailer. Therefore, there is need of an efficient collection system.

Plans should first be constructed for a definite routine of collection, the purpose of which should be to secure the maximum of collections with the minimum loss of trade. With this purpose in mind, the number, frequency, and sequence of collection steps should be determined. The usual procedure is to send a mere statement of the account at the time it comes due. If it remains unpaid, another

statement is sent out at the end of fifteen days, if the account is classified as poor pay, or thirty days, if the account is fair or good, with the words "past due" or "please remit" stamped on the face of the statement. If the account is still unpaid at the end of another fifteen days, a series of collection letters is sent, whose frequency and severity depend upon the class of debtor. The correspondence should assume, at the beginning, that the customer has forgotten or neglected to pay his account. After one or two letters have been sent, the assumption should be changed to one of financial difficulty or other adequate reason and an appeal made to the customer on this basis. If no explanation is made, the store has a right to assume that the customer is unreasonable and unwilling to pay. Threats to use drastic measures can then safely be employed. If the customer has not paid the account or furnished any explanation by this time, the only possibilities left are to turn the account over to a personal collector or to a collection agency, or to bring suit to recover the amount of the bill.

Some of the common mistakes made in collection correspondence are the undiplomatic use of sharp language which only infuriates the debtor, the use of excuses for him, and the failure to express the personality of the writer in a frank and open discussion of the problem. The collection

letter of the Guarantee Shoe Company reproduced below illustrates how a friendly discussion puts an obligation on the customer which is hard to sidestep.

THE GUARANTEE SHOE COMPANY
117-119 Alamo Plaza, San Antonio, Texas

"The Style Shop of the South"

Name and Address Here

You have shown by the purchase made from us today, that you have confidence in us and in our merchandise and we thank you most sincerely. We also have shown our confidence in you by charging the merchandise to your account.

When we approved the charge, we felt that you are as good for your accounts as any one on our books, but our records show that you usually run your bills longer than our limited capital can afford.

In these days of doing business on shorter profits, we cannot afford to carry accounts as long as we could during "boom" days - when profits were greater, and we are going to ask you to take care of this account according to our terms which are as follows:

All purchases made in any month are due and payable during the month following the month in which the purchase was made.

We believe frankness to be the key to a mutual understanding between Merchant and Customer. We have stated the only terms upon which we can afford to sell merchandise - we trust that you will abide by our terms and that you will take this letter in the kindly spirit in which it is written.

Cordially yours,

THE GUARANTEE SHOE COMPANY

Appeals in collection letters can be made to sympathy, pride, justice, self-interest, or fear. Frequently, where the account is large, an appeal for a part payment of the account will get results. An example of the latter correspondence follows. Notice the change in tone and the attempt to present the appeal in different ways.

Letter No. 1:

YOUR CHECK FOR JUST PART OF THIS BILL WILL HELP US BOTH. By not paying something on your account, you are not fair to yourself or to us. Tell us frankly what the situation is. We are willing to meet you half way.

Letter No. 2:

WHY NOT PHONE US? There may be a perfectly legitimate reason why you can't pay your bill. If there is, we want to help you. We try to treat all our customers with consideration and in these strenuous times we often go further in our efforts to cooperate. Why not reach for your phone now? P.S. Of course if you can conveniently reach for your check book instead, so much the better.

Letter No. 3:

YOU CAN MAKE BUSINESS BETTER BY PAYING A LITTLE ON THIS ACCOUNT. A growing list of delinquent accounts is a drag on any business. To discount our own bills, we must collect outstanding obligations. Why not pay something on account now?

Letter No. 4:

YOU CAN PAY A LITTLE EACH WEEK ON YOUR ACCOUNT. We don't measure the value of a customer's account by its size or by the amount he pays on it. But by paying a little you show the right spirit and it helps to maintain mutually profitable relations. May we expect your check by return mail?

To be frank, we were racking our brains for some new way to induce you to pay your bill which is now considerably in arrears. Then it occurred to us that very likely you would respond to a straight-from-the-shoulder request for payment.

At heart, most folks are honest and try to maintain a reputation for fairness. But in stringent times like these, the economic pressure is often too great and we have to make allowance for individual circumstances. Therefore, to afford you every opportunity to get started paying something on this bill, we have indicated on the attached statement, the minimum payments you can make on it week by week until it is all paid off. Just write your acceptance of these terms on the back of this letter and mail it back to us in the enclosed prepaid envelope. But do it immediately. We can't extend the time on this account much longer. You can readily understand that. Write us now. Thank you.

As suggested in the opening paragraph of this chapter, unchecked credit may lead to bankruptcy. But if the few simple essentials that have been outlined here, were to be followed, the average merchant could cut that loss to an insignificant amount and at the same time keep one of his principal weapons in combating competition.

Chapter V. The Accounting System

Collection Records. The merchant who does a credit business must keep a record of the amounts debited and credited to each customer. These records are usually kept in a customer's ledger and must be reviewed periodically in order to determine the kind of collection correspondence to be sent each debtor. Simple and easily used customer records are essential, not only for keeping accurate ac-

counts of the amount remaining to be paid, but also for providing information to use in the systematic collection of the accounts.

The most common method of using the records for collection is the periodic inspection of each ledger account and the making of a standardized series of notations opposite each overdue account of all steps taken in enforcing payment. This system is used almost exclusively by the smaller businesses.

Another method is the use of a card tickler system; that is, the use of separate collection cards for all debtors, in addition to the ledger files. These cards are arranged in the tickler files according to maturity dates. All accounts due on a certain day automatically appear under the date of that day. A note is made of each collection effort and the card advanced ahead under the date set for further treatment.

The service rendered by the records in enabling a merchant to keep track of his accounts receivable is no greater than their service in helping him to keep a check on the shoes he buys and sells. It is upon the basis of such records that a merchant can intelligently plan his buying to meet consumers demand in place of guessing what it will be.

The records that aid the management in this planning consist of the stock control records, the sales records,

and three kinds of budgets - the departmental budget, the merchandise budget and the advertising budget.

Budgets. The budgets, although mentioned last above, are perhaps, the most important and will be dealt with first.

The departmental budget necessitates the store being divided into departments so that plans can be made for each one. The average type shoe store might make such a division as follows:

1. Men's Department
2. Women's Novelty Department
3. Women's Staple Department
4. Children's Department
5. Hosiery Department
6. Sundries Department

Each of these departments, then, under a budget plan will have predetermined plans as to the amount of sales to be made, the amount of expense that it may incur, and the amount of goods that it will receive for each period. The plan allows a check to be made upon each unit of the business to see if it is making its share of the profit.

The merchandise budget is a sales and buying plan which guides the retailer along the pathway of better purchasing. No careful buyer enters the market without an analysis of just what merchandise his customers are demanding and the amount of merchandise necessary to bring his stock purchases to the planned figure.

With the aid of the merchandise budget, plans for sales for at least a six months' period in advance can be made. By establishing sales objectives based on past experience and current business trends, it is possible to determine the amount of stock that will be required week by week and month by month. He can also estimate the amount of capital necessary for the same period. He should carefully plan the sales and the stocks for each department in order to find the most satisfactory rate of stock turn. This is dollar control. But he should also control by units, which means regulating the different price lines, colors, sizes, and other classifications in relation to sales. Departmental conditions should be observed to regulate the volume trend, the fashion trend, the consumer's demand, and the stock on hand.

It is not an easy matter to determine the proper balance between stocks and sales. As a means of assistance, whatever form of unit control a store wishes to use should be brought into play to see that buying for the different merchandise classifications is carried out. The formation of the merchandise budget takes into consideration such factors as planned sales, stocks, mark-downs, and initial mark-up. When sales have been decided upon, the right dollar amount of stock is planned to maintain these sales.

One of the outstanding advantages of an initial mer-

One of the outstanding advantages of an initial merchandise budget is found in the estimated mark-down percentage. The initial mark-up is affected not only by mark-downs, but by expenses and inventory shortage. When these three items are deducted from the total mark-up, the result is the projected net profit. The following chart illustrates complete merchandise and expense budgets that can be revised to fit the needs of any shoe store.

A comparison of column twelve, on the chart, with column five will show what months are losing money. The excess amount of column eight over column fourteen is the net profit. If eight is below fourteen, one of three things must be done, the mark-up must be increased, the expenses must be reduced, or the volume must be increased on the same expense. Whatever the cost of doing business, the net maintained mark-up must be at least five per cent higher. A store cannot prosper unless the expenses are watched continually and held within bounds. Column fifteen is really the purchase budget. Plans are usually made on a six months' basis. The retail sales should be estimated for the period, changed to a cost basis by deducting the usual mark-up as found in column eight and the amount of merchandise that can be received during the same period will be obtained assuming that the stock is to remain at the same level. A good method is to use green ink for all plans, black for

actual amounts and red for danger signals.

Having made a merchandise and expense budget, it is very easy to carry the idea a little further and make out one for advertising. A suggested budget designed to equalize the advertising expense month by month follows.

Advertising Budget for Year _____

Month	Expense Last Year	Estimated Expense This Year	Actual Expense This Year	Over (Red) Under (Black)
January	\$ 10	\$ 10	\$ 8	2
February	12	15	10	5
March	20	20	23	(3)
April	26	25	26	(1)
May	32	25	28	(3)
June	30	20	30	(10)
Total Spring Season	130	115	125	(10)
July	25	20	15	5
August	8	10	10	-
September	15	15	12	3
October	27	25	23	2
November	30	25	29	(4)
December	10	15	16	(1)
Total Fall Season	115	110	105	5
Total Year	\$245	\$225	\$230	(5)

It could be expanded to show departmental costs if so desired.

Stock Control Records. The stock control system is the second type of records used to aid management. This is of importance both in the control of buying and in the pointing out of slow moving patterns. In order to keep a check on purchases and inventory, a ticket should be made for each pair of shoes that goes into stock with the history of the shoe recorded on it, including such material as size, type, color, heel, cost, selling price, description, date of stocking, date of sale, and to whom it was sold. These tickets can be filed and a permanent record made from them on a master sheet. From this, much can be told, such as the average price of the shoes that are selling, as well as sizes and heels. This is important in keeping a clean stock. The end sizes, the widths, and the rate at which they are selling can be determined at a glance. Furthermore, a readable record of all shoes remaining in stock is provided.

Sales Records. A final type of record that aids a merchant in planning the operations of his business consists of those relating to sales. In the first place, sales sheets should be placed inside the box at the time the shoe is entered in the stock or hooked on the outside as a size marker. These slips are filled out by the salesman at the time of the sale and are posted to a master sheet at the

close of the day. The following is a sample, showing the information that it provides.

SALES RECORD SLIP	
Description <u>Black Kid Strap</u>	Selling Price <u>\$10.00</u>
<u>Heel</u>	Cost (Code) <u>A R N</u>
Stock No. <u>36795</u>	Profit <u>x y n</u>
Width <u>A A</u>	
Size <u>6</u>	
Date Received <u>March 5</u>	
Date Sold <u>June 20</u>	Salesman <u>Ronald Smith</u>
Customer's Name <u>James Rider</u>	
Address <u>428 Oak Avenue</u>	
Men's <u>X</u> Women's <u> </u> Child's <u> </u> Sundry <u> </u>	

The material contained on the sales record slips and the master chart extends over a comparatively short period of time. It is, in addition, useful to chart the sales of the current day and week, as compared to those of past fiscal periods in order to determine whether or not the store is progressing from year to year. Such a record would appear as follows:

MARCH						
Days	1928	1929	1930	1931	1932	1933
1	\$300	\$325	\$	\$400	\$360	
2	250	280	300	275	250	
3	275	300	295	280	500	
4	325	530	300	350		
5	340		375	350	325	
6	500	365	400	560	290	
7		325	550			
8	370	350		425		
9	345	300	325	360		
10	325	340	360	375		

Other Records. Other merchandising records that are in use in shoe stores are refund slips, salesmen's individual cards, daily records of merchandising plans, and X merchandise lists. The latter are schedules of all slow moving shoes, which should be inventoried every two months until they are disposed of, thus calling the management's attention to old stock periodically, so that plans can be made for its proper disposal.

On the above sales record slip, provision was made for the recording of the customer's name and address as well as the size and style of shoe purchased. These names can be put into a file for future use. Such a file furnishes a permanent record of each customer's foot history, and it can be consulted at the next purchase. If the shoe has been satisfactory, then the same last and size may be fitted again. If it has not, the file furnishes a basis for correcting the fault. That the old shoe in many cases cannot

be used as a basis for refitting is due to the fact that the customer may not be wearing the pair previously purchased from the store, or the size mark may be worn out.

The file, furthermore, provides the most up-to-date mailing list possible to obtain. Customers who have failed to return for a second purchase in the average time, possibly six months, can be mailed a letter asking him the reason he has not been in. This letter is a great uncoverer of kicks, real or fancied. Or a card telling the customers about sales, new styles and patterns, and new prices may be sent. These are valuable both in keeping old customers satisfied and in selling them additional goods. In addition, the file may be used to contact the customer a short time after the sale, in order to show the store's appreciation for the purchase. Such a letter might read as follows:

HOW DO YOU LIKE THEM?

You recently bought a pair of shoes at our store. It's a sort of custom of ours not to forget a customer after he has made a purchase, for your business is appreciated in this store. We feel certain that the shoes will be satisfactory from every standpoint; in comfort, style, and service. If by any chance they should prove not to be just as represented, you'll let us know, won't you?

Thank you,

A final group of records are those dealing with the financial operation of the business such as sheets for daily

sales, accounts payable, accounts receivable, cash received, cash disbursements, monthly sales summary, purchases and merchandise, and for yearly comparisons and financial statements. Since the importance of these books is generally recognized by retailers today, a detailed discussion of them will not be given. The National Cash Register Company and other similar concerns are ready to provide accounting systems designed for any size business.

Some stores find it useful to keep, in addition, a record of reasons for "failure to buy." Its accuracy is modified, of course, by the opinions of the sales clerks who must make out the record. However, it is a means of recording customer demand as to styles and sizes that is far superior to guessing, and it avoids judging demand by sales, a method which is open to the objection that the character of the sales is not always governed by the goods that have been bought and are being carried by the store. Such errors are very common in the retail field. A record of missed sales will, in part, show these errors and to that extent help the buyer in his next purchases.

An analysis of the factors of organization and management of a retail shoe store has now been made. Up to this point, the discussion has pointed out the details pertaining to the supplying of capital, the location of the store, the internal organization, the factors in price determination,

and the accounting system. We are now ready to deal with those important problems which are associated with buying.

Chapter VI. Buying Problems

Good buying is absolutely essential in a shoe store for upon this depends the satisfaction and future trade of the store's customers. A person is in contact with the store from which he buys, for only a brief period of time, but he examines and wears the shoes from that store day after day. It is important, then, that the shoes be right, not only as to quality, but also as to style, in order that the customer have continuous satisfaction. Furthermore, poor buying unnecessarily burdens the salesman and results in considerable loss from mark-downs.

Patterns. One of the principal requisites of good buying is that of purchasing what the customers want. People buy the shoes that they like and the merchant who keeps the desires of his community in mind, rather than deciding upon patterns that appeal to his own personal taste, will find that his buying is considerably improved.

But the patterns must look well on the foot as well as in the window and this necessitates that those picked by the merchant have the essential fitting qualities. The retailer should study the requisites of style and fit, and make sure that each pattern bought conforms to the store standards.

Quantity. Buying right means not only buying the correct patterns to suit the store's trade, but also, the proper quantity in each pattern so as to offer customers an adequate selection without having too much capital tied up in slow moving stock.

The amount of stock that must be carried depends upon five factors as follows: First, the average daily sales. Second, the number of manufacturer's lines bought. Third, the method of buying, whether the shoes are to be made-up or bought from in-stock departments. Fourth, the number of patterns bought in each type of shoe. And fifth, the range of sizes to be carried in each pattern. The decision in each case depends to a large extent upon the class of customers which are being appealed to.

The merchant who desires to maintain a certain turnover ratio has the size of his stock definitely determined by his average daily sales. For example, if he expects his stock to turn three times a year, then he may carry approximately one hundred pair of shoes for each unit sold on the daily average. The retailer who finds that the proportion of stock to sales is larger than this amount should either revise his buying or increase his sales.

Lines. The number of lines bought, also, regulates the size of the stock. The retailer who desires to maintain a

minimum stock will find it best to buy from as small a number of manufacturers as possible, for a retailer must purchase a representative number of shoes from each company and only an extraordinarily careful buyer would be able to avoid duplicating some styles or patterns when buying from several sources. In some cases, one line may be found to cover the whole field, while in other instances, it is necessary to buy each type of shoe from a different firm. For example, it may be best to buy women's novelty shoes from one manufacturer who specializes in that type and women's staple shoes from another, or the medium priced line from one company and the high priced one from another. But in all cases the stocking of conflicting lines should be avoided as far as possible for it results in carrying a larger stock than is necessary, prevents the featuring of a certain line to the extent that the customer does not know the store as the headquarters of that line, and causes more or less dissention between the merchant and the manufacturers of the conflicting lines. Concentration on a single or at most, a few lines, leads to less duplication of styles, smaller stocks, fewer odds and ends, quicker turnover, greater profits, more satisfied customers and more repeats for the same brand of shoes, which insures fuller cooperation from that house.

These same arguments may be used with equal force

against the policy practiced by some dealers of changing lines from season to season. All that the store and the public has learned concerning fit, quality of shoe and character of the house will have to be displaced with knowledge of another line. Such buying is disastrous in a shoe store.

If a merchant is to buy from a limited number of manufacturers he must be assured that his relations with them will be satisfactory. He should find lines that carry prices low enough to enable him to obtain a fair mark-up, and one building the type of shoes desired by his trade. The quality of the shoes must be high enough to conform to the standards of the store for that grade of shoe, and, in addition, he should investigate the promptness of deliveries, the amount of national advertising, the policy of adjustment, and the reputation of the house for continuity of policy. One merchant found that a good way to determine the value of the lines he was carrying was to keep in a Profit and Loss Book, a record of each line handled as to number of pairs purchased, debiting the firm with the selling price of the shoes and crediting the company with the cost, the mark-downs, and the sales returns. He was soon able to eliminate unprofitable lines.

Prices. Not only should a merchant limit the number of manufacturers from whom he buys, but he should restrict the number of price lines that he sells. Since it is the best policy to specialize on certain classes of people, he should set his prices so as to appeal to those classes. Within this income group, however, all will not demand the same priced shoe, therefore, it is expedient to carry more than one set price line. The majority of customers in an income group will pay about a certain price, a price which the individual store will have to determine for itself. The line so priced should be the real backbone of the business and should contain the largest number of styles and patterns.

A second group should be the high-priced shoes, to appeal to those customers who pay a little more than the average. This line of shoes should contain a select and light variety of styles. The third group, the low-priced line should also be small, but should have price as its main selling appeal. An example of such a price range follows: High-grade line - ten dollars, medium-grade line - seven dollars fifty cents, low-grade line - five dollars. This range is practical for it is wide enough to appeal to a variety of customer types without covering more than one income group.

Chapter VII. Buying Problems (Continued)

The merchant's decision as to whether he buys from in-stock departments or has his shoes made up is a third factor influencing the amount of stock that a store must carry.

In-stock. In-stock buying means ordering, from the manufacturer, patterns that he has built in quantities and carries in a wholesale storeroom throughout the season. The retailer who uses such a department can order only the patterns that the manufacturer has decided to build.

From the merchandising standpoint the in-stock department has all the advantages. If a manufacturer, who has a strong in-stock department, can be found; one that has adequate stock of patterns in desirable styles and in complete sizes, the dealer can buy only as he needs shoes, thus keeping his stocks to a minimum, yet well balanced as to sizes and widths and nearly one hundred per cent complete. In this manner, capital investment can be cut down, indebtedness reduced and profits increased. Furthermore, he can buy a small initial order and find out whether or not the pattern sells. If it does, he can fill in quickly with additional sizes and record those sold. If it does not, he can rebuy in some other style for which there is a demand.

Mark-up. On the other hand, make-up shoes are those that the manufacturer builds for the retailer from the samples shown him by the company's representative. These shoes are bought well in advance of the season as it takes from four to eight weeks to make up an order. The retailer can, within limits, change the sample to suit himself in making up a line of shoes. For example, if the retailer desired a different heel shape, or a different trimming, he can have his shoes made up with this change. For this reason, the merchant who purchases make-up patterns can buy those that are more stylish, faster patterns as they are called. The manufacturer has to stock shoes that will have a general appeal, while a retailer can buy a pattern that he believes he can sell by promoting it. The buyer can, also adapt the shoes he buys to suit his community and class of trade. Styles differ in every locality and the chance of building patterns suitable to a store's clientele is of considerable advantage.

Since a pattern has to be bought, on a make-up order, in a complete run of sizes, the buyer must be extremely careful. Doubtful patterns that a retailer might take a chance on when buying from an in-stock department, would be out of the question with a buyer of make-up shoes. Similarly, in buying a size run the in-stock buyer, knowing he

could size up by getting additional pairs of good selling sizes, tends to buy as many end sizes as he does the faster selling ones. A buyer of make-up shoes will leave off the end sizes in some patterns for he has to double on the better ones.

Other advantages of buying from make-up orders lie in the assurance that the merchandise ordered will be received rather than being backordered and substituted, and in the valuable information supplied by the traveling salesman on lasts, materials and patterns.

Types. The question of in-stock or make-up is somewhat easier to decide when the retailer considers the types of shoes that he must buy. Children's, men's staples, and women's staples are always built along relatively conservative and unchanging lines and patterns and the essential characteristics demanded are quality and fit rather than style, therefore, these types lend themselves to in-stock ordering.

Men's and women's novelty patterns, however, change with the season, and the necessary features are style and price. These types are more suitable to make-up orders. An increasing number of houses are stocking these type patterns, however, especially in the lower grades, so that the principles of in-stock buying are being applied, in

many cases, to novelty shoes.

Styles. The fourth factor governing the quantity of a retailer's stock is the number of patterns that he must buy. The present trend of styles buying is that of buying according to use. For example, in women's shoes, patterns will be bought that supply the demand for street and business, sports, afternoon, and evening wear. In men's shoes, the types are, sports, street and business, and dress shoes. Such buying greatly simplifies the patterns purchased. This trend in buying is an outgrowth of the long recognized principle of fulfilling all the needs of customers with as few styles as possible.

A principle of buying that is overlooked by many retailers is the one concerning the division of the quantity bought between staples and novelty patterns. The majority of shoes should be carried in staple patterns, for it is here that the principles of in-stock buying can be applied most effectively and it is here that the customer can get the best fit and the correct size. It is the staple lines that produce steady patrons for the store, upon whom the store must depend for its foundation of sales and profit. Many of the staples, of course, must be built in moderately light weight patterns with good style so that they can be worn for dress. But it is the emphasis upon shoes that will consistently give satisfactory service that builds up a

repeat business for the store.

Sizes. The fifth factor in the determination of the amount of stock that must be carried by a retailer is the run of sizes bought in each pattern. Edwin Hahn, a successful merchant of Washington, D.C., says on this point, "It has often been most correctly stated that there is more money lost in the shoe business on buying the wrong sizes than wrong styles." ¹

But what are the correct sizes to carry? The trade that a store is appealing to is the determining factor and by keeping a chart of the sizes called for by those entering the store, the merchant can solve the problem. Many successful stores buy only the best selling sizes in order to get the maximum turnover. On the other hand, the person who does not have an average foot has to buy somewhere and the store that caters to this class of trade can pull people from a great distance.

In women's shoes, the best selling sizes, as determined from a study of nine thousand pairs sold in a group of three hundred stores, were found to be those between five and seven and one-half, from which group seventy-one per cent were purchased in the high style shoes. In the corrective

1. Hahn, Edwin, January 30, 1932. Boot and Shoe Recorder, p. 14. New York Boot and Shoe Recorder Publishing Company.

footwear , seventy per cent came in the lengths of five and one-half to seven and one-half.¹ Based on this report, a good stock of shoes would be one with the above ratio, seventy-one per cent and seventy per cent respectively, in the best selling sizes. In this way the end sizes, the slow selling ones, would be in proportion to the sales on them. A comparison of a chart of the lengths desired with those in stock would probably be enlightening to most merchants.

The above principles apply equally well to widths. A merchant should buy only those that sell best, as determined by a record of the widths called for. It is best not to split widths, which means buying two such as AA and B, leaving out A. If the shoe will not stand the buying of three widths, the pattern should not be purchased.

However, one example of a store which has violated the above rule and has successfully catered to non-average feet by carrying a large quantity of end sizes is the T. H. Cambell and Brothers Store of Middlesboro, Kentucky, a town of twelve thousand population.² This store stocks men's shoes on its shelves in sizes from six to twelve, widths

-
1. Boot and Shoe Recorder, January 30, 1932, p.48. New York Boot and Shoe Recorder Publishing Company.
 2. Boot and Shoe Recorder, April 9, 1932, pp. 36 and 38. New York Boot and Shoe Recorder Publishing Company.

from A to E; in women's shoes, from four to nine, and AAAA to EEE. This range covers sixty-five selling sizes in men's and one hundred twenty-one in women's shoes. These are staples or corrective lines, bought from an in-stock department. This store stresses fitting, and carries two price lines, a five and six dollar line, and a ten and twelve dollar line. There are three or four styles in each price line: a black and a brown tie, a black and a brown strap, occasionally a light color, and always a white in season.

The merchant who can build up a steady trade by carrying such a large number of sizes has a class of business which is extremely profitable, but the average retailer will find it more profitable to buy according to the principles outlined above since the people with non-average size feet constitute only a small percentage of the buying public.

Chapter VIII. Selling Problems

While good buying is an important factor in selling merchandise, salesmanship is the real backbone of any retail business. The entire efforts of those closely affiliated with the store, such as the manufacturer, the buyer and the manager, are lost if the salesman is not competent to do his job well. The responsibility of getting the most shoes sold

right rests on his shoulders. Salesmanship in the shoe business is really a profession. Not only must a man have all the qualities of a salesman, but he must have a thorough understanding of the art of shoe fitting as well. Shoes, after all, are the only part of a person's wearing apparel that if not fitted correctly will hurt him. A shirt or a suit of clothes may not fit him just right, yet there is little chance of their causing him pain. Notwithstanding these facts, perhaps no part of the average business has received less attention. Most retailers have built up a selling organization in a haphazard way, without thought as to the functioning of that organization. For this reason, the following chapters of this section will take up, step by step, the procedure of a sale as it should be handled, pointing out, at the same time, some of the many errors in that process.

Purpose. A salesman must learn, first, the fundamentals of selling, then how to handle the different types of customers properly, and finally how to fit shoes.

Most of them know that they are expected to sell goods, but few realize that one of their chief functions is to serve the customer. The chief advantage to be gained from trading with a home store rather than with a mail order house lies in the fact that the salesman can give to the customer, information concerning the proper fit, type,

material, and construction of the shoe. A salesperson in a shoe store who cannot or does not do these things is not giving full value to the patron.

In order that the salesman may be able to properly inform the customer as to the above matters, he must have had experience and training in fitting shoes. A shoe clerk should be a chiropodist as well as a salesman, but due to the lack of facilities and the failure of the public to appreciate fully such advantages, this is, at the present time, impossible. However, the merchant is responsible for his salesmen in regard to proper fitting and if they do not get this training without his help, then he must institute some method of instruction.

When these fundamentals have been mastered, the salesman must next learn how to handle his customers in order to get them to purchase the shoes that they should have.

The simplest way to illustrate the problem of handling customers might be to describe the process of a complete shoe sale, beginning by pointing out the proper approach to a customer who enters the store and following through, the various steps up to the final closing of the sale.

Approach. As the customer enters the door, some one, preferably the proprietor, should promptly walk up and greet him with a cheerful "Good Morning, Mr. James", or "Good Afternoon." If all the salesmen are busy with other

customers, time should be taken to seat the newcomer and explain to him that he would be waited on within a few minutes. A good illustrated magazine or the latest issue of the daily paper helps to make the time pass more rapidly in such cases.

Sizing-up. The second step is the determination of what the customer wants. This is called sizing-up, a process which begins at the moment the customer enters the store and reaches a climax by the time the salesman goes for the first pair of shoes. If this sizing-up is well done, the first pair of shoes brought out should be sold as it should meet the needs of the customer most fully. If a mistake has been made, the salesman must find out from the customer's comments on the various shoes just what is wrong and bring out patterns that conform to the patron's desires.

A failure to size up correctly, then, wastes time, and in addition has a tendency to weaken the confidence of the customer in the salesman and may cause the salesman to use tactics entirely adverse to the type of customer being served. Every customer and every foot is different in some degree, therefore, it is important not to attempt to treat any customer as a type. Certain qualities, however, are common and the differences in people are caused by the differences in the combination of those qualities. By watching

customers closely, listening to what they have to say and knowing what manifestations of different qualities to look for, a salesman can tell what combination of qualities any one person possesses.

The most easily observed characteristics are the physical. A person's size and race can be told the minute he steps in the door. The size of a person's foot varies directly as a person's bodily size, the shape of the foot conforming in general to the shape of the body. For example, a tall, thin person will likely have a long, slim foot. The weight of a person, moreover, is indicative of the heaviness of the construction needed in the shoe, as a two hundred pound person can wear flimsy clothes, but seldom flimsy shoes. Race is a notable characteristic for it has a bearing upon the size of the shoe worn. For example, the Northern European wears a short, wide shoe, while the average American wears a comparatively long, narrow shoe.

Easy movement is an indication of disposition to the keen observer. Decided customers usually have a brisk walk with an upright carriage denoting energy and self-possession. Lookers, on the other hand, walk with indifference and leisure. The nervous person walks back and forth while he is waiting.

Clothes also portray people's characteristics. These tell the salesman something of the person's taste and style,

the price that he usually pays, and the type of shoe he wears. The judgment as to price and taste should, however, allow extreme flexibility, for the person's costume at that particular moment may be entirely different from that which he usually wears. Even the face is a revealer of characteristics. A close observer can tell the degree of interest in the shoes being shown and the disposition of the person from the curves of the mouth, the wrinkles around the eyes, the expression of the eyes, and the lines on the forehead. From the customer's actions, the salesman can tell which types of shoes appeal to him most; he can watch the eyes to see on which shoes the gaze lingers; and he can watch the hands to see which shoes are picked up again after being laid aside, and which are tried on for fit and comfort.

A final source of information for the salesman in sizing up is the conversation. The language and tone of the voice are indicative of the culture and refinement of the person and influential in determining the selling talk that will be used, as well as the type of pattern that will be chosen. What the customer says shows hobbies, preferences and characteristics and determines how the sale is progressing. These observations, accompanied by an occasional simple question, will usually serve to bring out the desires of even the most reticent person.

The ability to analyze these characteristics is, also,

of the utmost importance to the salesman in order that he may govern his actions so as to produce the most favorable response. For example, a trait possessed by people in varying degrees is decisiveness. Its possession varies in degree from the person who cannot be told anything but must be suggested to, to the person who must be told just what to take. A decisive person has strong opinions, wants exactly what he has in mind and decides quickly. He has a resolute walk, a direct approach, neat clothes, a positive tone in his speech, and in most cases knows merchandise. The undecided person is not sure what he wants, easily changes his mind, his eyes wander, and he relies on the salesman's opinion. The salesman should tell him what he thinks and make the decision for him. The silent person should be induced to talk and commit himself if possible. The looker should be treated courteously and with deliberation. The foreigner, who is likely to be shy and sensitive, and interested in bargains should be handled carefully with kindness and patience. He may have much influence among his people and bring in considerable new business.

Some of the other common qualities or characteristics of people and the responses that should be made to them are given below:

<u>Characteristic</u>	<u>Response</u>
Friendliness	Friendliness
Good breeding	Dignity
Economy	Show value of the goods
Business-like	Business tone
Showy	Use flattery and show fad-dish patterns
Grouchiness	Cheerfulness
Pleasantness	Pleasantness
Superiority	Deference
Suspiciousness	Frankness
Unreasonableness	Overlook it
Talkativeness	Listen, but lead conversation back to shoes

The salesman should show interest and courtesy at all times regardless of the type of person that is being waited upon or how irritating he or she may be. There should be a patient willingness to show goods, to find out exactly what the customer wants, and to talk about the merchandise. The process of sizing-up is hard to learn and harder to put into practice, but it is absolutely essential before any goods can be shown correctly. The accompanying illustrations in figure 2 portray the procedure which is likely to be followed during the course of the sale.

Showing. Before a salesman shows any shoes, he should remove the old shoe in as deft a manner as possible and find out the size to be fitted, either by reading the size in the old shoe or by obtaining it with the use of a measuring device. The latter is the best method both because of the psychological effect upon the customer and because of its



Figure 2 (a). The retail salesman who carefully selects the type of shoe to be fitted is aiding the sale with minutes saved.



Figure 2 (b). Then he tells the customer the leather, craftsmanship and balance of ingredients, last and purpose of the shoe.

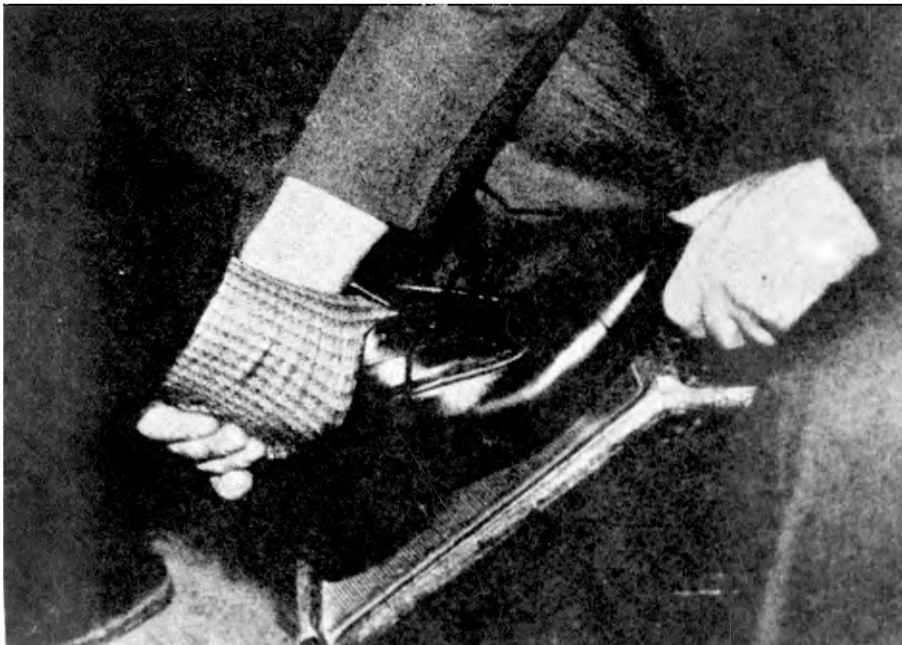


Figure 2 (c). Concentrating on the first fitting of the foot so that customer comfort is assured, he may now tell its fitting and service values.



Figure 2 (d). When the shoe is on the foot - a pause, a silence to permit the customer time to approve and accept the shoe - then when the customer stands up to get the weight bearing feeling - a suggestion, "Let's try on the other shoe", and the sale is made.

facility. This does away with hunting in the shoe for a mark or embarrassing the customer by asking the length and width of his shoe, which he probably does not know.

With the size and style of the shoe in mind, the salesman should step to the shelves and get one or two patterns in the type desired. They should be obtained quickly as looking for shoes makes a bad impression upon the customer. This means that the salesman should know the stock well enough that he can quickly put his hand on the exact pair that he wants. He should show only those shoes that will fit the foot, for the customer is inclined to want a pattern that he cannot have. The shoe he should get first is one of about the same grade as the customer is wearing, in the type as near as possible to the one described by the customer. If the price is more or less than he wants to pay, this will be indicated by a word or by turning to patterns priced at less money. Shoes are bought through touch as well as sight, so the customer should be allowed to feel and handle them. As styles are shown and rejected by the customer, they should be put back in the shelves or in some place out of view, to prevent confusion and delaying the decision. Furthermore, surplus stock piled in nearby seats or on the floor causes disrespect for the merchandise on the part of the customer. Fine shoes should be handled in a fine manner.

This process of bringing out more patterns and putting away discarded ones must continue as long as the customer cannot make up his mind, or until all the shoes that are suitable are shown. The salesman should stop showing patterns as soon as interest is attracted to a particular one or the customer returns to one already fitted. If all the suitable patterns have been presented and the customer asks to see more, he might be shown styles which would be entirely unsuited to his needs in order to present a contrast and help him reach a decision.

As each shoe is shown, the salesman should call attention to its distinguishing features. The features or talking points that the customer is most interested in as decided in the sizing-up process, should be stressed, and the point should be presented in the manner to suit the type of customer. Price and construction are two things to leave out if possible. If, however, the customer asks about either, he should be answered frankly. If the customer is interested in quality, the salesman should talk quality; if he is interested in fit, fitting should be stressed; if the interest is in style, then style should be emphasized; but one idea only should dominate. In any case, he should not say so much that the customer cannot think whether the shoe will be consistent with his needs and with his pocketbook. The more a salesman knows about his goods, the less he will

have to talk in order to bring out his selling points.

Fitting. Each pattern that arouses interest should be placed on the foot and the distinguishing feature pointed out. Since fit is so important in shoe selling, this point always enters the sale. Dr. Norman D. Mattison says, "A fit is one conformable to a standard of appropriateness. ---- For every pair of shoes made and sold in the United States, there is an average expense to the consumer for the maintenance of his foot health of over two per cent of their average cost. Obviously this ratio is greatly exceeded by many shoe wearers, and correspondingly decreased to the vanishing point by others. ----- When it is realized that three hundred million pairs of shoes carry the enormous outlay of fifteen million dollars, which is the sum spent in this country each year for the professional services of chiropodists, then the other factor, fitting, assumes even a still greater importance than it has at present." ¹ If a salesman will just study the shoes that he sees on any busy street, he will get a liberal education in the need for better fitting in the retail store. The accompanying figure illustrates how a study of this need could be made.

1. Mattison, Dr. Norman D. May 21, 1932. Boot and Shoe Recorder. New York: Boot and Shoe Recorder Publishing Company, p.34.



Figure 3. Study the shoes you see on any busy street and you will get a liberal education in the need of better shoe fitting in the retail store.

A store today cannot afford to sell shoes that do not fit. A person who has failed to get the style he thinks he wants is as likely as not to give a store another chance, and the customer who objects to a store's prices is apt to forget the objection in time; but the man or woman who has suffered the tortures of weak arches, corns, callouses, or bunions due to improperly fitted shoes, will never come back. And no store can operate profitably without repeat business. The shoe merchant is selling more than a covering for the feet, he is selling present comfort and future health to his customers. The new theory in medicine is prevention rather than cure, and so it is with foot health. If a person keeps his foot properly shod, he will prevent

foot and bodily ills. The professional service that the shoe merchant renders to him is worth something above the ordinary profit on a piece of merchandise.

What is the correct shoe? There is even dissention among orthopedic surgeons on the subject. They are fairly agreed, however, that any shoe that permits unhindered foot action, and helps the wearer obtain good posture in walking and standing, may be considered a proper shoe. Feet vary in shape and general make-up. Not all women whose foot measurements would indicate a five C shoe, can be fitted with the same shoe stamped with that size, no matter how honest the shoe manufacturer, because of variations in last measurements. For the same reason, a woman wearing a six A shoe cannot always be fitted in that size. Lasts and constructions of different manufacturers vary so much that the size might have to be different in the shoe a salesman is fitting as compared to the shoe the customer is wearing. Because of this, it is quite important for a retailer to be consistent in the lasts which he buys in order that steady customers may always be fitted properly. Customers who have found a good fitting last like to stay with that last, and the salesman, knowing how a last fits, can place it on the type of feet which require that shaped last.

In fitting a shoe, the heel and the ball are the two important points. The foot should be anchored at the heel

so that it will not push forward. The ball should be at the widest part of the shoe, as illustrated in the accompanying X-ray photograph, for this is the widest part of the foot.

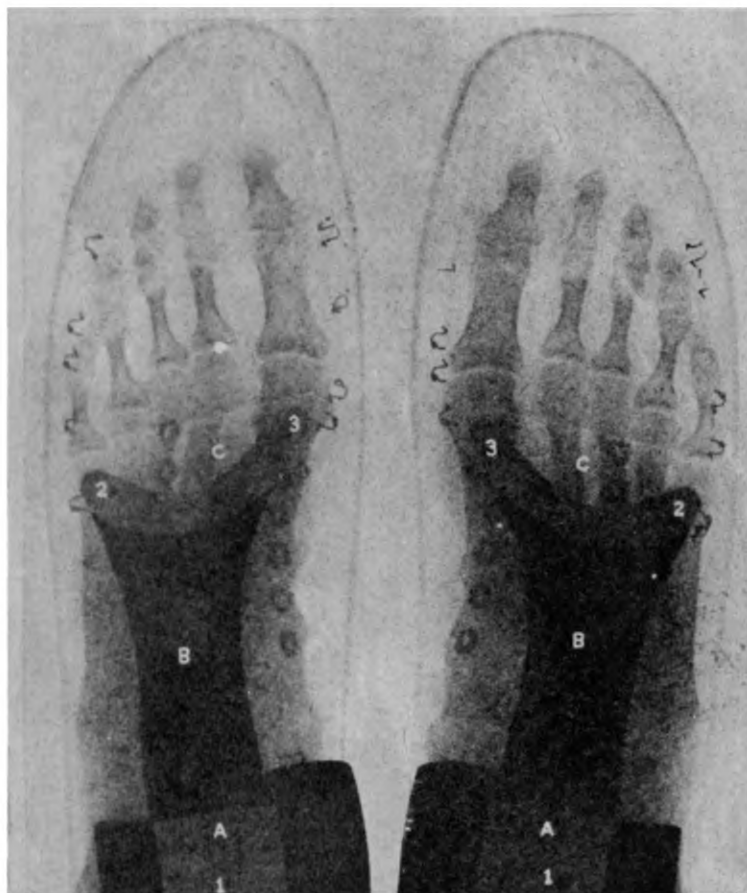


Figure 4. An X-ray of a foot that is properly enclosed in a good fitting shoe.

Putting the ball in the right place, spans the arch and insures the proper length. Extra length, as tested when the customer is standing on his foot, is the prime essential in fitting. Shortness causes back pressure which usually starts at the second toe and extends around to the little

toe. When shoes are fitted long enough, this trouble is eliminated.

A customer is in the habit of demanding his own way. If one insists on buying shoes too short, after the salesman has tried to sell him the right length, then it is best to advise him that the shoes are short, mark the shoes accordingly, in front of the customer, and assure him that he will have no comeback against the store. If however, a customer can be persuaded to take the correct size, it not only means his permanent trade, but that of his friends also, for if he has been having foot trouble and is relieved by a correct fit, he will certainly tell his friends about it.

Closing. When the shoes have been shown the customer, their distinguishing features pointed out, and they have been correctly fitted on the feet, it is time to lead the customer to a choice and thus close the sale. In most cases, the customer will have some objections to the shoes, which must be overcome before the sale can be successfully closed. Many of these will have been met as they were raised during the sale, by the showing of other types or patterns of shoes eliminating the objection to the shoe then being shown. But if the salesman gets the shoe that comes the nearest to the shoe desired that can be obtained and there are still objections to it, then these must be overcome or the sale will be lost. Objections may be sincere,

in which case the person may be either right or wrong or they may just be excuses. If the objection is sincere and right, it is better to pass over it as lightly as possible and stress the other desirable features. If it is wrong, then the error should be pointed out. An excuse may take the form of any kind of an objection. The customer may say he wants to look around when it is price that keeps him from buying. Or he may object to the price when he really is not in the market to buy. In either case, it is best to attempt to find the real reason for not buying and meet that. If it is seen that the sale cannot be made without forcing the customer, it is best to yield gracefully and make the atmosphere as pleasant as possible in the hope that he will return.

In case the customer's objections have been met, the completion of the sale rests on obtaining his decision on which shoe he will take. In many cases he will have decided on the desired pattern as the shoes are shown him and it will just be a case of giving him the correct fit and wrapping up the shoes. At other times, one shoe will give a better fit than any of the others and will be chosen for this reason. But sometimes, a customer's choice will be narrowed to two shoes and he will be undecided which to take. At such a time, the salesman may recommend one of the two as the proper shoe, or one shoe of each pattern might be tried

on in order to give a close comparison. In all but exceptional cases this will cause a decision to be made. This is a good method of closing the sale as a customer must always make a choice and this may cause the decision to lie between two of the salesman's patterns rather than between one of the salesman's shoes and a shoe in a competing store, or between taking this shoe and looking around.

Many salesmen think that the sale is over as soon as the customer has made a decision and that all he has to do is to wrap up the shoes and get the money. But it is at this point that the salesman demonstrates whether he is a salesman or an order taker. He should always keep in mind that he might be able to sell another pair of shoes or some related article. A thoughtful suggestion as to a sport shoe, a pair of hose to match the shoes, or a bottle of polish to clean them with, adds extra dollars to the sales with the minimum of effort.

Of these extras, hosiery has the greatest possibilities for yielding extra profits, for people seldom have an adequate supply and a mere suggestion is usually all that is needed to sell a pair. The hosiery department of a shoe store can be made to be the most profitable department in the store if it is just merchandised properly. The turnover is more than twice that of shoes, mark-downs and adjustments are less, and the selling expense is lower, since

in most cases the shoe salesmen can take care of the hosiery as well as shoe sales. Such a profitable department should be given more attention by merchants in their thought, their investment, their advertising, and their window space.

When all the possible goods have been sold, a word of assurance as to the satisfaction of the shoes and a pleasant "Thank You" will cause the customer to leave in a congenial mood and create an impression of appreciation for the sale that is of value in making a repeat sale.

The principles of salesmanship discussed above apply equally to men, women and children, with the difference that fit and quality are of more importance in men's shoes. For this reason, plainer and more conservative type shoes, adaptable to in-stock buying, and in complete runs of sizes, rather than a large number of patterns, are the types to carry. Furthermore, repeat business can be made to run as high as eighty or eighty-five per cent if the merchandising is done properly. Another difference is in the manner of selling. Men are usually in a hurry and if the salesman will give them what they want - the proper size, the desired shape of the toe, and the correct last, he doesn't need to waste time talking. On the other hand, women are more interested in style and like to take their time in thinking about the different patterns in front of them and they like to see a number of patterns before deciding on any one.

If they believe that the salesman is trying to rush them, they probably will not buy. Children's shoes are, in the main, bought by women and the same rules apply with them as with the women themselves. A successful salesman must take all these things into consideration and govern his actions accordingly.

Promotion. Competition for business has become so keen that the successful merchant cannot sit and wait for customers to come to him. He must reach out of the store for business. This is the chief function of advertising, which subject is taken up more fully in the following chapters. However, there is another phase of selling closely related to advertising, which is being used advantageously by some stores. This is called sales promotion and is designed to utilize the time of the sales force when not busy inside the store, therefore bringing results with only a slight additional cost. One such method used by D. E. Love, manager of the Detroit store of the Bond Clothing Company, is to send salesmen to factories and downtown offices to solicit business. The salesman makes himself acquainted with the various employees and invites them to the store. ¹

Ellis Ardnt, proprietor of the Arch-Aid Shops in New

1. Men's Wear and Chicago Apparel Gazette. January 7, 1931
p. 67.

York City, sells odds and ends in sizes by sending to each customer whose size corresponds to a size in the old shoes, as obtained from the card catalogue, a letter offering to the customer a substantial reduction on the few pair of shoes in the customer's size. The customer appreciates the fact that his size has been remembered as well as the offer of the reduction. This is a beneficial personal touch.¹

Conner's Brownbilt Shoe Store of Waco, Texas, arranged for a display at the college on a day that was convenient to all the students and the entire line of young men's shoes was displayed in a place that was easily accessible to all of them.²

Spike Arnold's Bostonian Shop located at 1021 Main in Kansas City, Missouri inquires of new customers as to who recommended the store to them. The person who favored the store with his recommendation is then sent a personal letter of thanks.

Many stores send letters of appreciation to customers a short time after a purchase. Some send the men purchasers a new pair of laces. Others keep tract of children's birthdays and give them a toy on that date. Below is reproduced

-
1. Boot and Shoe Recorder. December 12, 1931. p. 21
New York: Boot and Shoe Recorder Publishing Company.
 2. Boot and Shoe Recorder. January 2, 1932. p.21
New York: Boot and Shoe Recorder Publishing Company.

two examples of typical promotion ideas of this kind. The first is a "Thank You" card handed out by Spike Arnold's salesmen.

THANK YOU

My name is "Eddie" Schiffner
Help us Boost
Bostonians
and

Foot-Saver Shoes

The second is an offer of a free pair of laces for calling at the store.

Jones Shoe Company

115 S. Main Street

There is a little card in our files with a complete record of that last pair of Nunn-Bush shoes you bought. Seeing it just now made me think of you and I am wondering how you like the shoes by this time.

Even if you aren't ready for a new pair, stop in and let us give you some new laces for the old shoes, with our compliments. This is a part of our regular service and you are entitled to it.

Sincerely,

Other promotion ideas are telephone calls to steady customers on the arrival of new merchandise, and reminder letters to customers who haven't bought shoes within a six months' period. These contain the suggestion that the customer might need a new pair of shoes at this time, adding that the store has in stock the size and style that he wears.

We have now considered the problems of organization and management, and also those of buying and selling. These are matters that have to do with placing the store in a position to receive and offer the most satisfactory service to customers, in a relatively passive state. As we mentioned before, it is essential to the most successful operation of a business that the management reach out and pull customers to the store by telling them about its ideals and services. This is accomplished to some extent by the increasing use of these promotion methods. Such methods, however, are by their very nature applicable to a very limited field and some supplemental means must be used to cover the community more extensively. This is provided for by the various types of advertising.

Chapter IX. Advertising

Advertising is the process of educating the people of a community to the use and desirability of a particular store's service and merchandise. Merchants in general realize the value of this process, but many do not know how to proceed in utilizing it to its fullest extent. They spend relatively large sums for newspaper service without attempting to investigate as to whether this is the most efficient method of spending that money. The average cost of advertising for stores having net sales of less than one

million dollars in 1929, according to reports of the Harvard Bureau of Business Research, was two and five-tenths per cent of sales. On a sales volume of twenty thousand dollars, this would amount to five hundred dollars. What is to determine how this money should be spent and how may the store receive maximum returns from the expenditure, are two questions that vitally interest the retailer. Upon the correct answers, hinges the growth of the business.

Window Displays. A merchant should spend his advertising appropriation in the media that will bring him the largest number of sales for each dollar spent. There are four media that far exceed all others in rate of returns: First, the show window; second, the local newspaper, third, direct mail; and fourth, interior displays. Of these, the store window displays represent the best means of publicity because from them the passer-by obtains his idea of the organization as a whole, its policies, its progressiveness, and its prices. This is true because the window shows the goods at the point of sale and also shows the actual product, not pictures or descriptions of it. No other media reaches as many people at so low a per unit cost, except perhaps the billboard which lacks selling power in other respects. An actual check of cost per circulation by the International

Association of Display Men follows: ¹

Billboards -----	\$.93	per 1000	circulation
Window displays -----	1.11	per 1000	circulation
Newspapers -----	3.83	per 1000	circulation
Class magazines -----	17.32	per 1000	circulation

Furthermore, the window display can be changed quickly without expense if it doesn't pull, and it has a quicker reaction in sales due to its true colorful picture of the merchandise. Many merchants estimate that their window displays are responsible for from thirty to fifty per cent of their sales. Since the windows are such forceful selling media, much time and thought should be spent in making them as productive as possible. Reliable studies have shown that eighty-seven per cent of all customers buy from sight, therefore, over four-fifths of the advertising activities of a store ought to be concentrated on the arrangement of attractive displays. ²

Window display work is assuming many new features that were missing from it some years ago and is throwing overboard most of the ideas that had become standard through long years of usage. The ideal window display man of today

-
1. Hurst, A. E., General Manager. Monthly Bulletin No. 9400. Sel-Plus Display Studies. New York: Show Window Display Division, The Retail Service Department of the Dry Goods Economist.
 2. Sel-Plus Display Studies. Monthly Bulletin, No. 52. New York: Window Display Division of the Dry Goods Economist, p. 2.

must be less of an artist and more of a psychologist. He should attempt to analyze the customer's mind and control his responses. The merchant should carefully consider the class of trade to which he intends to sell, and trim his windows accordingly, as each class requires a different selling appeal. The buying habits of the trade should be charted and the merchandise displayed on the days and in the season that the charts indicate these goods will sell the best. Knowledge of psychology, of selling, and of merchandise, as well as ability to make people think in terms of the goods rather than the mere showing of the product, are indispensable to good window display.

Therefore, a prime essential in making an effective window display is the attention to detail. Customers not only see the general effect of a window, but they examine its component parts. James W. Fisk suggests a score card for testing the attention to such details as follows: 1

1. Fisk, James W, 1916. Retail Selling, A Guide to the Best Modern Practice. New York: Harper and Brothers, pp. 83.

1.	Front of the building (general appearance) -----	7
2.	Location of window -----	4
3.	Glass surface, form, and proportion -----	5
4.	Window frame -----	4
5.	Lighting -----	3
6.	Display surface -----	5
7.	Background -----	8
8.	The display	
	(1) Attention value -----	15
	(2) Simplicity -----	5
	(3) Point -----	5
	(4) Color effects -----	4
	(5) Form effects -----	5
	(6) Good taste and appropriateness -----	5
	(7) Invention -----	5
	(8) Appeal -----	15
	(9) Freshness -----	5
		Total 100

As this score card indicates, other things than the display itself must be taken into consideration. Cleanliness and clear vision are certainly matters of importance for they establish the reputation of the store and add to the desirability of the merchandise.

A second essential is, that crowding of the window be avoided. At the present time, it is generally admitted that a window display should not be filled full of merchandise with the false idea that the more merchandise shown, the more will be sold. A crowded trim will rob the window of its distinctive and attractive features and will make it decidedly unattractive. Simplicity in practical arrangements of the merchandise, to bring out its most appealing points, must be observed. The window of Bloomingdale's

display of evening shoes in the illustration below is an example of an effective trim.



Figure 5. A shoe window by Bloomingdale's New York in which a few simple elements are combined to produce an effective, eye-arresting ensemble.

There should be a natural harmony between the artistic and the practical, in window display, which pleases the public and sells the maximum number of shoes. Each item of merchandise should be placed in such an environment that it seems to be the feature attraction to the onlooker who favors it, and to whom all the other items seem but the support or setting. The important mission of the show window is to bring the customer into the store and this can best be accomplished by presenting the new goods, little by little, by frequent showings. Stores selling the higher priced and more exclusive lines usually trim light, show comparatively few shoes and keep them low in the window. On the other hand, higher, stockier trims are representative of the lower priced shoes. A medium priced store that has obtained the desired balance in display is to be observed in the accompanying illustration of a window trim showing Marilyn shoes.

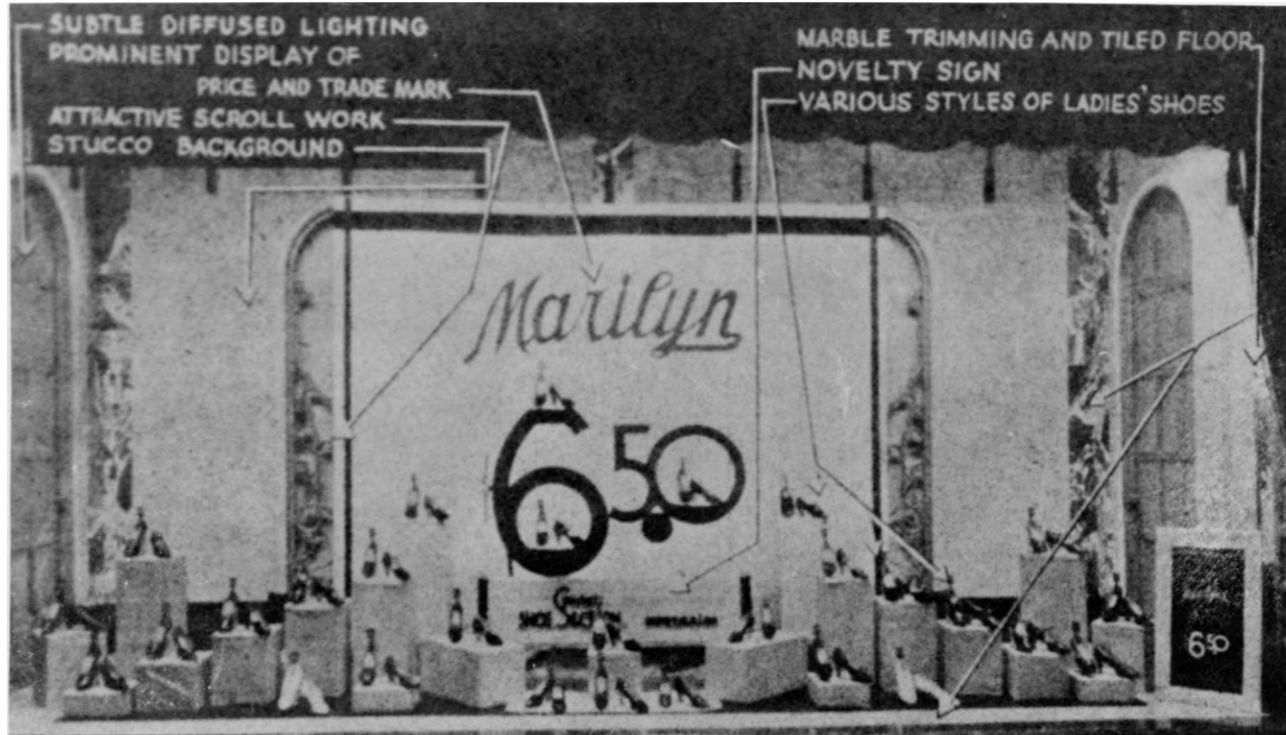


Figure 6. A window display of Marilyn Shoes showing how each item may be given individual attention.

There are ways, however, of presenting an abundance of styles and still obtain the desired appearance of adequate space between each pair of shoes. One of these is to employ the unit or group system as has been done in this Bostonian display below.

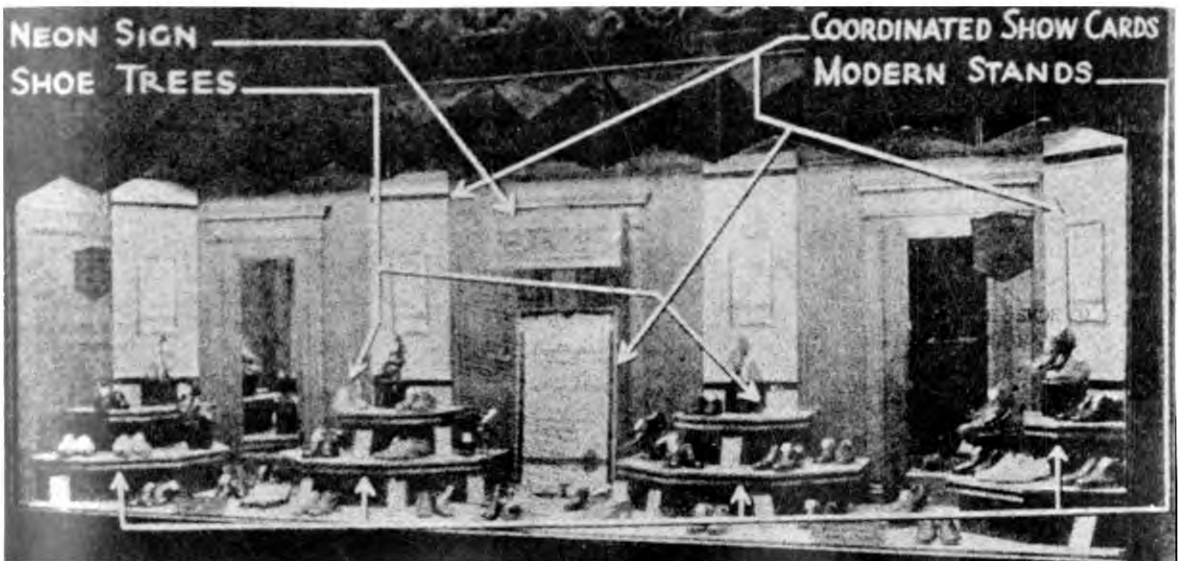


Figure 7. A Bostonian window showing unit display groups.

This arrangement has the added advantage of allowing patterns to be displayed according to type, such as street shoes in one unit, sport shoes in another, and dress shoes in a third.

Another method of displaying numerous styles without a crowded effect is to originate some novel arrangement such as Harzfeld's have done in their window. Each shoe is pre-

sented individually and yet there are enough styles to make the window look overloaded without this arrangement.



Figure 8. Harzfeld's have created a novel arrangement of an abundance of styles.

The question of the amount of trimming to be used and the arrangement of that trimming depends, to some extent, upon the line of vision of the people who look at the windows. The following illustration shows the line of vision from two different points on the sidewalk in front of the store, and also, the most effective selling positions in the window. The relative value of the display space is indicated by line number 1. It is rarely advisable to trim beyond four feet in height, measuring from the sidewalk, as further than this goes beyond the range of vision. Therefore, if the window base is one foot in height, the trim

should not be higher than three feet. This would bring the top of line number 1 to three feet above the floor of the window.

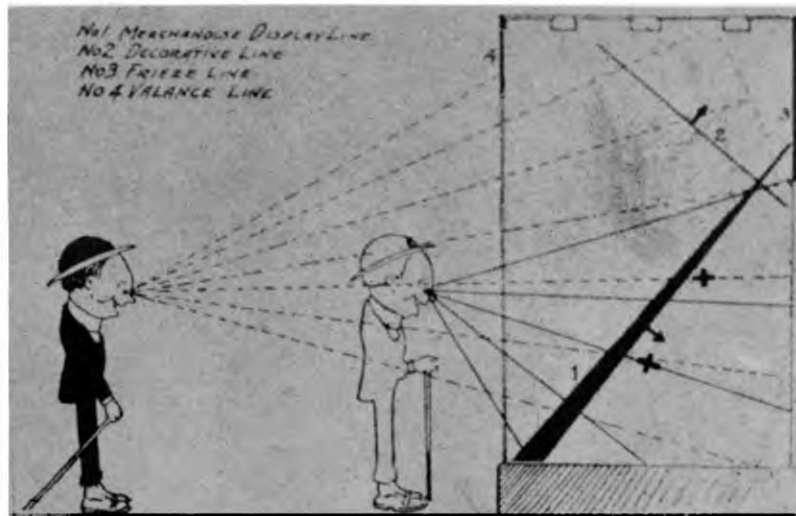


Figure 9. The lines of vision show how shoes may be brought into the position where they will be seen to the best advantage.

The fixtures in a show window should bear some relationship to the size, shape, and general character of the windows themselves. They should harmonize in a general way with the type of background and decoration that is being used. There should, also, be a proper relationship between the type of fixtures and the merchandise itself. Men's shoe windows, in general, are more restrained in treatment than those featuring women's shoes and less elaborate styles of fixtures are in order.

The primary purpose of a window is to sell the goods displayed, therefore, a third essential is to present selling arguments. This may be done by bringing out the appealing selling points of the merchandise by the use of good descriptive show cards, calling direct attention to the appeals which will more readily create the desire to possess. Displays that tell a story are the only worthwhile ones, therefore, any feature that lifts the product out of the ordinary class and thereby tells a story of its usefulness and value, is good advertising. The I. Miller window tells it in a way that is different and therefore, effectively.

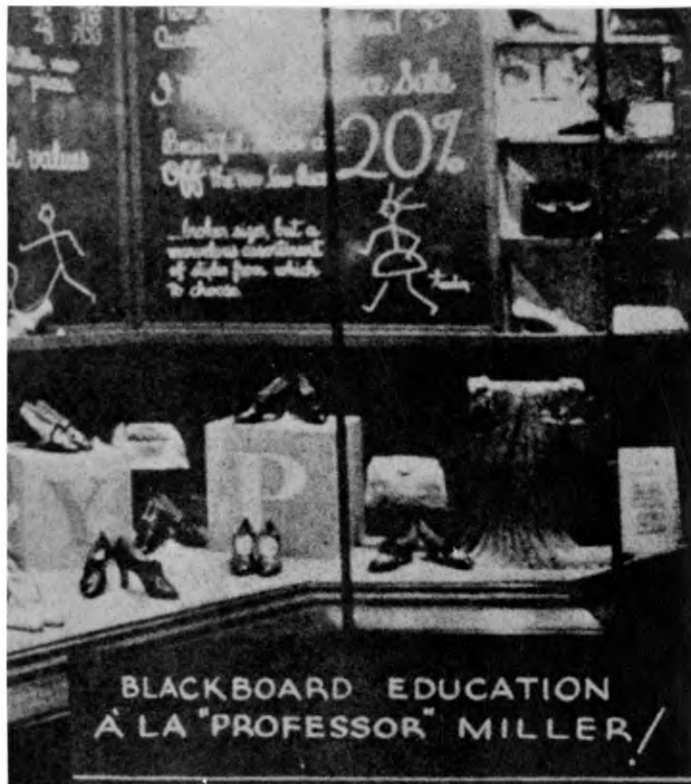


Figure 10. This I. Miller window is different and it tells an appealing story in a simple and direct manner.

The source of the psychological appeal lies in the way the merchandise fulfills the needs of people. The qualities of a particular shoe make it useful for a certain type of people and for a definite kind of wear. A sport shoe, for example, would appeal to people who play golf, and, consequently, give a shoe hard wear. The characteristics of a pattern that makes it especially durable would, then, con-

stitute good selling features. Furthermore, people buy footwear for a number of different reasons. One person might buy because of the economy of a shoe, others because of pride of keeping themselves neat or fashionable, or because of caution against ill health. The merchant should recognize these various reasons for purchasing and show in his window the way in which his merchandise meets these demands.

In selling shoes, price is one of the main factors; therefore, even when quality and style are being stressed, it is well to include in the display an indication that these values are offered in a range of prices that the class of people appealed to by the store, can afford to pay. The majority of people who see well-kept stores and nice windows are likely to think shoes in that store must be high. The hesitation to enter such a store due to this thought must be overcome by putting price tickets on the shoes in the window. How often does the store not using price tickets encounter the exclamation of those people who have overcome the hesitation after a period of time, "I thought all their shoes were high priced. I didn't know they sold shoes at these low prices." Only stores that have their strongest appeal in exclusiveness, and there are few of this type, may with safety omit price announcements from their window displays.

A point in window trimming that often is neglected is the tying up of the selling appeal in the window, with that in the newspaper advertisements. An appeal is considered more forceful if it can be presented to a person several times. The people that read a store's advertisement are forcibly drawn to a window that contains the same ideas. A copy of the advertisement pasted on a background and placed conspicuously in the window is an easy way to tie up the two mediums.

No matter how good a merchant's windows may be, the selling effect will be lost unless the windows are changed quite often. Customers are always looking for something new and a surprisingly large number of people pass a store regularly, day in and day out. If that store has many different pleasing effects within a short period, the passers-by will at least give it a glance. The reputation of the store is thus enhanced and this may be the first step toward the sale of a pair of shoes. Furthermore, less damage will be caused by dust and sunlight and the merchant will be able to show all his lines and patterns without crowding the window at any one time.

Newspaper. Next in importance to the window is the local newspaper. It performs the service of reaching out to people who do not pass the store often and tells them

the story of the merchandise. Advertising is educational. People of the community who are unacquainted with the store and its policies are enlightened. Bit by bit, day by day, people are led into new thoughts and new ideas. If the retailer will keep this in mind, he will take an interest in his advertisements and plan and construct each one, instead of thinking that because he isn't an expert, he can't make them interesting and appealing.

The beginning of good advertising promotion is the construction of an advertising plan. First, a survey should be made as to the best paper to use in reaching the class of people that are being appealed to by the store. Krupp and Tuffley of Houston, Texas made such a survey and reached the following conclusions:¹

1. Circulation quantity:

In Houston, Texas, of the families with incomes of two thousand four hundred dollars a year or over, ninety and sixteen one-hundreds per cent received a daily newspaper. Fifty-one per cent preferred the leading evening newspaper. Of the remainder, forty-three per cent preferred the morning newspaper and forty-one per cent preferred the second evening newspaper.

2. Circulation quality:

The quality of it is determined by the news, editorial features, and the general popularity as an advertising medium, not necessarily from the standpoint of appealing to the merchants, but from the standpoint of being depended upon

1. Murphy, Michael: Advertising Manager of Krupp and Tuffley Stores. January 23, 1932. Boot and Shoe Recorder. New York: Boot and Shoe Recorder Publishing Company pp. 18 and 19.

by the consumer for information. The index there, is the department store lineage, where is found the bulk of the department store advertising and the greater preference for advertising news. In Houston, Texas, thirty-three per cent preferred the leading afternoon paper. Twenty-two per cent preferred the morning newspaper, and eighteen per cent preferred the afternoon newspaper.

A second part of the plan is the determination of the definite amount that is to be expended for this type of advertising each month. This division should be made on the basis of the results obtainable during different seasons of the year. All should not be spent, however, in the best selling months, for advertising should be begun some time in advance of the season in order to build up the appeal to the point of action. That advance advertising is necessary is due to the fact that small advertisements repeated day after day, have more selling power than a large one inserted in one issue only.

The small advertisement must have effective copy and unusual layout in order to make it distinctive enough to stand out among the large department store advertisements. If the small advertisements are unnoticed, they will be less effective than a large one. In order to make the small one distinctive, the items advertised must have sufficient popular appeal. Consider the customer's point of view. What is there about the shoes that will interest them? What styles, sizes, and materials are offered in each

price group? What other selling features are there about the shoes aside from the savings offered? If the advertisement gives clear careful answers to these questions, if it obtains individuality of appearance, and if it contains enough information for people to learn by reading the advertisement, then the small advertisement will stand out.

A large number of small advertisements allows the merchant to carry the reader through all the steps of a sale. Attention can be attracted in the first of a series by creating the unusual. Interest can be aroused in the second by appealing to the curiosity and self interest of people. Desire can be created in another by making the reader see himself possessing the article. Conviction can be impressed in a fourth by giving the reasons why the article should be bought, and action can be produced in the final advertisement by suggesting that the customer buy.

In order to produce advertisements which carry the reader through these steps to the completion of the sale, each advertisement in the series should be planned to accomplish some one of these steps. Of course, one advertisement may contain all of them, but since the most effective advertising is the kind that leads the prospective customer bit by bit to a sale, seldom will he be led to action by one forceful blow. Therefore, regular uniform space and a large number of small advertisements, each con-

taining a step toward the sale, is the most effective.

The layout or form of the advertisement is extremely important in making the small advertisement stand out. It should be attractive so that it is easy to look at. The boxes, borders, cuts, white space, and copy should blend harmoniously. The typography should be carefully worked out, using the most delicate type faces to advertise feminine apparel and the strongest type faces for men. The advertisement should tell the facts, straightforwardly and in enough detail to excite buying interest.

An advertisement reflects the type of store. On the one hand, price appeal and dollar amounts in black type dominate the copy and cuts, on the other the ideas and illustrations emphasize fashion motif and detail. Again, quality is the appeal, or the services and conveniences by which the store excells others.

Five definite elements of newspaper copy make up the advertisement. Each must be properly presented to make an advertisement effective.

1. Illustrations - since people depend so much on sight in buying goods, an attractive illustration is important in inciting attention and creating desire.
2. Price and description - the price tells the value of the shoes and makes the advertisement an appeal to the class the store is trying to reach. The description intensifies desire.

3. The slogan - this is a creator of good will and store reputation. If something is told to people enough times, they will believe it.
4. The selling copy - here is the place for carrying the desire aroused by the illustration and the description on through to conviction and action.
5. The store name - the name gives direction for the action that the customer determines to take.

These Vitality shoe advertisements illustrate good layout and copy in forms that have life, individuality and specific appeal.



Figure 11. Four Vitality advertisements that are well arranged and possess the kind of appeal that sells.

Each advertisement concentrates on a definite class of buyers. Each tells a story about the selling point that is of most interest to the persons appealed to. For example,

chic and smartness are emphasized in a woman's advertisement, success building in a men's advertisement, and health in a children's advertisement.

Direct Mail. The shoe stores that do not have a direct mailing system fail to use a profitable kind of advertising. Its importance is shown by the willingness of the manufacturers to stand a part of the cost.

The basis of direct mail is a usable mailing list. A merchant can obtain such a list by consulting his customer records, by employing the telephone directory, or by purchasing one from a firm which compiles them. The merchant's own knowledge of the people in his community should be used in frequent revisions in order that it may not fill up with dead names and be uselessly expensive.

A mailing list can be used to send letters of appreciation to customers soon after the purchase of a pair of shoes, as was suggested earlier, or it can be used to induce these customers to buy other types of shoes, and new patterns received by the store. If the names of good prospects have been added to the list of present customers, the same mailing pieces can be used to bring new customers to the store.

There are three considerations in making lists pay. In the first place, it should be up-to-date, with the names spelled correctly and the proper addresses. Care

should be used to see that only logical prospects for the shoes sold by the store be included. If the list isn't serviceable, the profit on the customers who buy will have to take care of the expense of a number of dead prospects and the mailing list will not show a profit.

The second consideration is the adaptation of the mailing to the viewpoint of the people receiving the message. In other words, the mailings should accomplish the same things as the window and the newspaper advertisements. They must carry the customer through the selling steps and must be newsy and interesting.

The third point is the check on the results. These indicate whether the mailings were profitable. The following chart indicates how results may be checked to discover the profitableness of the campaign.

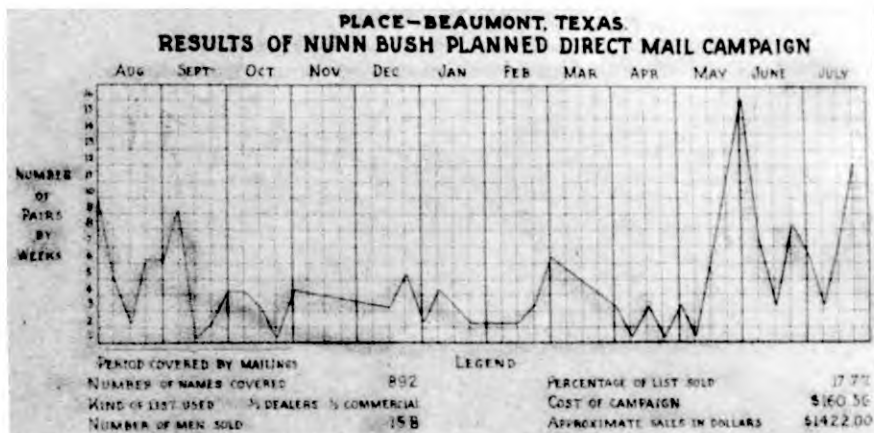


Figure 12. The charted results of a well-conducted mail campaign.

Interior Display. The interior display is a fourth means of advertising promotion. It is very inexpensive, and takes little work to attract attention. Such a display makes many additional sales for it shows other types of footwear and related articles while the customer is in the mood to buy. Furthermore, the merchandise itself is the center of attraction. No signs or expensive backgrounds need be used. The customer is already interested and convinced. All that is needed is to arouse desire for a particular shoe and the sale is made. Showing the merchandise in an attractive manner is usually all that is necessary. The following illustrations give an idea of effective interior displays.



Figure 13. The type of display cases used in the shoe department of the May Company, Cleveland, Ohio.



Figure 14. The shoe displays in the newly arranged footwear sections of Macy's, New York, take advantage of the principle that customers like to look at and handle merchandise.

CONCLUSION

The principal phases of retail shoe selling have been discussed and the principles and practices of good business have been pointed out as they have been worked out by the successful retailers of the United States and by the recognized authorities in the academic field. The author has not intended to lead the reader to believe that these are the only worthwhile principles and practices, but it is the contention that the majority of retailers could compare the principles laid down in this paper with the practices of

their stores and find many places for improvement.

Now that so many retailers are having to go out of business and the rest are having to use every effort to remain in operation, the need for the use of the most up-to-date merchandising practices and the need for the analyzation of every store policy is doubly evident.

Here is a good start. Find out, "What's Wrong With Me As A Merchant."

WHAT'S WRONG WITH ME AS A MERCHANT
in my attitude toward

1. MY BUSINESS?

- a. Am I a capable, efficient executive?
- b. How do I spend my time, in developing constructive promotional plans or in puttering over inconsequential details?
- c. Am I an original thinker?
- d. What are my sources of information, tending to make me more efficient in modern merchandising?
- e. Do I plan my operations and follow through on my plans or do I let my business run itself, following the line of least resistance?

2. MY CUSTOMERS?

- a. Is my advertising effective?
- b. Do my window displays attract?
- c. Does my store interior appeal to customers and help to make selling easier?
- d. Does my store service tend to make customers wish to return by inspiring confidence and creating good will?

3. MY COMPETITORS?

- a. Have I found my place in the scheme of competition in my town or am I merely striking out blindly against competition?
- b. Have I studied the weak points of my competitors and do I plan to excel where others fail?
- c. Do I strive to cooperate with competitors to my own advantage where such competition is possible?

4. MY SOURCES OF SUPPLY?
 - a. Am I good buyer?
 - b. Do I buy according to a systematic, well thought-out plan or in a haphazard way?
 - c. Do I cooperate with my manufacturers and their representatives and profit by their cooperation?
 - d. Do I endeavor to make the most of dealer helps, promotional and advertising material supplied by manufacturers or do I neglect the possibilities of such material?
 - e. Do I, to the best of my ability, play fair with the manufacturer and wholesaler?
5. MY STORE PERSONNEL?
 - a. Do I exercise inspiring leadership?
 - b. Do I "shoot straight" with my employees?
 - c. Do I strive, in every way possible, to get their interest and cooperation?
6. MY COMMUNITY?
 - a. Do I show an interest in the public affairs of my town, and in the interests of my customers?
 - b. Am I a public-spirited citizen?
 - c. Do I capitalize my public interest in a business way by taking an active part in community interests and activities?

ACKNOWLEDGMENT

The author is indebted to Mr. Carl Nygren of Nygren's Shoe Store, for a considerable part of the practical knowledge obtained on the methods of operating a shoe store as well as for much of the material used as a basis for this paper.

He is indebted to Professor C. R. Thompson of Kansas State College for the help that he has rendered in revising and reconstructing. Professor Thompson showed a willingness at all times to assist the author in every way possible

even at the expense of considerable time and energy, to prepare this thesis.

The author appreciates the assistance of the staff of the library at Kansas State College in furnishing biographical material, and the aid of the managers of the shoe stores in Manhattan, Kansas in giving information concerning the operation of their stores.

BIBLIOGRAPHY

- Beckman, Theodore N.
1930. Credits and Collections in Theory and Practice.
New York: McGraw-Hill Book Company, Inc.
Second Edition, pp. 1-75, 298-557.
- Boot and Shoe Recorder. April 1931 to June 1932 inclusive.
Boot and Shoe Recorder Publishing Company,
Division of the United Business Publishers,
Inc., New York City.
- Charters, Werrett Wallace
1922. How to Sell at Retail. Boston and New York:
Houghton Mifflin Company, pp. 1-316.
- Donald, W. J., Editor-in-Chief, The American Management
1931. Association.
Handbook of Business Administration. New York
and London: McGraw-Hill Book Company, Inc.
pp. 3-310.
- Fisk, James W.
1916. Retail Selling, a Guide to the Best Modern Prac-
tice. New York and London: Harper and
Brothers, pp. 1-83.
- Gerstenberg, Charles W.
1919. Principles of Business. New York: Prentice-
Hall, Inc., pp. 1-171, 400-553.
- Irving Drew Company Catalogue
1931. (January) pp. 1-15.
- Kelly's Magazine
1930. (November) Fast Selling. Minneapolis, Min-
nesota, pp. 1-20.
- Lectures VIII, IX, X, XI, of Successful Selling in the Re-
tail Clothing Store, by the House of Kuppen-
heimer.
- Men's Wear and Chicago Apparel Gazette
1930. (September) pp. 103, 104, and 112.
1931. (January) pp. 77-82, 92-109.

- National Cash Register Company, The
 1923. Better Retailing. Dayton, Ohio: The National
 Cash Register Company, pp. 3-88.
- Neystrom, Paul H.
 1915. Retail Selling and Store Management. New York
 and London: D. Appleton and Company, pp. 1-241.
- Norton, Helen Rich
 1919. (November) A Textbook on Retail Selling. New
 York and London: Ginn and Company, pp. 160-
 172.
- Nunn-Bush and Weldon Company
 The Shoe Horn, Vol. 1, No. 1, pp. 1-12
 The Shoe Horn, Vol. 1, No. 2, pp. 1-12
- Sel-Plus Display Studies, Retail Service Department of the
 Dry Goods Economist, A. E. Hurst, General
 Manager, New York City.
 Study No. 52, pp. 1-15
 Study No. 64, pp. 1-11
 Study No. 406, pp. 1- 9
 Study No. 526, pp. 2-12
- Tipper, Harry; L. Hollingsworth; George Burton Hotchkiss;
 1915. and Frank Alva Parsons
 Advertising, Its Principles and Practice. New
 York: The Ronald Press Company, pp. 1-50.