

3d EDITION

Retail Business Management



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PREFACE

The first edition of *Retail Business Management* was published in 1970 in response to the need for information on the part of postsecondary students who were seeking careers in retailing, either as middle managers in large organizations or as owners of their own businesses. Retailing students of today have a similar need, but because the procedures that retailers use to manage their businesses have evolved—and often at a rapid pace—the information itself has changed. This third edition of *Retail Business Management* seeks to present a comprehensive introduction to the principles and practices of contemporary retailing.

Many innovations, new when the first two editions of this text were published, have now become commonplace. Too, other trends have appeared. For example, technical advances have led to widespread use of computers, from mainframes to micros, in stores and central offices. Transactional analysis and behavior modeling have been added to the retailer's assortment of techniques for the training of employees and for improving human relations within the organization. Direct mail and catalog selling and tele-shopping have grown dramatically in recent years, while the use of cable television as a sales promotion medium is advancing from the experimental to the operative stage. These are a few of the new and changing aspects of retailing that this edition addresses.

ORGANIZATION

This third edition has been reorganized into eleven parts that show the role of retailing in the economy and the functions of various divisions in retail firms.

Part One covers the development of modern retailing, consumer buying motives and habits,

fashion and its impact on buying and selling, and the role of the computer.

Part Two is devoted to the variety of types of retailing firms, what they do, and an analysis of their importance. Internal organization of firms is also discussed in this section.

Part Three takes up management decision making. This includes the way in which retailers develop and apply goals, objectives, policies, and procedures; how retailers select locations; and how stores are planned and modernized.

Part Four discusses the personnel management function within retail organizations—the hiring, training, development, and evaluation of employees. The role of unions is also analyzed.

Part Five examines the buying function, including the market work required for merchandise selection, the legal aspects of buying, and order-form arithmetic.

Part Six covers the merchandising function—pricing principles and policies, mathematics for pricing, stockturn, dollar and unit planning, and the control and inventory of stocks.

Part Seven investigates the operations functions of retailing. The handling of merchandise both inside and outside the store is discussed.

Part Eight explores the sales promotion functions, including advertising, display, publicity, and public relations.

Part Nine presents financial control functions, including income statement and balance sheet analyses, inventory valuations, expense budgeting and control, and store protection.

Part Ten considers the power of personal selling, includes the principles of selling, and reviews the spectrum of selling situations. It also analyzes additional operations designed to aid customers. Included are such topics as credit, adjustments, returns, delivery, and parking.

Part Eleven discusses research, formulates fact-finding and problem-solving techniques,

and illustrates how these activities have helped progressive retailers. It also helps the reader to look ahead to a potential career in retailing.

END-OF-CHAPTER ACTIVITIES

Every chapter concludes with a list of “Topics for Discussion” that provokes thought and provides a review of the material. In addition, a variety of exercises is presented, each type appearing in appropriate chapters. Some chapters include a section headed “Mathematics for Retailing” that applies math skills to practical retailing problems. A section entitled “Communications in Retailing” gives the future retailer a chance to practice skills needed in writing. Since dealing with people is one of the most important aspects of the young manager’s performance, a section on “Managing Human Relations” is included in many chapters. An exercise on “Decision Making” provides situations that require the application of decision-making skills to the topic under discussion. A “Career Ladder” section focuses the student’s attention on the specific competencies required by a variety of retailing positions. “Retail Field Activity,” a new exercise, gives students opportunities to see and analyze retailing in action.

A new feature of this edition is the end-of-part management case, which enables the students to integrate and apply information from several related chapters.

SUPPORTING MATERIALS

A new workbook, *Applications and Cases for Retail Business Management*, supplements the third edition of the text with a variety of practical exercises. An “Information Checkout” section for each chapter provides short-answer questions in several formats. For each part there are “Decision-Making Cases,” “Retail Newsbeat” exercises (articles from professional journals and newspapers), and “On-the-Job Activities.”

An *Instructor’s Manual and Key* contains answers for all the exercises in both the text and the workbook. It also includes general and

chapter-by-chapter teaching suggestions. A ready-to-duplicate test bank of more than 500 objective questions, with an answer key, is also included.

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Users of *Retail Business Management*, Third Edition, and its supporting materials are encouraged to share their comments with the authors.

KAREN R. GILLESPIE
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PART ONE

The Wide World of Retailing

CHAPTER 1

The Development of Modern Retailing

Retailing is a people business. From the early frontier trading posts to today's giant department store chains, retailing's purpose has always remained the buying and selling of goods and services to satisfy the consumer.

In one form or another, retailing has existed since the earliest times. Its history is the story of institutions and people ranging from peddlers and rural general stores to giant mail-order retailers and mass merchandisers to franchising operations and catalog showrooms. In the United States, retailing has grown from simple trade between individuals into a giant industry reaching yearly sales levels of almost \$957 billion in 1980.¹

The growth of modern retailing has paralleled new advancements in technology, production, and transportation. Retailers have learned that in order to survive, they must adapt to meet the changing world and changing needs of their customers. They have instituted new techniques and ideas in order to attract new customers in an increasingly competitive marketplace.

The challenges retailers face in the coming years will result in further changes in retailing operations, some of which have already begun. These changes not only improve the business of retailing but, equally important, they benefit the consumer.

EARLY RETAILING IN AMERICA

Retailing has come a tremendous distance in the last 200 years. In colonial America, the little retailing that existed was usually conducted through bartering. Most settlers were farming families who built their own homes, grew their own food, and made their own clothing. However, not all the early colonists were self-sufficient farmers. Some continued to practice the crafts and professions they had learned in their homelands. These settlers established places of business in the seaports of Boston, New York, Philadelphia, and Baltimore and in other populated areas along the coast.



A retailing scene in 1876. This enterprising peddler drove his wagon right into a customer's barn.

These centers of population provided a market for the goods produced by such early retailers as bootmakers, tinsmiths, and bakers. Their shops along town squares were soon joined by warehouses other merchants set up on the wharves to sell imported linens, glassware, tools, and other products. These merchants also supplied goods to a special retailer, the peddler.

Peddlers were a daring and enterprising lot who ventured into the most isolated farmlands and distant frontier settlements with knapsacks and saddlebags or wagons full of cutlery, tools, buttons, combs, hand mirrors, and wooden utensils. They were welcome visitors in the hinterlands and at trading posts because they brought the frontier folks a touch of Eastern life and some local news.

These were the main retailing activities until after the Revolution, when the new government began to carve roads out of the wilderness, linking outlying settlements with main towns.

THE GENERAL STORE

With improving transportation, goods from the city could reach the rural areas more easily, especially where towns were evolving out of frontier settlements. In these towns, the trading posts gave way to a type of retailing outlet new to America—the general store.

Limited Mobility

Like the peddlers before them, general stores became the consumers' only exposure to retailing. Therefore, these new shopkeepers had to carry a variety of merchandise to satisfy all of their customers' needs. Since the nearest towns were often remote and difficult to reach, people accepted the local store's merchandise without questioning the prices or the selection.

Limited mobility also narrowed the storekeeper's knowledge of goods. The main sources of supply and information were traveling salespeople from the city, or **drummers** who attracted

attention by beating drums as they stood on the tailgates of their wagons showing their goods.

Limited Productivity

American industry still had to find a way to mass-produce a variety of consumer goods. Besides, the absence of a fast, safe, and inexpensive means of transportation limited the distribution of factory-made items. Often owners of general stores had to purchase the bulk of their food products and homemade goods locally.

Limited Fashion Influence

Today fashion plays a big role in all retailing, but it played a very small role in the general store. In larger cities, where local newspapers and magazines carried store advertising, customers' purchases were influenced by fashion, but in rural America, the consumer's main concern was function, and styles changed very slowly.

Challenges to the General Store

Since rural customers couldn't get to them, some innovative city merchants decided to go to the customers. When Montgomery Ward began selling merchandise by mail-order catalog in 1872, general store owners showed little concern. They had enjoyed a monopoly on trade with their local customers for many years and believed that smart shoppers would not purchase goods they could not see or touch. But they were wrong. In no time at all, rural customers found they could trust this mail-order merchant. They discovered, much to the local shopkeepers' dismay, that the mail-order system offered them a greater variety of merchandise, often at lower prices, than did the local merchants. Low postal rates helped the mail-order business grow. In less than two decades, it was an important outlet for rural consumers.

Local retailers recognized the need to change, and so they began to make some necessary adjustments. Some progressive merchants began to specialize by devoting their entire stores to special products, such as clothing, hardware, shoes, feed and grain, or musical instruments. At the same time, brand-name merchandise became available, and with the heightened influ-

ence of advertising on customer buying, a new retail concept emerged—the department store.

DEVELOPMENT OF THE DEPARTMENT STORE

Department stores combined the variety of the general store with the broad individual product selection of the specialty store. They differed in two ways from the small shops and country stores that existed before the turn of the century. First, they were much bigger. Second they carried a much greater variety of merchandise.

Department stores were a city necessity. The great number of customers and the overflowing stock of consumer goods that were being produced by American manufacturers required a retail outlet.

Appeal of Department Stores to Consumers

A unique feature of the department store was its physical beauty. Symbolic of city culture and wealth was its great display of homefurnishings and fashions. Perhaps the mood of department store retailing was a way of satisfying the demands of the general store public. Here people found a glittering and abundant array of inexpensive clothing and furnishings for the home in a spectacular setting of marble pillars, great stairways, elaborate lighting fixtures, and exotic plants.

The department store appealed to all types of customers—the extravagant as well as the budget-minded. The main floor usually boasted the most elegant decor and the finest merchandise. For customers who could not afford the prices there, less expensive goods were offered in the basement store, or, as it was later to be called, the **budget floor**.

Department store organization and methods of buying, promoting, and selling brought about many changes in retailing. A policy of "one price for all" did away with price haggling and saved clerks' time in making a sale. "Money-back guarantees" also became the order of the day. Newspaper and magazine advertising and elaborate window displays became commonplace.

Marshall Field, from Chicago, was one of the

pioneers of this type of retailing. He understood the importance of women as customers. He made a special effort to cater to women by maintaining an attractive store, complete with doormen who swept the entrance and sidewalks several times a day. To put women shoppers at their ease, he hired female clerks for the lingerie department, marking a major change in what was the previously male-dominated climate of retailing.

Most of today's giant department stores had their beginnings or were in an early stage of development at the turn of the century. Prominent in the retailing evolution at this time were John Wanamaker, J. L. Hudson, Jordan Marsh, and F. and R. Lazarus.

Concurrent Developments

By this time, too, chains of variety stores were strung across the nation. These stores originated with Frank W. Woolworth and his five-and-tens. The Great Atlantic and Pacific Tea Company was the earliest grocery chain. A & P pioneered the idea of buying merchandise directly from the producer, reducing the number of middlemen, and passing the savings on to the customer. S. S. Kresge, S. H. Kress, J. C. Penney, J. J. Newberry, and Charles R. Walgreen were others who were developing their retailing empires at this time.

This period of our history also saw a great increase in the country's industrial strength, an improvement in its systems of transportation and communication, and waves of European immigrants to swell the population. These factors created new business and industrial activity that opened up jobs for a large working class. In turn, growth created consumer demand. People had money to spend on purchases other than necessities, and they spent it. Promotional displays in the great department stores whetted the consumer's appetite even more.

Stores came to play an increasingly important role in the lives of Americans. Every major city had its department stores and specialty shops in

downtown areas where the trolley lines met or crossed each other. Going into town to shop was an exciting event for the family.

OTHER RETAILING DEVELOPMENTS

Every big city also had a dozen or more secondary shopping areas that were located within walking distance of the neighborhood homes. For those who didn't want to travel to the downtown department stores, this smaller version of Main Street had a variety of specialized shops, mostly operated by the self-employed.

The grocery store, the butcher shop, the fruit store, the shoe repair shop, the bakery, the delicatessen, the drugstore, the hardware store, and the tailor shop were some of the principal retail establishments of little Main Street during the trolley-car era of the first 2 decades of this century. A concentrated population made it possible for specialized neighborhood stores to replace the general store of an earlier time. People expected shopping to be a multistop expedition. One day's shopping might mean stops in seven or eight different stores. People thought nothing of walking a mile or more and spending several hours shopping. Automobiles were not yet the common means of transportation.

In 1916, the Piggly Wiggly grocery chain popularized a system of self service, and in the 1920s and 1930s, this new concept of retailing had as its result the development of supermarkets across the nation. Eventually, the concept of self-service retailing together with the growing popularity of the automobile would create a great change in traditional retailing outlets. But the long depression of the 1930s and the war shortages of the early 1940s slowed the buying of automobiles. During this time, retailers continued to ignore the possible effects of the automobile on consumer shopping habits, mainly because roads were poor and few families owned cars. In addition, retailing already had a heavy investment along the existing public transportation routes.

Discount Stores

The years following the close of World War II were record ones for the country's economy. The United States witnessed its greatest population explosion, a tremendous increase in the demand for and production of consumer goods, and a booming market for private homes. It was also the era of the automobile and the beginning of the third major revolution in retail marketing, the discount store.

At first, discount stores specialized in selling brand-name appliances at prices considerably lower than the prices suggested by manufacturers. Pent-up demand for these products, caused by wartime shortages, resulted in instant success for these low-priced, no-service retail outlets with their bare surroundings. Through the years, they expanded to sell all types of goods. Specialty discount stores featuring cameras, drugs, and men's or women's wear developed, as did discount variety and department stores.

Flight To the Suburbs

Whether the great increase in automobile ownership caused or followed the population movement to the suburbs is debatable. Perhaps one development reinforced the other, since no one moved to suburbia without some form of personal transportation. Great numbers of young families left the overcrowded cities to live on the outskirts. They were near enough to commute to work, but distant enough to enjoy living in spacious areas surrounded by trees and grass.

At first, established city retailers remained in the central city's downtown area. They began to worry when fewer and fewer shoppers wanted to journey downtown on the bus or streetcar; traveling by automobile was more comfortable. Then, as more automobiles came into use, the streets downtown became clogged and traffic snarled. Shoppers even had difficulty parking their cars. Parking meters were installed as a means of keeping cars moving in and out, but it became painfully clear that the old shopping patterns were no longer appropriate.

Some downtown retailers closed their stores.

Others survived by adapting. They continued to serve the office worker who had to go downtown to work, and they built multilevel parking areas featuring free or low-cost parking for shoppers.

The neighborhood stores on little Main Street also suffered from population shifts. Unable to accommodate automobile traffic, they had to content themselves with filling the hand-to-mouth needs of the immediate neighborhood.

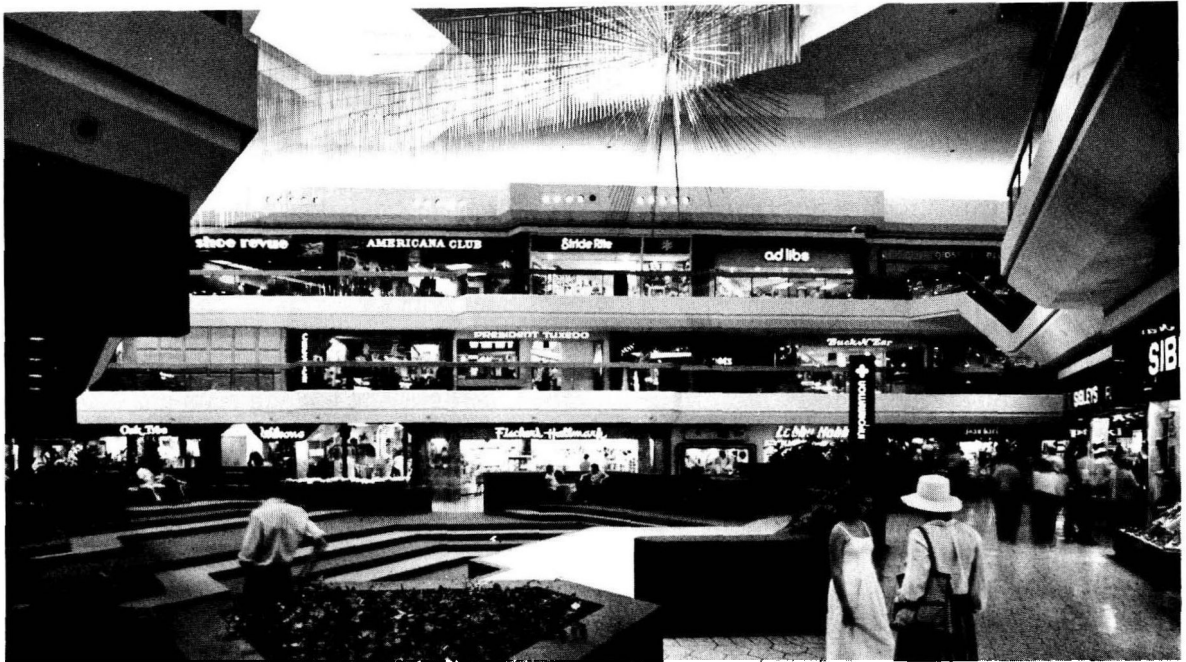
As more and more people continued to desert the trolley car and bus in favor of the automobile, the way opened for what would be one of the fastest-growing retail phenomena—the suburban shopping center.

SUBURBAN SHOPPING CENTERS

Supermarkets, homefurnishings stores, and a few large discount outlets were among the first stores to face the challenge of the car-oriented shopper. Chain stores opened new branches on highways close to the more heavily populated suburban centers. Their immediate success stimulated other stores to do the same. As a result, the radically different retailing idea of the suburban shopping center developed.

Suburban retailers quickly discovered a different kind of patron. More often than not, the suburban family made larger food and clothing purchases than did the average city family. Suburban living was less formal, and this was reflected in demands for more casual clothes, backyard and lawn furniture, gardening supplies, and barbecues. Suburban customers often carried these large items home in their cars and station wagons rather than wait for delivery, so retailers had to keep such merchandise in stock. While limited shopping hours in the city had discouraged family shopping trips, suburban families conveniently shopped during evening and Sunday store hours.

Today, shopping centers carry as many products and services as suburban consumer demand will support. Branch units of mass merchandisers, department stores, specialty shops, and variety stores have joined the giant food stores,



Enclosed malls provide today's shopper with all-weather comfort and convenience.

TABLE 1-1. COMPARISON OF RETAILERS, PAST AND PRESENT

	Horse-and-wagon Retailer	Modern Retailer
Merchandise	Made locally, limited quantity.	Worldwide sources, great quantities.
Buying	Tried to choose what customers wanted.	Tries to choose what customers want, introduces new concepts and fashions.
Location	Brought store to customer.	Branch stores, cable TV ordering bring store to customer.
Interior layout	Wagon was full, no specific design.	Layout planning according to buying habits of customer; professionals design interior of store.
Sales techniques	Individual attention.	Self-selection and full service, depending on the store and merchandise.
Advertising	Signs, word of mouth, drum.	Newspapers, TV, radio, direct mail.
Display	Merchandise hung on outside of covered wagon, no internal display.	Window, interior, and exterior display.
Credit	Personal faith, past experience with customer.	National and store credit cards, impersonal evaluations.
Security	Watchdog, rifle, slept near wagon.	Electronic burglar alarms, armed guards on duty all night, dogs patrolling store.
Ownership	Individually owned or partnership.	Individually owned, partnership, corporate syndicate.

bringing shopping conveniences to suburbs.

Restaurants, bowling alleys, movie houses, laundries, and other stores and services have located in large suburban shopping areas. The **shopping mall** was created not only to link this sprawling network of stores but also to shelter the shopper from bad or uncomfortable weather. Completely enclosed malls which are heated and air-conditioned give the shoppers all-weather comfort. In some cases, the shopping mall serves as the center of a suburban community. All the vital elements are there: the post office, police and fire department headquarters, the town hall, and a host of stores and shops.

Giant retail establishments such as Sears, Roebuck and Co., Montgomery Ward & Co., Inc., and J. C. Penney Co., Inc., along with the chain mass merchandisers—companies like Zayre Discount Stores, Caldor, K mart, Fashion Wear Corp., and the major grocery chains—have prospered because they recognized the automobile as an integral part of American life and made moves to accommodate its use in shopping.

We have, in a sense, returned to the general-store concept—the customer can shop from morning until night and find almost everything in one center.

REBIRTH OF URBAN RETAILERS

Though department and chain stores will continue to open units in suburban shopping centers, urban renewal is currently giving city retailers the chance to make a significant comeback. New customers are shopping in the old downtown locations, where old warehouses and tenements are being replaced by high-rise apartment buildings and new offices.

This development may mean a second chance for many in-town stores, especially the smaller specialty shops. They can attract new customers and still remain convenient shopping places for their present ones.

Department stores also encourage urban customer traffic by offering broad merchandise assortments, in regular-priced as well as off-price



Contributing to the revival of downtown retailing are shopping centers such as San Francisco's Ghirardelli Square. This group of fashionable shops and restaurants housed in a renovated chocolate factory are a major tourist attraction.

goods, in their downtown stores and also by continuing to offer many customer services. Visitors to the city, people who work there, and those willing to use public transportation also add to this new traffic.

FUTURE OF THE SMALL RETAILER

The greatest victim of the retailing changes of the last 30 years has been the small merchant, once the backbone of neighborhood retailing. Some merchants have survived, however, by joining cooperative groups or by becoming franchisees. These forms of ownership are explained in Chapter 5. Other retailers have survived by extending their business hours or by offering specialized customer services. Also, fortunately for the small retailer, it is still convenient for the customer to run to the corner store for a roll of film or a quart of milk.

Some small retailers specialize in a single line of products, such as custom-made draperies and shades. The retailer specializing in this product

line will go to a customer's home, measure the windows, carefully explain the variety of shades and draperies available, and then, having made a sale, expertly fill the order. The giant mass merchandiser might sell draperies and shades at a lower price but cannot offer custom fitting.

Most small food stores, hardware stores, department stores, and drugstores have found their larger competitors are moving into the most favorable locations. The competitors are also carrying larger and more diversified inventories and offering easy credit plans. The challenge for small retailers, therefore, is to use their ability for personalized service or knowledge of a specialized product line to capture and maintain their share of customers.

GROWTH OF DEPARTMENT STORES

Through the years, the department store has thrived, successfully fighting off the threat from discount stores, catalog retailers, and specialty shops. It has emerged from the struggle in a different form, however. Stores that at one time were independently owned have been purchased by centrally controlled corporations; one example is the Macy Corporation. Other stores which at first joined forces for additional buyer power eventually combined into affiliates that are now centrally owned and controlled, Federated Dept. Stores, Inc., for example.

By 1980, Macy's had grown into an 85-unit organization and reached the \$2½ billion sales mark. Federated Dept. Stores' volume in 1980 was over \$4 billion. Its properties include many leading department stores in communities from coast to coast.

Other affiliations operating stores in many communities include Dayton-Hudson Corp.; Carter Hawley Hale Stores, Inc.; Associated Dry Goods Corp.; and Allied Stores, Corp., to name a few. The corporations and their affiliates do an extremely large percentage of the department store business in the United States.

FACTORS INFLUENCING MODERN RETAILING

Recent decades have brought rapid changes in retailing in America. The nation's tremendous growth in productivity and the growing affluence of consumers following World War II created a boom market in which retailing flourished. The ever-increasing awareness of fashion on the part of the consumer also contributed to a constant turnover of products on retail shelves. (The fashion influence will be discussed further in Chapter 3.)

Energy Shortage

The seemingly endless prosperity of the 1950s and 1960s was followed by an oil shortage in the 1970s. This shortage left an enduring mark on the nation's economy, including its retailing industry.

The immediate effect was a scarcity of gasoline that caused customers to drive only when necessary. Fast-food retailers and retail businesses in suburban shopping malls were hit the hardest because they depended on customers who arrived by car to shop.

As time went on, the gas shortage ceased to be the problem; the cost of energy in general became the prime concern. Many consumer goods, especially those made from or with plastics, became more expensive due to increased manufacturing costs. In addition, air conditioning in the summer and heat in the winter were consuming an ever-expanding part of the store budget. In order to cover the necessary expenses, retailers were forced to increase their markups, making the consumer more aware of the price of goods in relation to their quality.

Changing Consumer Profile

Other factors are at work on retailing as we approach the end of the century. Changes in the traditional family structure, caused in part by the number of women now in the work force, are having a strong impact on the way retailers

do business. No longer is the "average" customer considered to be a young housewife with two children. Single parents, working mothers, retirees, and teenagers are important customers and must be catered to by retailers who wish to maintain a broad customer base. (The changing consumer is described in further detail in Chapter 2.)

Competition for the consumer's dollar has never been so fierce, and retailers who realize the changes that are occurring and adapt to them are the most likely to succeed in the coming years.

One of the ways retailers have been meeting the challenge of the 1980s is to take some of the tedium out of shopping. Shopping used to be a social and "fun" activity for consumers, but in recent years the advent of self-selection, higher prices, and the limited shopping time available for women in the work force has taken some of the fun out of it. The growing customer demand for convenience in shopping has led to developments in two directions: (1) an increasing amount of nonstore retailing and (2) renewed efforts to attract customers into the store to shop.

Nonstore Retailing. Consumers have been shopping by mail ever since Montgomery Ward challenged the general store for its local business. Today, the "Big Five" national catalog houses (Montgomery Ward, Sears, J. C. Penney, Spiegel, and Aldens) are thriving, and have been joined by a number of retail stores that are expanding their mail-order and phone-order business in an effort to accommodate present customers and gain new ones.

In addition to traditional mail-order shopping, teleshopping is taking a bigger and bigger share of the retail business. **Teleshopping** refers to any form of at-home purchasing that involves direct communication between retailer and customer, including widely used combinations of toll-free numbers and credit cards.

A recent survey by the American Telephone and Telegraph Co. (AT&T) showed that 90

CATALOGUE.
Hats and Caps continued.
THE GRANGER HAT.

1150--REGULATION
P. of H. Hat--All Wood.

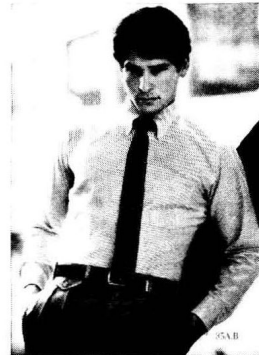


Manufactured expressly for us.
Price \$1.25 each. See cut.

Manufactured and sold only by Montgomery Ward & Co.
Price \$1.25 each.

Numbers.	FURS.	Per set.
1175..	Dark striped imt. Mink Muff and Cape...	5 00
1176..	Dark striped Alaska Mink Muff and Cape	4 50
1177..	Genuine striped Mink Muff and Boa....	15 00
1178..	Genuine striped Mink Muff and Boa, fine	18 00
1179..	Genuine striped Mink Muff and Boa, extra	22 00
1181..	Imt. Ermine Muff and Boa, for children	1 50
1182..	Imt. Ermine Muff and Boa, for children	2 50
1183..	Imt. Ermine Muff and Boa, for misses...	6 00
1184..	Imt. Seal Muff and Boa, looks like genuine, takes a good judge to tell them from those that are worth \$40.00	8 00
1185..	Men's Fur Collars, from.....	1 50 to
1186..	Men's Fur Driving Gloves, from 2.50 to	3 00
1187..	Men's imt. Seal Caps, from.....	3.00 to
1188..	Ladies' Cooney Sets, Muff and Collar...	5 00

P. OF H. REGALIAS.
1900... Ladies' Apron and Sash, made of good bleached cotton, for..... 40



15A The University stripe shirt of pure cotton colored cloth. Tailored with button down collar to wear with tie or open. Blue and white. Sizes 14 - 32 in. 10 - 17 in. 18 - 24 in. 25 - 32 in. 32 - 40 in. 42 in. 44 in.

15B Comfortable cotton knit tee in white with a white dot worked into the knit. 10 in. 12 in. 14 in. 16 in. 18 in. 20 in. 22 in. 24 in. 26 in. 28 in. 30 in. 32 in. 34 in. 36 in. 38 in. 40 in. 42 in. 44 in. 46 in. 48 in. 50 in. 52 in. 54 in. 56 in. 58 in. 60 in. 62 in. 64 in. 66 in. 68 in. 70 in. 72 in. 74 in. 76 in. 78 in. 80 in. 82 in. 84 in. 86 in. 88 in. 90 in. 92 in. 94 in. 96 in. 98 in. 100 in. 102 in. 104 in. 106 in. 108 in. 110 in. 112 in. 114 in. 116 in. 118 in. 120 in. 122 in. 124 in. 126 in. 128 in. 130 in. 132 in. 134 in. 136 in. 138 in. 140 in. 142 in. 144 in. 146 in. 148 in. 150 in. 152 in. 154 in. 156 in. 158 in. 160 in. 162 in. 164 in. 166 in. 168 in. 170 in. 172 in. 174 in. 176 in. 178 in. 180 in. 182 in. 184 in. 186 in. 188 in. 190 in. 192 in. 194 in. 196 in. 198 in. 200 in. 202 in. 204 in. 206 in. 208 in. 210 in. 212 in. 214 in. 216 in. 218 in. 220 in. 222 in. 224 in. 226 in. 228 in. 230 in. 232 in. 234 in. 236 in. 238 in. 240 in. 242 in. 244 in. 246 in. 248 in. 250 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percent of those surveyed wanted to receive more information about telephone shopping from the stores of their choice. Ninety percent also felt teleshopping would make it easier to order merchandise that they saw in the store when they were out shopping. Sixty-five percent said they would still visit the store but use teleshopping in addition. The idea of teleshopping stores that were out of their geographic area was a motivating force for 90 percent of those surveyed.

Technological developments in data processing, electronics, and cable television may bring teleshopping one step further. The ultimate in nonstore retailing would bring shopping into consumers' living rooms by allowing them to view a selection of merchandise on their television screens and to order merchandise simply by pushing a button on their television control panels.

Experiments in Japan, England, and with the QUBE two-way cable system in the United States, have proven that consumers are ready for this alternative to regular shopping outlets. Experts expect nonstore sales volume to increase 30 to 40 percent a year while traditional retail-store volume grows only about 7 percent a year. Already, as much as 20 percent of all merchandise sales are carried through the mails.

The number of homes with cable access is growing tremendously, but since cable is being used for many purposes, from entertainment to education, retailers will be up against competition for the consumer's time and dollar. Those that succeed in this new electronic shopping environment will be those that adapt themselves quickly, such as Federated Dept. Stores, Inc.,

which has already purchased a minority interest in Comp-U-Card, the nation's largest electronic shop-at-home service.

As stated in a retail trade magazine:

The shopping trip of the future may involve little more than a series of electronic hook-ups to enable the consumer to view, select, automatically order and electronically transfer payment.²

Attracting Customers. At the same time, retailers are generating in-store excitement by upgrading their decor, holding special events and promotions, and adding special services and departments to attract customers. Guest appearances by designers in the ready-to-wear department, contests or competitions in the toys and games departments, or demonstrations of cooking techniques in the housewares department are just some of the events used by retailers to generate customer traffic.

Restaurants or snack bars, travel agencies, even dentists' or lawyers' offices have been established in some department stores to offer "one-stop shopping" convenience to today's busy consumer. This **service retailing** could someday allow consumers to purchase, finance, furnish, and decorate their homes—and even hire a caterer to cater the housewarming party—all out of one store.

Notes

¹U.S. Bureau of the Census, *Monthly Retail Trade*, January 1981, issued April 1981.

²"Teleshopping: The Future Is Now," *Stores Magazine*, September 1980, p. 71.

Topics for Discussion

1. List the similarities and differences between the old horse-and-wagon retailer and today's modern retail store.
2. What were some of the factors that led to the decline of the general store?
3. What advantages does mail-order retailing offer its customers?
4. What two major factors were responsible for the development of the department store?
5. Explain the statement "The department store appealed to all types of customers."
6. What are some of the distinctions between