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REJECTING TRADE PAYS FOR HUSSCO

**Shoe Company Thrives on
Exclusive Jobber Set-Up
—It Took Nerve to Start**

By GEORGE AUERBACH

A distribution system that has worked successfully for twelve years and has not been copied by competition is a rare thing.

But few companies have attempted to follow the lead of the Hussco Shoe Company of Honesdale, Pa. The reason is that a great deal of courage, bluff and perseverance is required.

Hussco is one of the few companies in the soft-goods field that sell solely through wholesale distributors and about the only concern that guarantees that no one, including the manufacturer, will distribute its brand except authorized dealers within established territories.

At the outset, William Manowitz, president of Hussco, was told that the practice would not work. Distributors, he was advised, would not turn down orders from retailers outside their area. Major department stores would deal only with the company and not through intermediaries, he was warned.

Mr. Manowitz says he was "ignorantly stubborn that the idea was going to work." Other shoe companies have tried the system, he says, but "didn't have the guts to turn down an order."

Gamble That Won

The system involved a calculated risk. While its operation might antagonize large department stores, it would win adherents among wholesale distributors and independent retailers. There are about 30,000 independent retailers in the country, Mr. Manowitz reports, and they do a greater volume than the chains and department stores.

The first few years of the operation were sparked by many fights. However, today large department stores such as Macy's

buy from the distributor in the area.

The system gives Hussco greater control over its distributors and the retailers. The Huskies line of moccasins and sports shoes is price-fixed. The rigid distribution system enables the company to cut off supplies to retailers who do not adhere to its prices.

The guaranteed selling volume and the exclusive territory rights are a great inducement to distributors, and they value the right to handle the line. The distributors may not handle competing lines and must stock sizable inventories to assure prompt service to the outlets in their area.

Stocks Large But Fluid

The average retailer, Mr. Manowitz reasoned, cannot afford to carry large inventories and yet must have ready access to popular styles when stocks run low. The distributor system employed by Huskies enables outlets to draw on the large stocks warehoused by distributors.

Mr. Manowitz established an exchange system among distributors. There is a constant flow of styles and colors of shoes. When an item sells well in one area and not in another, the company arranges for one distributor to purchase the footwear from another.

An outlet was opened recently at one of the company's eight factories to move distress merchandise. Distributors sell items to the self-service store, which offers the merchandise at substantial reductions.

The company tells the distributors when it is time to place initial orders for a season. Its merchandising manager analyzes early orders and helps the distributors to determine the size of reorders. Hussco salesmen also travel with distributors periodically to help them sell problem customers.

The success of the system is shown by the company's over-\$10,000,000 gross.

The company has twenty distributors covering the country. Coverage is weak in some areas such as the mid-South, Mr. Manowitz acknowledges. He hopes to expand the number of distributors to thirty or thirty-five in the near future.

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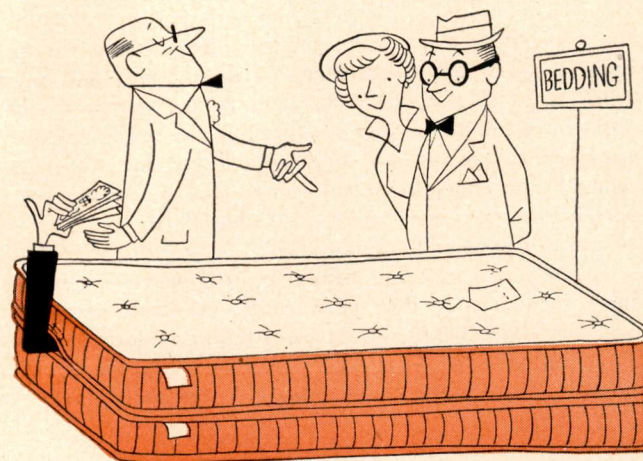
ECONOMICS FOR CONSUMERS

continued

buys blind. Hence it is no surprise to hear that things are not exactly on the up and up in the mattress business.

One source of trouble seems to be spiffs. A spiff is what the trade calls a commission paid by a manufacturer to a clerk in a retail store for pushing that particular manufacturer's brands. PM (push money) is another name sometimes used. A number of retailers say they do not approve of spiffs because 1) salesmen tend to push the biggest spiff which is not always the brand best suited to the customer's needs and purse; 2) such payments interfere with the employer-employee relationships in a retail store; and 3) the practice increases the price of mattresses.

In other words, the consumer pays the spiff. And now that competition has forced mattress manufacturers to vie with each other in spiffing, the cost of the practice is mounting. This is the kind of a box industries get themselves into when they try to use promotion competition in place of price competition. And it is not easy to get out of it, either. Once a manufacturer begins such bribing, he is naturally afraid to stop until he is sure his competition



will also stop. Mattress manufacturers are at work on a new code of ethics for themselves which may help. But, according to industry reports, it will be at least two years before the code is completed, to say nothing about its enforcement.

Meantime, if you are out shopping for a mattress take the salesman's spiel with a grain of salt. It could be that he is spoofing you for a spiff.

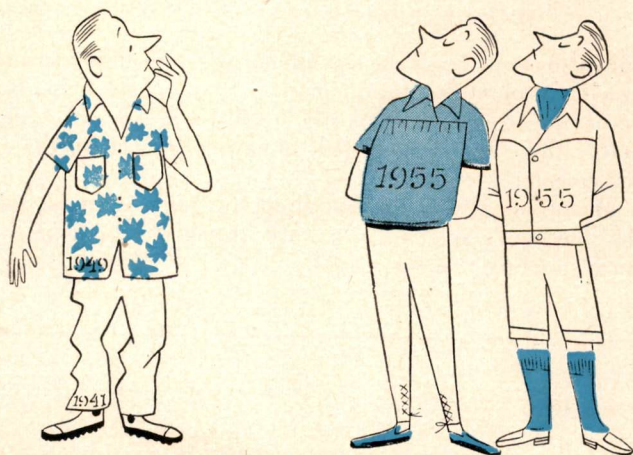
cumulative index

Each issue of CONSUMER REPORTS contains a cumulative index of principal subjects covered in all preceding 1955 issues. Page numbers run consecutively: January, 1-52. An asterisk (*) indicates comparative ratings of products; a dagger (†), discussion of one or more brands without specific ratings.

Advertising techniques.....	43	Consumer buying, 1954 review.....	40	*Shampoos.....	20
*Broccoli, frozen.....	32	House plants and artificial light.....	37	†Television receiver, Motorola color.....	23
*Brussels sprouts, frozen.....	32	Mold and fungous diseases.....	45	Vises and clamps for the home mechanic....	34
†Color television, Motorola.....	23	*Sewing machines, straight-stitch.....	24	†Used cars, how to buy.....	4

the *Journal of Commerce*. "We will be making shoes for men, women, and youngsters so distinctive that anyone who clings to the old styles will be conspicuous." Even little boys are to be given something other than what the trade calls "the sexless shoe" which has heretofore been worn by pre-teen boys and girls. One manufacturer described his new boys' shoes as "what I call 'real nervous' to use the vernacular of the kids."

In the men's clothing sector the real nervous ideas have been furnished by two new trade organizations, MAGIC and BAGIC—the Men's Apparel Guild in California and Boys' Apparel Guild in California. As *Business Week* reported: "The West Coast industry is quite openly out to



create as much obsolescence in men's clothes as possible . . . thereby boosting the declining share of the consumer's dollar that the men's apparel industry gets." The new look for men and boys is to be a long, lean look, a great deal

more color, and "an international flair." "Flashy casualness" is what more conservative eastern firms call it. But call it what you will, if Hollywood can change men's styles other members of the industry are all for it and, they point out, all you have to do is to take a look at sport shirts to see that Hollywood can influence men's tastes.

The new look for women has been given the slow, creep-up-on-them treatment since last spring. A good many clothing manufacturers believe that this spring, or at the latest next fall, their careful patience will be rewarded. The new look will have become set firmly enough by that time to relegate 1953 and 1954 suits, coats and dresses to the attic.

The poor sock manufacturers, however, are in a tougher spot. It is all right to talk about designing new styles to make men throw socks away before they are worn out, but it is not so easy to do. Yet it must be admitted that manufacturers of men's socks are threatened more than even the shoe industry. The villain in their piece is the nylon stretch sock. It not only wears a long time, it stretches so that boys do not outgrow it. And because it stretches, retailers only carry three sizes instead of the boxes and boxes of sizes they have to load on their shelves for other socks. So retailers like them and nylon stretch sales are going fine. But the National Association of Hosiery Manufacturers says: "All the present interest and excitement about stretch socks is calculated to decrease our business instead of to increase it."

SPIFFING

A mattress is a maddening thing to buy. It costs a lot of money. You cannot see its insides. Even if you could you cannot be sure that you would be able to judge its quality. Here is another one of those cases where the consumer

Continued on next page

Vandals Tap 3 Tanks of Fertilizer

2-5-58
Vandals opened the valves on three tanks of liquid fertilizer at the Romeo Packing Company plant at Princeton-by-the-Sea sometime Monday night, dumping \$108,000 worth into a sewer.

Joseph Romeo, owner of the San Mateo county fish emulsion plant, said yesterday the tanks were emptied of 36,000 gallons and more was drained from a vat inside the one-story building. Romeo said his loss was about \$28,000, but the retail value was \$108,000.

he Rebecca Temple Ford is
and the Druids.

She is survived by her husband, Edwin C. Ford, and three children, Myrl Debrow, Delma Williams and Edwin C. Ford Jr. The family home is at 50 Church street.

WISDOM LOOKS AHEAD

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