COPYRIGHT BY
ROBERT DAVID ENTENBERG
1957

THE CHANGING COMPETITIVE POSITION OF DEPARTMENT STORES
IN THE UNITED STATES BY MERCHANDISE LINES

DISSERTATION

Presented in Partial Fulfillment of the Requirements
for the Degree Doctor of Philosophy in the
Graduate School of The Ohio State
University

By

ROBERT DAVID ENTENBERG, B.S.B.A., M.B.A.

The Ohio State University
1956

Approved by:

Thos. M. Bicknell

William R. Anderson

Advisers

Department of Business Organization

ACKNOWLEDGMENTS

The author is deeply indebted to many individuals for co-operation and help that was received during the conduct of this investigation. Whatever contributions that may be found in this dissertation would not have been possible without the benefit of the continuing constructive criticisms and helpful guidance of the Advisers, Professors Theodore N. Beckman and William R. Davidson. The author also wishes to express his appreciation to Professors James H. Healey, James E. Gates, and Wenzil K. Dolva for their suggestions and counseling in the initial phases of the research for this project. A debt of gratitude is also owed to Professor Albert B. Smith, Mr. William Singer, Mr. Dexter E. Robinson, Mr. Harold Seder, Mrs. Mary P. Martin, and my wife, Ann, for their help and encouragement. Finally, the author wishes to thank the many department store executives and U. S. Department of Commerce officials for their generous contribution of time and effort which helped to make this study possible.

TABLE OF CONTENTS

<u>Chapter</u>	<u>Page</u>
I. INTRODUCTION.....	1
General Statement.....	2
Objectives of the Study.....	3
The Department Store Standpoint.....	4
Social and Economic Relationships Involved.....	4
Economic Factors Involved in Expansion.....	5
Purpose, Approach, and Methodology of the Study.....	5
Hypotheses.....	6
Feasibility of an Approach Emphasizing Line Rather than Geographical Expansion.....	7
Research Methodology.....	7
Sources of Information.....	8
Time of the Study.....	9
Data Used to Insure Uniformity.....	10
Divisional Merchandise Line Groups Used.....	11
General Organization of the Study.....	11
II. CHANGING CONCEPTS AND OPERATING CHARACTERISTICS OF DEPARTMENT STORES.....	13
Changing Concepts and Definitions of Depart- ment Stores.....	13
Influence of Changing Definitions in Determin- ing Trends.....	15
Conclusions with Respect to Changing Definitions...	18
The Department Store Type of Operation.....	18
Operational Policies.....	19
Specialization.....	21
Control and Accounting.....	22
Depth, Assortment, and Classifications of Mer- chandise Lines.....	23
Summary and Conclusions.....	25
III. RETAIL SALES TRENDS SINCE 1929.....	27
Operating Trends of Department Stores.....	28
Department Store Rate of Growth.....	29
Total Dollar Sales Adjusted to a Common Base.....	30
Total Dollar Sales of Department Stores Compared to Total Retail Sales.....	31
Changing Relative Position on an Over-all Volume Base.....	35
Competitive Stability of Department Stores.....	36

Page

Total Sales of Department Stores Compared to Total Sales of Stores Carrying Similar Lines.....	38
Department Store Sales in Comparison with the General Merchandise Group.....	40
Attempts Made to Alter or Improve Changing Position.....	41
Summary.....	43
 IV. CONSUMER EXPENDITURES PATTERN BASED ON THE TOTAL DEPARTMENT STORE MARKET.....	46
Stability of Consumer Expenditures as a Function of Income.....	46
Comparison of Personal Consumption Expenditures to Total Output and Income.....	48
Department Store Policies in View of the Above.....	50
Personal Consumption Expenditures by Major Type.....	51
Relationship of Changing Consumer Expenditure Patterns to Department Store Volume Potentials....	52
The Department Store Merchandise Line Groups.....	56
Department Store Market Sales Compared to Total Consumption Expenditures and Total Retail Sales.....	59
Department Store Sales Compared to Total Market Sales.....	61
Choice of Data Used.....	63
Classification of Data.....	63
Consumer Purchasing Patterns by Major Divisions within the Department Store Market.....	64
Summary and Conclusions.....	66
 V. CHANGING RELATIVE POSITION OF INDIVIDUAL MERCHANDISE LINES TO TOTAL DEPARTMENT STORE VOLUME.....	70
Grouping the Merchandise Lines.....	71
Variations within These Merchandise Lines.....	72
Historic Pattern of Department Store Sales by Merchandise Lines.....	72
Pre-1929 Decade.....	73
Merchandise Line Sales Patterns in Department Stores from 1929 through 1953.....	75
Piece Goods and Household Textiles and Small Wares.....	76
Women's and Misses' Ready-to-Wear Accessories and Apparel.....	78
Men's and Boys' Wear.....	82
Home Furnishings.....	82

	<u>Page</u>
Miscellaneous.....	84
Importance of Changes in Relative Contribution by Merchandise Divisions.....	87
Influence of Internal and External Factors on Department Store Merchandise Line Sales.....	89
General Merchandise Line Emphasis and Profit- ability, 1929 to 1940.....	90
General Merchandise Line Emphasis and Profit- ability, 1940 through 1946.....	92
Resulting Merchandise Line Emphasis, 1947 through 1953.....	93
Success of Particular Merchandise Line Emphasis by Department Stores.....	95
Summary and Conclusions.....	95
 VI. DIRECT COMPARISON OF DEPARTMENT STORE SALES TO TOTAL MARKET SALES IN THE ECONOMY BY MERCHANDISE DIVISIONS AND LINES.....	 99
Suitability of the Comparisons.....	99
Changing Position by Merchandise Divisions.....	100
Changing Competitive Position of Department Store Merchandise Lines in Relation to Total Market Sales..	102
Piece Goods and Household Textiles (Line Group A)..	102
Small Wares, (Line Group B).....	104
Women's, Misses' Ready-to-Wear Accessories (Line Group C).....	106
Women's and Misses' Ready-to-Wear Apparel (Line Group D).....	110
Men's and Boys' Wear (Line Group E).....	113
Home Furnishings (Line Group F).....	113
Miscellaneous (Line Group G).....	118
Summary and Conclusions.....	125
Lines in Which Department Stores Improved Their Competitive Position.....	126
Lines in Which Department Stores Lost Competitive Position.....	130
Major Contribution Presented in This Chapter.....	134
 VII. GEOGRAPHICAL VERSUS MERCHANDISE LINE EXPANSION.....	 136
Social and Economic Considerations.....	136
Increasing Competitive Stress at the Retail Level.....	139
Extent of Geographical Expansion.....	141

Page

Internal Factors Prompting Geographical Expansion.....	142
External Factors Prompting Geographical Expansion.....	143
Validity of Geographic Expansion as the One Best Means of Growth.....	144
Extent to Which Merchandise Line Expansion Has Progressed.....	148
Internal Factors Affecting Merchandise Line Expansion.....	149
External Factors Affecting Merchandise Line Expansion.....	150
Competitive Challenges from New or Existing Types of Retail Outlets.....	152
Scrambled Merchandising.....	153
Discount House Operation.....	155
Validity of Merchandise Line Expansion.....	157
Type of Expansion Indicated by the Foregoing Considerations.....	158
Summary.....	159
VIII. SUMMARY AND CONCLUSIONS.....	160
Conclusions with Respect to the Changing Competitive Position of Department Stores by Merchandise Lines...	164
Summary.....	179
Conclusions with Respect to the Type of Expansions Needed.....	181
General Value of the Study.....	182

APPENDIXES

A. Statement Regarding the Statistical Data Used in Compiling Merchandise Line Sales.....	186
Comparison of Merchandise Line Breakdowns.....	194
B. Tables.....	218
C. Primary Sources of Information.....	230
D. Selected Bibliography.....	233

TABLES

<u>Table</u>	<u>Page</u>
1. Divisional Merchandise Groups and the Merchandise Line Numbers They Include by Letter Designation.....	11
2. Department Store Sales as a Per Cent of Total Retail Sales, 1929, 1939, and 1948.....	17
3. Number and Volume Growth of Department Stores by Founding Date, 1900-1948.....	29
4. Department Store Sales in Current Dollars, Physical Volume, and Physical Volume Per Capita by Years, 1929-1953.....	32
5. Department Store Sales and Annual Percentage Variation, Total Retail Store Sales with Annual Percentage Variation, and Department Store Sales as a Per Cent of Total Retail Sales, by Years, 1929-1955.....	37
6. Department Store Sales Compared to Sales of Other Stores Handling Essentially the Same Lines of Merchandise, by Kind of Business, for Census Years 1929, 1939, and 1948...	39
7. Department Stores and General Merchandise Group Sales, by Years, 1929-1953.....	42
8. Personal Consumption Expenditures as a Per Cent of Output and Income, for Selected Years, 1929-1955.....	49
9. Personal Consumption Expenditures as a Per Cent of Disposable Personal Income, by Major Types, for Selected Years, 1929-1953.....	52
10. Personal Consumption Expenditures by Major Type, for Selected Years, 1939-1955.....	54
11. Total Expenditures for Department Store Market Merchandise as a Per Cent of Total Consumption Expenditures and Total Retail Store Sales, and Total Retail Store Sales as a Per Cent of Total Consumption Expenditures, for Selected Years, 1929 through 1953.....	60
12. Changing Relative Competitive Position of Department Stores in Relation to Total Department Store Market Sales and Total Retail Store Sales, by Years, 1929-1955...	62

TABLES (continued)

<u>Table</u>	<u>Page</u>
13. Total Consumption Expenditures by Major Department Store Merchandise Line Divisions, for Selected Years, 1929-1953.....	65
14. Annual Percentage Contributions of Piece Goods and Household Textiles and Small Wares to Total Department Store Volume by Merchandise Lines, for Selected Years, 1929-1953.....	77
15. Annual Percentage Contributions of Women's-Misses' Ready-to-Wear Accessories and Women's-Misses' Ready-to-Wear Apparel to Total Department Store Volume by Merchandise Lines, for Selected Years, 1929-1953.....	80
16. Annual Percentage Contributions of Men's & Boys' Wear and Home Furnishings to Total Department Store Volume by Merchandise Lines, for Selected Years, 1929-1953.....	83
17. Annual Percentage Contributions of the Miscellaneous Division to Department Store Volume by Merchandise Lines, for Selected Years, 1929-1953.....	85
18. Annual Percentage Contributions of the Miscellaneous Division to Department Store Volume by Merchandise Lines, for Selected Years, 1929-1953.....	88
19. Department Store Sales as a Per Cent of Total Market Sales by Merchandise Divisions.....	101
20. Department Store Sales of Piece Goods and Household Textiles as a Per Cent of the Total Market Sales of These Items, by Merchandise Lines, 1929-1953.....	103
21. Department Store Sales of Small Wares as a Per Cent of the Total Market Sales of These Items by Merchandise Lines, 1929-1953.....	105
22. Department Store Sales of Women's-Misses' Ready-to-Wear Accessories as a Per Cent of the Total Market Sales of These Items, by Merchandise Lines, 1929-1953.....	107
23. Department Store Sales of Women's-Misses' Ready-to-Wear Apparel as a Per Cent of the Total Market Sales of These Items, by Merchandise Lines, 1929-1953.....	111

TABLES (continued)

<u>Table</u>	<u>Page</u>
24. Department Store Sales of Men's and Boys' Wear as a Per Cent of the Total Market Sales of These Items, by Merchandise Lines, 1929-1953.....	114
25. Department Store Sales of Home Furnishings as a Per Cent of the Total Market Sales of These Items, by Merchandise Lines, 1929-1953.....	116
26. Department Store Sales of Miscellaneous, in the Department Store Market, as a Per Cent of the Total Market Sales of These Items, by Merchandise Lines, 1929-1953.....	119
27. Sales of Department Store Merchandise Lines Which Do Not Represent Five Per Cent of Total Market Sales Shown in Relation to Total Market Sales and Total Department Store Volume Contribution.....	122
28. Department Store Sales of Miscellaneous <u>Not</u> in the Department Store Market, as a Per Cent of the Total Market Sales of These Items, by Merchandise Lines, 1929-1953.....	124
29. Merchandise Lines in Which Department Stores Gained Relative Market Position, According to Percentage Gain and as a Per Cent of Total Market Sales for the Same Lines, for Selected Years, 1929-1953.....	128-9
30. Merchandise Lines in Which Department Stores Lost Relative Market Position, According to Percentage Loss and as a Per Cent of Total Market Sales for the Same Lines, for Selected Years, 1929-1953.....	132

APPENDIX TABLES

1. Department Store Sales by Merchandise Lines, 1929-1953.....	218
2. Total Market Sales of Department Store Merchandise Lines, 1929-1953.....	221
3. Annual Percentage Contribution to Total Department Store Sales by Merchandise Lines, 1929-1953.....	229

ILLUSTRATIONS

<u>Figure</u>	<u>Page</u>
I. Adjusted Indexes of Department Store Volume in Current Dollars, Physical Volume, and Physical Volume Per Capita, 1929-1953.....	34
II. Appendix A, Worksheet Used for Analysis of Specific Merchandise Lines Used in the Study.....	192
III. Appendix A, Questionnaire Form Used as Guide in Personal Interviews with Department Store Executives.....	193

THE CHANGING COMPETITIVE POSITION OF DEPARTMENT STORES
IN THE UNITED STATES BY MERCHANDISE LINES

CHAPTER I

INTRODUCTION

During the past two decades many conjectures have been made and hypotheses advanced concerning the future of department stores. Most of these state that department stores have reached either a stationary or a declining competitive position in relation to the total retail trade of this country.

These statements have had as their basis the declining sales position of department stores as a per cent of the total retail business.¹ Yet scientific investigation to determine specifically where department stores have been losing ground has been neglected.

The necessity for this type of investigation has been hidden by the almost continuous increase of department store dollar sales volume when compared with their previous year's results. However, this dollar volume has been rising at a slower proportionate rate than has the growth of total retail sales.² It is this declining rate of the

¹The Standard Factors Corporation, on the basis of a survey of 127 companies, estimated that department stores would get 5.8 per cent of the total annual retail volume in 1954; their comparative figures for other years, which are lower than those developed for this study, are: 1953, 6.0 per cent; 1952, 6.3 per cent; 1947, 7.4 per cent; and 1945, 8.3 per cent. Source: "Department Stores' Share of Market," Women's Wear Daily, Sept. 23, 1954.

²See Appendix Table 1.

department store's dominance that has been overlooked and neglected. Past and existing efforts by department store management to maintain a proportionate level with total retail sales (chiefly geographical suburban expansion) has not been successful in halting or reversing this unfavorable trend.³

GENERAL STATEMENT

In an attempt to overcome this problem, department stores have expanded their operations to suburban markets. Unfortunately, this attempt to recapture their share of the consumer's dollar has not strengthened the competitive sales position of department stores. Should the conclusion be to discontinue or alter this method in the future?

The strength of department stores has always been the diversity of merchandise lines that have been carried in substantial depth and assortment.⁴ Then could their solution be a change or expansion in

³In further elaboration of this statement: "Department store sales have increased less than 7 per cent in the past three years (1951-53) while consumer disposable income has risen more than 20 per cent. Expenditures in this period for food, gasoline, housing, and other services far outstripped spending for clothing. The supermarket, the landlord, the mortgage holder and others got the dollars that department stores would expect to get on the basis of their early prewar experience." Malcolm P. McNair, "Three Years in a Rut," Stores, June, 1954, p. 37.

⁴H. H. Maynard and T. N. Beckman, Principles of Marketing (5th ed.; New York: The Ronald Press Co., 1952), p. 188: "Department stores are distinguished from specialty, single-line and other departmentized stores by the wide range of merchandise handled, and from variety stores by the wide price range of merchandise."

merchandise lines?

In an attempt to answer this question, it would be well to consider (a) which specific merchandise lines common to department stores have failed to keep pace with total retail sales of these lines and (b) what new lines could a department store carry? It is felt that a scientific study of these merchandise lines could reveal a method that would enable department stores to get a larger proportionate share of the total retail dollar. Such an investigation would involve the determination of the changing relative competitive position of department store merchandise lines in relation to their total market sales. In this manner, a totally new approach to increased volume potentials would be available that could be used along with or in place of geographical expansion. This could conceivably lead to a reversal or halting of the declining sales position of department stores.

OBJECTIVES OF THE STUDY

The primary objective of this study is to examine the possibility of setting up acceptable criteria that would indicate the most productive type of expansion for department stores. While the immediate reason for the study may appear to be the increase in department store profitability, this is only the case insofar as its resulting impact on the total economy, because no sector of the economy is a separate entity unto itself. This is especially true in the case of department stores; they have a far greater economic influence than is indicated by their sales. Department store sales data are used by many governmental and private agencies as indicators of the nation's economic health.

The way in which department stores spend their money is important to their communities as most of them have heavy investments in downtown areas. As innovators of new and improved methods of doing business, they raise the level of competitive enterprise which generally results in better customer values and satisfactions. As community leaders, they are in the forefront of progress which reaches far beyond their own immediate returns.

The Department Store Standpoint.--It is hoped that this study will furnish other avenues of approach towards making the best use of limited department store expansion capital.

To carry out these objectives it was necessary to determine the changing relative position of department stores in the United States by merchandise lines. So that a comprehensive picture would unfold, the necessary data were developed for a period of 25 years beginning with 1929. Specific criteria as to the classifications included in each merchandise line were set up.⁵ By using the data developed in this study, department stores have new standards of comparison for discovering deficient or underdeveloped merchandise lines.

Social and Economic Relationships Involved.--Recent changes of social and economic relationships within the community have made today's customer more mobile, with new purchasing patterns and shopping habits. These trends have no doubt adversely affected

⁵See Appendix A, "Comparison of Merchandise Line Breakdowns."

department store sales. Properly applied, this study should enable department stores to take the necessary steps that will help them regain their former competitive position.

Economic Factors Involved in Expansion.--When only limited resources are available for expansion purposes, all alternatives should be carefully evaluated. The alternatives for department stores generally lie among the expansion of a merchandise department, the enlargement or improvement of existing plant facilities, the creation and stocking of new departments, or the establishment of branch stores. When a branch store is established, a representative stocking of the full range of merchandise lines and assortments found in the parent store is often not possible. In such cases, the choice of merchandise lines to be carried will determine the volume and profitability of the branch unit.

A further objective of this study is to present another method of analysis whereby department stores (and other stores as well) may best utilize the resources at hand in order to achieve the greatest possible productivity per investment dollar. Optimum use of expansion capital generally results in volume and profit maximization; greater efficiency, through greater productivity, means more "value added" through department store channels. In the long run, such increased financial productivity should prove beneficial to the economy as a whole.

PURPOSE, APPROACH, AND METHODOLOGY OF THE STUDY

The purpose of this investigation was to find out where department stores have been losing ground generally and in which merchandise

lines, specifically. By pinpointing where competitive position was being lost, guides for fruitful corrective action can be established. It is possible that department stores, using merchandise line expansion rather than geographical expansion as their chief competitive weapon, could improve their relative competitive sales position. In any event, this study involves a completely new approach to the expansion of department store volume.

The methodology used in carrying out the study involved the determination of total consumer purchase patterns by types of goods and purchases made in department stores by merchandise lines. Both sets of data were grouped into similar merchandise line categories. By this means, it was possible to directly compare department store sales by merchandise lines to all such sales in the economy. Thus, the changing relative competitive position of department stores by merchandise lines was established. In addition, these comparisons furnished the basis whereby the validity of the hypotheses could be properly assessed.

HYPOTHESES

Summing up the foregoing, two expository statements embodying the scope of the hypotheses follow:

- (a) Geographical (suburban) expansion is not the chief means of maintaining or increasing the department store's relative share of total market sales.
- (b) Merchandise lines expansion, either in conjunction with or in place of geographical expansion, offers a better means of maintaining or increasing the department store's relative share of total available sales volume.

Feasibility of an Approach Emphasizing Line Rather Than Geographical Expansion.--The depth and variety of merchandise lines limit the over-all competitive position of any store. One of the principal cornerstones of department store strength has always been this wide selection and range of merchandise lines. However, the chief competitive weapon used by department stores to regain their former relative sales position has been geographical expansion rather than line expansion. Since this approach has failed, a complete re-evaluation of department store sales by merchandise lines seemed warranted. Also suggested by this new approach was the desirability of evaluating merchandise lines not normally carried by department stores that were gaining increased sales importance in the economy.

Research Methodology.--The research methodology used in this study involved the use of many resources that are enumerated and classified in greater detail in the next section and in the appendix. For the merchandise line computations the principal data used were those of the various bureaus of the United States Department of Commerce, the department store statistics of the Federal Reserve Board, and the annual "Merchandising and Operating Results" of the National Retail Dry Goods Association.⁶

⁶Where applicable, future references to these sources will be abbreviated in the following manner: the "Federal Reserve Board" as F.R.B., the "Merchandising and Operating Results" as M.O.R., the "National Retail Dry Goods Association" as N.R.D.G.A.

Much overlapping of merchandise line classifications and sub-classifications was found in the pertinent sales data issued by these agencies. In order to insure comparability of any data used, the classifications had to be correlated so that each category would have the same specific content. After thorough examination, the classifications were separated and numbered into 49 lines. It was felt that this was the number of lines necessary to adequately include all department store sales in sufficient detail. The lines were then separated into seven major divisional groups and given letter designations.⁷

Sources of Information.--In the development of the statistical and background material used in this investigation, information was collected chiefly from the following sources:

1. Published material generally available in libraries: this included textbooks, technical books, pamphlets, bulletins, mimeographed speeches, and periodical literature. While no single periodical gave undue emphasis to the subject matter discussed, the periodicals with greatest attention to merchandise line sales were:
 - a. Stores
 - b. Retailing Daily
 - c. Women's Wear Daily
 - d. Department Store Economist
 - e. The Federal Reserve Bulletin
2. Statistical data relating to merchandise line sales both

⁷Appendix A - "Comparison of Merchandise Line Breakdowns."

within department stores and the entire economy were from:

- a. The National Retail Dry Goods Association
 - b. The Board of Governors of the Federal Reserve System and the Research Departments of the Federal Reserve Banks.
 - c. The Bureau of the Census and the Office of Business Economics of the United States Department of Commerce.⁸
 - d. Research Department of the Fairchild Publications.
3. Correspondence with officials of the United States Department of Commerce, department store executives, and private research organizations.
 4. Personal interviews with department store executives from whom opinions were obtained as to why certain merchandise lines were added, dropped, or expanded. During the interviews many of these executives quoted from special studies made by their own organizations.

Time of the Study.--This investigation took place in 1954 and 1955. During this period the latest complete figures available were for 1953, a particularly good year to have included, as department store sales soared to their greatest peak during that year, even exceeding the preliminary estimates for 1954.

Beginning with 1929, the first year covered by the Census of Business, this study continues through 1953 with the exception of the depression years of 1930-32 and 1934 and the fluctuating recovery years of 1936-1938. It was felt that their inclusion would have no significant contribution to the over-all study.

⁸Used principally were "Survey of Current Business" and the various supplements such as: "Business Statistics" and "National Income," issued by the Office of Business Economics.

DATA USED TO INSURE UNIFORMITY

As stated, the merchandise line classifications of the Bureau of the Census, the Federal Reserve Board, and the National Retail Dry Goods Association were placed into comparable homogeneous lines and set up in tabular form. As a result, a check of the contents of any of the merchandise lines carried by department stores could be easily made because each merchandise line was given the same letter and numerical designation regardless of issuing agency. The letter prefixed to the merchandise line refers to the broad divisional group into which each merchandise line was placed, the details of which can be found in Appendix A, "Comparison of Merchandise Line Breakdowns."

By detailing the sub-classifications contained in each of the merchandise lines, it became possible to compare the department store dollar sales volume of these lines with the total dollar sales of the same lines made throughout the United States. This comparison revealed the changing relative competitive position of department stores by merchandise lines in the most complete and accurate manner possible.

In addition, the percentage of total sales contributed by each merchandise line to total department stores sales was traced and analyzed. This was done to determine where substantial shifts in volume contribution had taken place over the years within the department stores themselves.⁹

⁹ See Appendix Table 3.

Divisional Merchandise Line Groups Used.--The divisional merchandise line groups according to the letter designation used in the study follow in Table I.

TABLE I

Divisional Merchandise Groups and the Merchandise Line Numbers They Include by Letter Designation^a

Letter Designation	Merchandise Line Group ^b	Numbers Included	Total Lines
A	Piece goods & household textiles	1-4	4
B	Small wares	5-9	5
C	Wos.', misses' ready-to-wear accessories	10-17	8
D	Wos.', misses' ready-to-wear apparel	18-24	7
E	Men's and boys' wear	25-28	4
F	Home furnishings	29-37	8
G	Miscellaneous	38-49	8
TOTAL	Merchandise lines analyzed ^c		44

^aSee Figure II for explanation of combinations and notes; see Appendix A, "Comparison of Merchandise Line Breakdowns," for specific detailed content within lines and further explanations.

^bThe complete analyses, comparisons, specific contents of each merchandise line can be found in Appendix A, "Comparison of Merchandise Line Breakdowns." Letter and numbering system is uniform throughout the study. For example, B-7 will always refer to "Costume Jewelry," E-27 to "Boys' Wear," and G-40 to "Luggage," etc.

^cDue to necessary combinations, lines analyzed total 44 instead of 49.

GENERAL ORGANIZATION OF THE STUDY

In the following chapter an attempt to define the department store is made, along with its methods of operation and present importance. In Chapter III department store sales since 1929 are

compared both to total sales of stores carrying department store type merchandise and to total retail sales. Chapter IV consists of a discussion of an over-all market analysis based on the total department store market potential. This is done by presenting consumer purchasing patterns by lines of expenditure. In Chapter V the changing relative contribution of merchandise lines to total department store volume is presented. An analysis of the probable reasons for these changes is also given.

The actual comparison of department store sales by merchandise lines to total sales in the economy is brought out in Chapter VI. The lines are analyzed in reference to the changing nature of total market sales in these areas and their changing contribution to total department store volume. Because merchandise line sales depend on the type of expansion that takes place, Chapter VII consists mainly of an investigation into the merits of geographical versus merchandise line expansion. The opinions of executives in the department store field appear in this chapter as part of the discussion and analysis pertaining to why certain merchandise lines were expanded, barely maintained, given less emphasis, or dropped. A general summary of the conclusions which were developed as a result of this investigation are presented in the final Chapter VIII.

CHAPTER II
CHANGING CONCEPTS AND OPERATING CHARACTERISTICS
OF DEPARTMENT STORES

At this time the changing concepts and definitions of department stores are examined. This is obviously essential to any accurate assessment of the importance of department stores as a segment of our retailing structure. The department store type of operation is also reviewed because the selection of merchandise lines by any retail organization is greatly influenced by its operating characteristics. In time, the adequacy and breadth of merchandise lines offered to customers determines in a very important manner the relative importance of any retailing institution.

Changing Concepts and Definitions of Department Stores.--

In 1929 a department store was defined as a retail store that carried:

...a general line of apparel, such as suits, coats, dresses, and furnishings; home furnishings such as furniture, floor coverings, curtains, draperies, linens, major household appliances, dishes and utensils.¹

These and other merchandise lines are normally carried in separate sections called departments with the accounting on a departmentized basis and "the departments and functions being integrated under a single management."

¹Fifteenth Census of the United States, 1930-Distribution, Vol. I, Retail Distribution, U. S. Government Printing Office, p. 4.

To be classified as a department store at that time, such a store had to have an annual volume of \$100,000 or more "exclusive of food departments." Three types of stores fell within this definition of a department store classification, as indicated by the following statement:

...department stores with food departments, department stores without food departments, and third, mail order and general merchandise stores. With the exception of food departments, the two kinds of department stores are alike in that they are departmentized general merchandise stores, usually of the full service type... Any departmentized stores having annual sales of less than \$100,000 annually are classified as general merchandise stores.²

This same size criterion was the basis for defining a department store in the 1939 Census of Business. In the 1948 Census however, the basis of the definition shifted from a minimum sales volume requirement to a minimum number of employees. "Establishments in this classification must employ 25 or more persons."³ Thus, this became a new condition under which a retail establishment could be considered a department store.

Department stores as used in this study embrace the former definition in all references prior to 1948, and the newer census definition as to employee size is the criterion used from 1948 to

² ibid., p.4.

³ U. S. Census of Business, 1948, Vol. II Retail Trade, General Statistics (Washington, D.C.-U. S. Government Printing Office), App. A., P.25.04.

1956. Now department stores are defined as:

...retail organizations (having 25 or more regular employees) which carry several lines of merchandise such as women's ready-to-wear and accessories, men's and boys' clothing, piece goods, small wares and home furnishings and which are organized into separate departments for the purpose of promotion, service, accounting and control.⁴

The above definition includes the four major types of department stores based on ownership and operation: 1) Independent Department Stores (with and without branches); 2) Ownership Groups of Department Stores; many merged units in this group have retained their own identity and operating personnel, and, in many instances, their own store executives and merchandising policies; 3) Chain Department Stores: these are individual units that are completely owned by the company of which they are a part and are operated under the supervision of a central or district office (e.g., the larger units of Montgomery Ward, Sears Roebuck, and J. C. Penney Co.; including their mail order sales); and 4) Branch Department Stores: many of these are in local trading areas and have been developed as a means of geographical expansion.⁵

Influence of Changing Definitions in Determining Trends.--

There are obviously many varied, alternating, and compensating

⁴Maynard and Beckman, 1952, p. 188.

⁵William R. Davidson, Use, Productivity, and Allocation of Space Resources in Department Stores. (Unpublished Doctoral Dissertation, The Ohio State University, 1951), p. 6.

factors that influence department store trend projections; any attempt to determine the changing relative position of department stores would need to consider what effect, if any, has been produced by changing concepts and definitions of this type of retail institution.

In Table 2, department store sales for the census years 1929, 1939 and 1948 are compared with total retail sales for those same years. It will be noted that there were fewer department stores in existence in 1939 than in 1929, probably due to price level changes. This brought them under the \$100,000 minimum.⁶ Even though the number of department stores decreased in 1939, their sales as a per cent of total retail sales had increased, but declined some 8.10 per cent from 1939 to 1948. In 1948 the change in the census definition of department stores was the largest contributing factor in the reduction in their number.

...It is believed that this change in the cut-off (of department stores not doing \$100,000 annual volume) together with the stronger insistence on complete merchandise line representation for individual units of "owned" groups of stores accounted for the indicated decline in the relative importance of department stores' sales--Because some new bona-fide department stores were established during the period 1939-1948, and because the failure rate for department stores is very low, the obvious conclusion is that the difference between the number of stores in the two years in question may be attributed almost altogether to different methods of classification.⁷

⁶Business Statistics, 1955 Biennial Edition (Supplement to the "Survey of Current Business," U. S. Dept. of Commerce, Office of Business Economics, Wash., 25, D.C.,) p.26 - Based on the average price index of 100 for the 1935-39 period, the retail price index for 1929 was 120.9 and for 1939, 99.0.

⁷Davidson, op. cit., p.4.

TABLE 2

Department Store Sales as a Per Cent of Total
Retail Sales, 1929, 1939 and 1948
(Millions of Dollars)

Year	Number of Stores	Dept. Store Sales	Total Retail Sales	Dept. Store Sales as a Per Cent of Total Retail Sales
1929	4221	\$ 4,350	\$ 48,630	% 8.95
1939	4074	3,975	42,042	9.46
1948	2580	11,337 ^a	130,521	8.69

Source: "Retail Stores by Kind of Business," 1948 U. S. Census of Business, Vol I, Retail Trade, Table 16--"General Statistics, Part I, U. S. Government Printing Office, Washington D.C., 1950, p. 1.04.

^aThis is a revised figure for 1948 as found in the Survey of Current Business, U. S. Dept. of Commerce, Sept., 1952, p. 16.

Another factor in the reduction of the number of department stores between 1939 and 1948 can be attributed to their accuracy in reporting merchandise statistics. In 1939, for example, a few large companies operating a number of stores in the field were unable to report merchandise line sales for individual stores. As a result, all the stores in these companies were classified as department stores since this was the chief pattern for the company as a whole. In 1948, these same companies were able to provide merchandise line sales for each individual store, so that each store could be classi-

fied independently. As a result, many of the stores previously listed as department stores were more properly grouped elsewhere. The decrease in the market position of department stores of 8.1 per cent between 1939 and 1948 cannot be attributed solely to a change in definition. Since 1948 the department stores' share of the consumers dollar has continued to decrease and the definition of a department store has remained the same.⁸

Conclusions with Respect to Changing Definitions.--The changing definition as to what comprises a department store has unquestionably distorted the picture when analyzing the over-all position of these stores relative to total retail sales. As was pointed out, the smaller stores were the ones that were excluded when the new department store definition became acceptable. However, these were the stores that were least likely to maintain comprehensive merchandise line sales statistics. Therefore, it is felt that the result of the changing definition could have very little effect on any trend projections.

THE DEPARTMENT STORE TYPE OF OPERATION

The function of an executive is to plan, organize, and control through the delegation of proper authority and responsibility to other line and staff executives.⁹ This is a basic characteristic of the department store type of operation. It is believed that

⁸Table 5, Chapter III.

⁹Ralph C. Davis, The Fundamentals of Top Management (New York: Harper & Brothers, 1951), p. 20.

today the majority of department stores are scientifically managed and operated. Regardless of the form of organization structure used: the two functional forms of the smaller store (merchandising and operation), the more common four functional plan of the larger store (merchandising, publicity, control, and general management), or some expansion of the latter, the underlying traits of good organization are usually in evidence.¹⁰ It is probably true, however, that the larger the sales volume of an individual store, the more likely it is that this store is utilizing a more complex type of organization structure.¹¹

Operational Policies.--The department store is primarily a "service institution" with a wide variety of customer services for all purposes and appealing to all income groups.¹² Department stores have held their own through the decades in many areas by remaining competitive with their prices, by offering better and

¹⁰

Paul M. Mazur, Principles of Organization Applied to Modern Retailing (New York: Harper & Brothers, 1927), p. 6.

¹¹

See Chapter I, pages 9 and 10 for the agencies which supply standards of comparisons.

¹²

Theodore N. Beckman and Robert Bartels, Credit and Collections in Theory and Practice, 5th ed. (New York: McGraw-Hill Book Company, 1949), pp. 21-36.

improved services, or both.¹³

The operating and merchandising policies of department stores can vary extensively from one store to another, depending largely upon management's philosophy. Many stores will direct their operations to just one specific customer income group, while other department stores direct their appeal to include all income groups by offering basement stores, budget shops, "middle-of-the-road" departments, and prestige-type specialty shops. When this latter appeal is adopted, usually all of these various departments compete with each other right within the department store, just as though they were each a separate business entity.

Within a community department stores develop individual personalities which are reflected in the type of customer patronage they enjoy. The personality of any one store is evident in all of its merchandising and promotional efforts, whether it be one of "high-prestige" type or one that appeals to the masses. Regardless of the type of promotional policy used, the local newspaper is probably the most widely used medium of advertising by department stores. In this manner, their merchandising and promotional appeals are kept before their customers.

A wide variety of customer services are also offered by department stores in an effort to make shopping convenient and pleasurable. Extension of diversified types of credit, delivery

¹³Frank M. Mayfield, The Department Store Story (New York: Fairchild Publications, Inc., 1949), p. 19.

service, lay-a-way plans, and various gift-wrapping services are offered. For the customer who cannot get to the store, telephone and mail order services are commonly maintained. Thus, through their various services, department stores can appeal to multiple numbers of present and prospective customers.

Specialization.--The comparative largeness of department stores makes possible a specialized staff of personnel as well as extensive facilities for their welfare. The advantages of this specialization can be found in all the many operations of department stores whether in buying, selling or supervision. However, neither is flexibility sacrificed for specialization as is commonly evidenced by departmental interchanges of salespeople and section managers as well as the seasonal contracting of extra personnel and various department expansion.

Also due to its size, the department store can allocate more space proportionately to non-selling departments and activities. Therefore, there will be a larger percentage of the total employees who act in a non-selling capacity, again affording the opportunity to employ "specialists" to perform these duties.¹⁴

¹⁴This, and most of the following discussion, except where specifically indicated, derived from: Davidson, op. cit. pp. 22 through 50 and pp. 240 through 261; Maynard and Beckman, op. cit.; Melvin T. Copeland, Principles of Merchandising (New York: McGraw-Hill Book Company, 1925), Chapter III; Ralph S. Butler and John B. Swinney, Marketing and Merchandising (New York: Alexander Hamilton Institute, 1918), pp. 222-232; Edward A. Filene, The Model Stock Plan (New York: McGraw-Hill Book Company, 1930), Chs. I, V, VI; Boris Emmett, Department Stores (Stanford, Calif.: Stanford University Press, 1930), Chs. III and VI.

Many department stores utilize some of their non-selling space to perform manufacturing and wholesaling functions in conjunction with their primary retailing function.¹⁵

Control and Accounting.---Department stores generally have a vertical extension of facilities enabling them to compile separate statistics for each department pertaining to sales, inventories, markdowns, markons, and indirect as well as direct expenses. The retail method of inventory accounting is the one most generally used, especially in the larger stores. Stock or inventory control is usually achieved through basic and model stock plans, "open to buy" reports, and long range scientific promotional plans covering every operating phase of the business. Individual departmental profits are determined by allocating departmental expenses in one of two ways: the net profit plan or the contribution plan.¹⁶

...According to the net profit plan, each department is charged with the amount of space occupied by it with different areas of the store having a predetermined square foot rental value as ascertained by a space valuation method---the contribution plan -- amount of occupancy expense borne by the individual department does not depend on the value or amount of space occupied by them, but is instead related to the sales volume produced by the individual departments.¹⁷

¹⁵Davidson, op. cit., pp. 38-40.

¹⁶Standard Expense Accounting Manual for Department Stores and Departmentized Specialty Stores (New York: The National Retail Dry Goods Association, 1948), Chs. XI and XII.

¹⁷Davidson, op. cit., p. 260

The choice of which of these two plans to use bears importance on the department store's operation as it quite often determines the type of merchandise lines that will be carried, to what extent they will be carried and developed, and where they will be located within the store. Smaller stores which do less than \$2,000,000 annually generally have more informal methods of expense allocation which are closely related to the department store's contribution plan. Thus, smaller department stores usually have much more flexibility in the choice of merchandise lines which they carry.¹⁸

Depth, Assortment, and Classifications of Merchandise Lines.--

As brought out previously, one of the cardinal strengths of department stores has always been the wide range of merchandise carried and the depth of these merchandise assortments. In order to efficiently maintain this great diversity of merchandise, department stores have adopted a method of classifying merchandise within a department: that is, dividing merchandise so that accurate controls and records can be maintained.

¹⁸Developed on the basis of personal interviews with department store executives and owners from this volume group: the management of these stores stated that inasmuch as they were in almost daily personal contact with each of their merchandise departments, it was not necessary to make a space valuation charge in order to judge their profitability. At the same time, they seemed to have a "rule of thumb" which involved a space valuation concept. This concept was used whenever a major policy decision had to be made concerning the expansion, contraction, or movement of departments.

Departmental merchandise classifications in the past have usually been determined on the basis of either the historic or generic nature of the goods. Today, however, merchandise is also grouped on the basis of relatedness, and purchase motivation in relation to other kinds and types of merchandise which may be either of a complimentary or supplementary nature. In order to simplify sales procedure, related merchandise line classifications are grouped for easy eye appeal, attractiveness, and mass displays where feasible.

In addition, specific customer group appeals, price ranges, outside competition, and store character also play a part in the type of merchandise carried and their allocation to specific departments. Inter-departmental competition, often in related lines and price ranges, is also common in many department stores. Thus, similar and identical merchandise line classifications are often carried in different parts of the store. This permits customer groups that tend to patronize only certain sections or floors within the store to have the widest possible range of merchandise selectivity.¹⁹

In the choice of assortments carried and departments developed, the larger department stores, as a rule, attempt to become regional rather than local in character. To achieve this goal, it is common for the larger stores to have multiple warehousing facilities as

¹⁹Brought out in a personal interview with an executive from one of Pittsburgh's larger department stores. This is also evident from M.O.R. figures of the N.R.D.G.A.

a substantial proportion of their total sales consists of merchandise lines from the "home furnishings" and "miscellaneous" group categories which are generally bulky in nature. The smaller department stores generally do a larger proportion of their business in piece goods and domestics, women's, misses', and juniors' ready-to-wear and accessories, and men's and boys' clothing and furnishings, thus minimizing the necessity of complex warehousing facilities.²⁰

Since department stores' operations involve a variety of expensive services, a high cost of operation results. Operating expenses for department stores, as a group, rarely run less than 33 per cent of net sales; hence, these stores must operate more efficiently in most forms of buying and merchandising in order to compete effectively with smaller businesses that generally have lower operating costs.

SUMMARY AND CONCLUSIONS

The change in definition of department stores between 1939 and 1948 was discussed to determine if any revision in the long run trend projection of department sales statistics was necessary. It was concluded that no revision was needed because the effect of the change in definition was minimal in nature. Department stores, as used in this study, were specifically defined so that the importance of these stores as a segment of our retailing structure could be better evaluated.

²⁰Maynard & Beckman, op. cit. Table 13, p. 190.

The discussion of the department store type of operation was also introduced in this chapter in order to emphasize pertinent factors that influence the choice and selection of merchandise lines. One of the basic strengths of department stores is vested in their wide merchandise line selections and depth of assortments. Obviously, the over-all sales pattern of any store results directly from the competitive impact of the individual merchandise lines which they offer to the public.

The philosophy of management determines store policies. Store policies, in turn, determine the type of operation under which a store does business. Each of the department store operating characteristics were reviewed individually as typical of the department store type of operation. The type of service, promotion, specialization, accounting, control, and method of expense allocation influences the merchandise lines carried by these stores and hence reflects in their sales trends. The over-all retail sales trends of department stores in the economy are examined in the following chapter.

CHAPTER III

RETAIL SALES TRENDS SINCE 1929

The latest year fully covered in this study is 1953. Although department store sales increased in that year, it was slight when compared to the three previous years.¹ The increase experienced in 1953 can be attributed to the sufficient sales momentum that was achieved in the early part of the year, thus offsetting the lagging volume tendencies during the last half of the year.² In spite of department store sales reaching a new high, they again fell below the proportionate percentage rise in total retail sales.

According to one source, the gain in department store sales for 1953 compared with 1952 was 1.2 per cent.³ However, the M.O.R. statistics of the N.R.D.G.A. reported a sales gain of only 0.7 per cent for this same period.⁴ As developed in this study, a sales gain of approximately only 0.5 per cent was achieved by department stores in 1953 compared with 1952. Further study reveals that the average

¹See Table 5, this chapter, for volume totals and percentage comparisons.

²The lagging volume tendencies in the last half of 1953 carried over into 1954 resulting in the first drop in department store volume since 1949. Total retail sales also showed a loss in 1954. However, both department store sales and total retail sales continued their upward advances in 1955.

³Malcolm P. McNair, Operating Results of Department and Specialty Stores, in 1953 (Boston, Mass: Division of Research, Harvard Business School, June, 1954), pp. 1-4.

⁴Departmental Merchandising and Operating Results (New York: Controllers' Congress, National Retail Dry Goods Association, 1954). The best comparative showings for 1953 were in the volume groups between 500,000 and 50,000,000 dollars.

sales check was higher during this period while the number of transactions went down for all department store volume groups.⁵

From 1947 through 1953 the country's capacity for consumer goods consumption increased 25 per cent. This added capacity for consumption represents an increase of over 100 per cent when compared to 1939. Department store sales volume has failed to receive its share of this increase in proportion to increases experienced by the total retailing segment of the economy.

Operating Trends of Department Stores.--Profit on net sales for department stores was only 2.3 per cent in 1953, the lowest since 1938. Merchandise turnover was 4.3 in 1939, hit its all-time high of 4.95 times during the peak war year of 1944, and declined to 4.15 in 1953. The amount of the average sales check (unadjusted) increased from \$2.29 in 1939 to \$4.24 in 1953. Department stores, as a group, are either selling to fewer customers, or selling less frequently to existing customers, or possibly both situations exist.⁶

⁵ McNair, loc. cit.

⁶ From a speech made by William Burston (manager of the merchandising division of the N.R.D.G.A.) titled, "The Consumer's Challenge to the American Retailer," given before the N.R.D.G.A. Retail Clinic, in Pittsburgh, Pa., Sept. 21, 1954, Memorandum. His comments were based in part on figures from the Bureau of Census of the Department of Commerce, (U.S. Census of Business, 1948 Trade Series on Department Stores). Mr. Burston also pointed out that one of the reasons for the gain in the average transaction in department stores was due to the dropping of many low end items since 1929... hence, he states that no apparent gains are in evidence in recent years and, today, the size of the average salescheck is no longer an index of selling effectiveness.

Department Store Rate of Growth.--Before going into the more specific comparisons of department store sales with those of total retail sales, it would be well to briefly review the department stores' rate of growth since they were first recognized at the end of the Civil War as a new type of retailing institution.

In 1900, there were a total of 196 department stores with an average volume of \$5.8 million. By 1948 this number had increased to 2580 stores with an average volume of \$4.1 million per store. This indicates that, by far, most of the department stores opened within the last 50 years were smaller institutions as a group than those opened prior to 1900. The period from the end of the Civil War through 1929 saw the greatest growth in the number and size of department stores in this country.

TABLE 3

Number and Volume Growth of Department Stores by Founding Date,
1900-1948

Date	No. of Stores Opened	1948 Volume (in millions)	Per Cent of Total Volume 1948 = 100	Average Vol. Per Store (in thousands)
Total 1948	2580	\$ 10,645	100%	\$ 4,126
Before 1900	196	1,171	11.0	5,974
1900-1919	312	2,140	20.1	6,859
1920-1929	896	2,885	27.1	3,220
1930-1933	168	511	4.8	3,042
1933-1948	1008	3,938	37.0	3,907

Source:

Bureau of Census breakdown of department store sales in the 1948 Census of Business, and as reported in the Women's Wear Daily, Sept. 27, 1951, p. 69. Figures used are unrevised, and as found in the Census for that year.

Since that time, growth has been leveling off somewhat, not only in numbers but also in average volume per store. Although there have been few failures among department stores, there have been a number of closings since 1948; for example, the Boston Store of Chicago, Inc., Frederick Loeser & Company of Brooklyn, N. Y., James McCreary & Company, John Wanamaker's, and Hearn Dept. Stores, Inc. of New York. Offsetting these closings, however, is the establishment of many branches of existing stores, and in one case (Wanamaker's), a "branch" is operating in place of the former downtown "parent" store.

Total Dollar Sales Adjusted to a Common Base.--Department store sales on an unadjusted base have increased approximately two and one-half times from 1929 through 1953 and somewhat more than that since 1939; but from 1948 to 1953 department stores' sales volume has increased less than 3.0 per cent.⁷

The tremendous increase in dollar volume from 1929 to 1948 can be largely attributed to the change in the level of retail prices which by 1948 were more than twice the 1935-39 average. Another factor that has influenced the total dollar volume gain of both department stores and all retail outlets is meeting the changing requirements of a constantly increasing population. The number of people in the United States has increased from approximately 121.8 in 1929 to 160.5 in 1953.⁸

⁷Table 5, this chapter

⁸Table 4, this chapter.

In order to adjust all of the annual sales volume figures to a common base, the following process was used: sales volume figures in current dollars were changed into index numbers (1935-39 = 100) --physical volume of sales were adjusted to constant dollar amounts using the same base; and the physical volume of sales for each year was computed on the basis of the previously adjusted physical volume of sales figures for the corresponding year. It was necessary to make these adjustments so that actual comparison between years could be made without the influence of inflationary and deflationary prices and population increases. The results of these adjustments can be seen in Table 4 and are graphically presented in Figure I.⁹

It can be seen that while sales when adjusted to constant dollars have increased only slightly since 1948, the physical volume of sales as well as the physical volume of sales per capita have decreased since 1946. At the same time, it should be noted that the physical volume of sales per capita and the actual physical volume of sales were not very much higher in 1953 than the average for the 1935-39 base period.

TOTAL DOLLAR SALES OF DEPARTMENT STORES
COMPARED TO TOTAL RETAIL SALES

In 1929 department stores accounted for approximately 9 per cent

⁹Paul L. Brown and William R. Davidson, Retailing, Principles and Practices (New York: The Ronald Press, 1953), p. 15. See also their pages 13 and 14 for similar discussion on total retail sales which suggested form for Figure I and Table 4.

TABLE 4

Department Store Sales in Current Dollars, Physical Volume,
and Physical Volume Per Capita by Years,
1929-1953

YEAR	Sales in Cur. Dol. (in mil.) (1)	Retail Price Index (1935-39 = 100) (2)	Phys. vol. of sales 1935-39 Dollars (in millions) (3)	Popu- lation (millions) (4)	Phys. vol. of sales per Capita (Dollars) (5)	INDEX NUMBERS (1935-39 = 100)		
						VI Sales in Cur. Dol. (6)	VII Phys. Vol. of Sales (7)	VIII Phys. vol. of sales per Capita (8)
1929	\$ 4,350	120.9	\$3,598	121.8	\$29.54	112.5	93.0	98.5
1933	2,542	86.5	2,939	125.6	23.50	65.7	76.0	78.3
1935	3,975	97.6	4,073	127.3	32.00	102.8	105.3	106.7
1936	3,706	98.9	3,747	128.1	29.25	95.8	96.8	97.8
1937	3,993	103.5	3,858	128.8	29.95	103.2	99.7	94.8
1938	3,692	101.0	3,655	130.0	28.11	95.4	94.5	93.7
1939	3,975	99.0	4,015	130.9	30.67	102.8	103.8	102.2
1940	4,266	100.6	4,241	132.1	32.10	110.3	109.6	107.0
1941	5,027	108.3	4,642	133.4	28.74	130.1	120.0	95.8
1942	5,566	124.9	4,452	134.8	30.28	143.9	115.1	100.9
1943	6,132	134.0	4,651	136.7	29.39	158.5	120.2	98.0
1944	6,764	137.5	4,828	138.4	28.67	174.9	124.8	95.9
1945	7,276	141.4	5,160	139.9	36.88	188.1	133.3	122.9
1946	9,621	155.2	6,199	141.4	43.84	248.7	159.4	146.1
1947	10,645	180.1	5,911	144.1	41.02	275.2	152.8	136.4
1948	11,337	192.7	5,883	146.6	40.13	293.1	152.0	133.4
1949	10,618	187.7	5,732	149.7	38.44	274.5	148.1	128.1
1950	11,228	189.0	5,941	151.7	39.16	290.3	153.5	130.5
1951	11,404	206.8	5,515	153.4	35.95	294.8	142.5	119.8
1952	11,616	210.4	5,521	157.0	35.16	300.3	142.7	117.2
1953	11,668	209.1	5,594	160.5	34.85	301.7	144.6	116.2

Source and notes on following page.

Sources and Notes for Table 4.

- (1) See Table 7 for sources.
- (2) (Plus index numbers for 1951-53 - "Survey of Current Business" - Feb. 1954.) For 1935-50, 1951 Statistical Supplement - "Survey of Current Business," p. 25; 1951-1953, Feb. 1954, computed average of monthly data in Survey. Index measures retail store prices and should not be confused with Consumers' Price Index of the Bureau of Labor Statistics, which includes rent and services.
- (3) Column (1) divided by Column (2) X 100.
- (4) Midyear estimates of the U. S. Department of Commerce for 1951-1953, p. S-10 - "Survey of Current Business," Feb. 1954. For 1935-50, from the 1951 Statistical Supplement of the Survey, p. 52; earlier years, Historical Statistics of the United States, 1789-1945, p. 26.
- (5) Column (3) divided by Column (4).
- (6) Column (1) divided by 1935-39 average of Column (1) X 100.
- (7) Column (3) divided by 1935-39 average of Column (3) X 100.
- (8) Column (5) divided by 1935-39 average of Column (5) X 100.

of the total retail volume for that year; this percentage continuously increased during the depression years, reaching a high of 12 per cent in 1935. During the next eleven years, from 1936 through 1946, department store sales represented 9.0 to 9.8 per cent of all retail store business; with 1941 being the lowest year and 1943 representing the highest year during this period.

By the time prices levelled off at a somewhat higher level in 1947, war time price controls and merchandise shortages began to disappear. It was in this period that department stores began losing their sales position in the economy and continued to drop in almost

Figure I

Adjusted Indexes of Department Store Volume
in Current Dollars, Physical Volume, and
Physical Volume Per Capita
1929-1953

(1935-39 = 100)

Source: Chapter III, Table 4.

constant and unbroken progression.

The department store's total share of the retail sales dollar steadily decreased from 9.4 per cent in 1946 to 6.8 per cent in 1953 and 6.6 per cent in 1955.

These changes reflect a loss of market position by department stores of 24.4 per cent between 1929 and 1953 and 26.7 per cent between 1929 and 1955. These are shown in Table 5.

The primary relationships that were established in this investigation develop from the totals shown in Table 12 of Chapter IV. This involved the direct comparison of department store merchandise line sales to total purchases of these same lines in the economy.¹⁰

CHANGING RELATIVE POSITION ON AN OVER-ALL VOLUME BASE

Since 1939 the only years in which department stores recorded an actual loss in volume over the previous year's sales were in 1949 and 1954. The drop in department store sales for 1949 was 6.3 per cent and in 1954 was 1.6 per cent, while retail sales for 1949 showed a gain of 1.5 per cent and for 1954 a very slight loss of less than 0.1 per cent.

The peak 1948 volume of department stores was not again reached until 1951. From 1951 through 1953 annual sales increases shown by department stores have been very small. Preliminary figures for 1955 indicate that department store sales will increase approximately 7.1 per cent in that year over 1954.

¹⁰ The figures for 1954 and 1955 were added as they became available. The latest year fully covered in this study is 1953.

The department stores' relative competitive position has decreased in alternating fashion from a high of 12.0 per cent in 1935 to 9.4 per cent in 1946. Since 1946 department stores have been consistently losing their share of the consumer's dollar even though dollar volume has increased almost constantly. Since 1953, department store sales have accounted for less than 7.0 per cent of the total retail sales in the economy.

Competitive Stability of Department Stores.--Due to the inherent advantages of department stores as an established part of our retailing system, some authorities contend that "such stores will not become less important as time progresses."¹¹

Yet, they also point out that department stores "will not continue to grow in relative importance because they are already serving all the elements in their communities which wish to buy from that type of store."¹² Others categorically state that there is reason to count on the durability of department stores as reliable, sound retailing institutions,¹³ that would "more than hold their own in the future."¹⁴

From Table 5, it can be concluded that department stores do have

¹¹Maynard & Beckman, op. cit., p. 202.

¹²Ibid.

¹³Wenzil K. Dolva and Donald K. Beckley, The Retailer (New York: Prentice-Hall, Inc., 1950), p. 175.

¹⁴E. B. Weiss, Selling To And Through The New Department Store (New York: Funk & Wagnalls Company, 1948), p. 10.

TABLE 5

Department Store Sales and Annual*Percentage Variation, Total Retail Store Sales with Annual Percentage Variation, and Department Store Sales as a Per Cent of Total Retail Sales, by Years, 1929-1955
(Millions of Dollars)

YEAR	Dept. Store Sales (1)	Dept. Store Sales Per Cent Annual Change (2)	Total Retail Sales (3)	Total Retail Sales Per Cent Annual Change (4)	Dept.Store Sales as a Per cent of Total RetailSales (5)
1929	\$ 4,350	% --	\$ 48,459	% --	% 9.0
1933	2,542	-41.6	25,039	-48.4	10.2
1935	3,975	56.4	33,161	32.4	12.0
1936	3,706	- 6.8	38,338	15.9	9.7
1937	3,993	7.7	42,150	9.9	9.5
1938	3,692	- 7.5	38,053	- 9.5	9.7
1939	3,975	7.7	42,042	10.2	9.5
1940	4,266	7.3	46,401	10.5	9.2
1941	5,027	17.8	55,637	19.9	9.0
1942	5,566	10.7	57,784	3.8	9.6
1943	6,132	10.2	62,269	7.9	9.8
1944	6,764	6.7	69,484	11.6	9.7
1945	7,276	7.6	78,034	10.9	9.3
1946	9,621	32.4	102,555	28.8	9.4
1947	10,645	10.6	119,604	16.7	8.9
1948	11,337	6.1	130,521	19.1	8.7
1949	10,618	- 6.3	130,721	1.5	8.1
1950	11,228	5.7	143,689	9.9	7.8
1951	11,404	1.6	158,223	10.1	7.2
1952	11,616	1.9	164,085	3.7	7.1
1953	11,668	.5	170,741	4.1	6.8
1954	11,484	- 1.6	170,665	- 0.005	6.7
1955	12,214	7.1	185,480	8.7	6.6

Sources:

*Except for years 1929-1935

(1) Table 7, this chapter.

(3) 1929, 1933, 1935, 1939 from the various volumes of the U.S. Census of Business, Retail Trade; 1939 through 1944, "Survey of Current Business," Feb. '49, p. 27; 1948-50, Revised Series from "Survey," Feb. '51, p. 22; 1951-52, from "Survey," Sept. '53, p. 6 (as revised); 1953, "Survey," Feb. '55, Table 5, p. 25; 1954, "Survey," Feb. '55, p. S-9; 1955, "Survey," Feb. '56, p. S-9.

(5) Column (1) as a percentage of Column (3).

a great degree of competitive stability under all kinds of economic influences. They evidently can and usually do strengthen their competitive position during depressions or times of stress. During extended war emergencies, durable goods are generally unavailable, and during depressions durable goods are either out of reach or unsuited for mass sales. These are the periods when the department stores' broad assortments, principally in non-durables, bring in greater relative volume. During the more recent "normal" years (when all kinds of merchandise have been available in quantity and sufficient production has been generated to maintain a high level of consumer income), it is evident that department stores have been getting a smaller share of the consumer's dollar.

TOTAL SALES OF DEPARTMENT STORES COMPARED TO TOTAL SALES
OF STORES CARRYING SIMILAR LINES

Another method of evaluating department store sales is to compare them with the total sales of all stores that handle similar lines. These other 400,000 stores are the ones with which department stores compete directly. As seen from Table 6, department store sales represented 21.6 per cent of the total volume of the general merchandise group in 1929. From 1929 through 1939, department stores increased their comparative position within this group by 21.8 per cent, but increased their total relative position in the economy by only 5.6 per cent. From 1939 through 1948, department stores lost only 1.1 per cent in relative sales within this group while losing 8.5 per cent in relation to total retail sales.

TABLE 6

Department Store Sales Compared to Sales of Other Stores
Handling Essentially the Same Lines of Merchandise,
by Kind of Business, for Census Years
1929, 1939, and 1948
(Thousands of Dollars)

Kind of Business	CENSUS YEARS		
	1929	1939	1948
Department Stores.....	\$ 4,350	\$ 3,975	\$11,337 ^a
General Merchandise Group.....			
Totals (includes dept. stores)	9,015	6,475	17,015
Dept. Store Sales as Per Cent of Gen'l. Mdse. Group....	48.3%	61.4%	66.6%
Apparel Group.....	\$ 4,241	\$ 3,259	\$ 9,803
Furniture, furnishings and appliance groups.....	2,755	1,733	6,914
Tire, battery, access. dealers...	599	524	1,360
Paint, glass, and w.p. stores...	195	153	460
Hardware stores.....	706	629	1,225
Drug and proprietary stores...	1,690	1,563	4,013
Jewelry stores.....	536	362	1,225
Book stores.....	117	74	268
Stationery stores.....	155	118	281
Sporting goods stores.....	66	57	310
Music stores.....	55	65	337
Camera and photographic supplies	29	32	202
Gift, novelty and souvenir stores	62	54	196
Luggage, leather goods stores.	40	19	69
Total, all stores (including Gen'l. Merchandise Group above)	\$20,144	\$15,117	\$43,678
Department store sales as a per cent of total general merchandise group sales	21.6%	26.3%	26.0%

Source:

Table 1C, "Retail Stores by Kind of Business," Census of Business, Vol. I, Retail Trade, General Statistics, Part I, p. 1.04.

^aSee note 6, Table 7 for revision in 1948 Census figures.

It can be seen that department stores have been able to maintain a comparatively stable position within their own directly competitive group, but at the same time, have been losing their position in relation to total retail sales. Conclusively, then, the entire group of stores that handle department store merchandise lines are losing relative position in the economy. This indicates a definite shift in consumer purchasing habits towards merchandise lines not generally handled in department stores and may be even greater than indicated due to "scrambled merchandising."¹⁵

DEPARTMENT STORE SALES IN COMPARISON WITH THE GENERAL MERCHANDISE GROUP¹⁶

Department store sales may also be evaluated by comparing them with the stores with which they are generally classified. This comparison with the general merchandise group is shown in Table 7.

In 1935, department stores accounted for 86.1 per cent of the sales of the general merchandise group - the highest of any year in this study. This relatively high percentage in a year of great economic stress is illustrative of the great stability of department

¹⁵"Scrambled Merchandising" is the term generally applied in the retail field to the tendency of all kinds of stores to handle lines that were not generally associated with or carried by these stores regardless of historic considerations of the past. Maynard and Beckman, op. cit., p. 410.

¹⁶United States Census of Business, Retail Trade, 1948, Vol. 2: The General Merchandise Group of stores which forms the basis of comparison here, consists of department stores, dry goods and general merchandise stores, and variety stores.

stores under severe economic conditions. Since this time, however, the other stores of the general merchandise group have regained much of their lost sales position to the detriment of department stores' sales.

In 1950, department store sales, as a per cent of the general merchandise group store sales reached 67.0 per cent which was a 39.6 per cent increase over 1929. From 1950 through 1953, however, department stores lost 8.2 per cent of their competitive position within this group. Nevertheless, department stores retained the same competitive position within this group in 1953 as they had in 1939, still maintaining a 26.8 per cent rise over their 1929 position.

Attempts Made to Alter or Improve Changing Position.--Department store management for the most part has been aware of the declining competitive position of their stores. Yet, in many cases, attempts to correct the situation have been postponed or never undertaken. This apparent apathy can probably be explained by the increasing of the dollar volume of department stores, which has evidently met with satisfaction in most cases. However, management of the more alert and progressive department stores have been and still are concerned with the loss of their relative competitive position in the economy and have taken positive steps to alter this trend.¹⁷

The modernization of downtown shopping facilities, the improve-

¹⁷ Developed in personal interviews with department store executives in the spring and summer of 1955.

TABLE 7

Department Stores and General Merchandise Group Sales,
by Years, 1929-1953
(Millions of Dollars)

YEAR	Dept. Store Sales	General Mdse. Group Sales	Dept. Store Sales as a Per cent of General Mdse. Group Sales
1929	\$ 4,350 ^a	\$ 9,015	% 48.5
1933	2,541 ^b	3,891	65.3
1935	3,975	4,619	86.1
1936	3,706 ^c	6,366	58.2
1937	3,993	6,673	59.8
1938	3,692	6,145	60.1
1939	3,975	6,475	61.4
1940	4,266	6,847	62.3
1941	5,021	7,931	63.3
1942	5,566 ^d	9,015	61.7
1943	6,132 ^d	9,977	61.5
1944	6,754	10,854	62.3
1945	7,276	11,400	63.8
1946	9,621 ^e	14,533	66.2
1947	10,645 ^f	16,033	66.4
1948	11,337	17,015	66.6
1949	10,618	16,019	66.3
1950	11,228	16,769	67.0
1951	11,404 ^g	18,202	62.6
1952	11,616	18,694	62.1
1953	11,668 ^h	18,967	61.5
1954	11,484	18,856	60.9
1955	12,214	20,099	60.8

^a1929, 1935, and 1939 total dept. store sales-p.5, 1939 Census of Business, Vol. I, Part 3.-United States Dept. of Comm.-P 1941.

^b1933, Census of Business, Retail Dist. 1933, U.S. Dept. of Comm., Bureau of Census. (all figures include mail order sales)

^c1936-1938, 1940-1942, from "Survey of Current Business," U.S. Dept. of Commerce, November, 1943, p. 7.

^d1943-1945, from "Survey of Current Business," U.S. Dept. of Commerce, October, 1946, p. 17.

^e1946, "Survey of Current Business," U.S. Dept. of Comm., Jan. '48, p. 10.

Sources and notes continued on following page.

Sources and Notes for Table 7 (cont'd.)

^f1947-1950, "Survey of Current Business" (Office of Business Economics) U. S. Dept. of Commerce, Table 13, p. 22, Feb., 1950, as revised, are new series found in Feb., 1951, p. 22. This revises upward in a new statistical series-Estimated Dept. Store Sales of 10,645 Billion as found in 1948, Census, on p. 1.04 to 11, 337 Billion (includes mail order sales).

^g1951-1952, "Survey of Current Business," U. S. Dept. of Commerce., Sept., 1953, p. 6-(revises estimates found in new series, Sept., 1952, p. 17).

^h1953-, Developed from "Survey of Current Business" Feb., 1954, P.S-9 and 1954, Feb., 1955 and Feb., 1956; pp. S-9 for all issues.

ment of existing physical plants, and tremendous geographical expansion into suburban branch stores are the chief methods that have been employed by department stores in an attempt to counteract this trend. In contrast, the expansion of merchandise lines in accordance with consumer expenditure patterns has been given very little over-all consideration.

SUMMARY

The department store first emerged as a distinct new type of retailing institution at the end of the Civil War. By 1900 there were a total of 196 stores opened with the volume per store averaging \$5.8 million. By 1948 there were 2580 department stores with an average volume of \$4.1 million per store. This indicates that most of the department stores opened during the last fifty-five years were generally smaller institutions than those opened prior to 1900.

Reviewing the department store rate of growth from another view-

point, their sales (unadjusted) increased approximately two and one-half times between 1929 and 1953. This increase in department store sales was due to both upward changes in the price level and increasing population. In constant dollars, both the physical volume of sales and the sales per capita of these stores were only slightly greater in 1948 than during the 1935-39 base period, and since 1948 these aspects of department store performance have improved very little.

In 1946, department store sales as a per cent of total retail sales were 9.4 per cent, representing a 4.4 per cent increase over 1929 in relation to total retail sales. Since the high of 1946, department stores have been getting a decreasingly smaller share of the consumer's dollar and by 1955 this loss in relative position amounted to 29.8 per cent.

Regardless of these relative losses in position, department stores have demonstrated a great deal of competitive stability in the economy; especially evident in times of critical shortages or severe economic stress. During these periods department stores usually manage to strengthen their competitive sales position in relation to total retail sales.

Department stores compete directly with the "General Merchandise Group" of stores with which they are classified by the Bureau of the Census as well as with "Single Line Specialty Stores" that handle department store lines as a major portion of their business. Department stores have managed to retain a relatively stable position within these groups even while losing relative importance in the

economy. It follows, therefore, that all stores which handle department store lines are losing position and that there has been a shift in consumer purchasing away from merchandise lines that are generally carried in department stores. These changes in consumer expenditure patterns are examined in greater detail in the following chapter.

CHAPTER IV

CONSUMER EXPENDITURES PATTERN BASED ON THE TOTAL DEPARTMENT STORE MARKET

New social desires as well as new purchase patterns and habits of consumers have been the result of changing environmental factors. Among these are: higher educational levels, greater readership, more free time, a great increase in home ownership, smaller houses, movement to suburban areas, new tastes in furniture, the impact of television, the greater use of autos, and a changing composition of the population accompanied by great percentage increases in both older and younger individuals. A great part of the changes in consumer expenditure patterns for department store merchandise has resulted not only from these new habits, but also from an increase in spending units and income. From 1940 through 1953 there was a five-fold increase in the discretionary spending power of individuals. In 1953, there were five and one-half times more spending units with incomes in excess of \$3,000 than there were in 1941.¹

Stability of Consumer Expenditures as a Function of Income.--

Ultimate consumers absorb nearly two-thirds of the total output of goods and services produced in the United States; this consumption

¹"Family Spending and Saving in Wartime," U.S. Dept. of Labor Bulletin, #822, 1953, p. 68; from "Survey of Consumer Finances," Federal Reserve Bulletin, June, 1953, p. 589. In 1941 there were slightly over 39 million spending units compared with approximately 54 million units in 1953; however, there were only 5.7 million units earning over \$3,000 (unadjusted) annually in 1941 compared with approximately 31.8 such units in 1953.

is referred to as consumer demand. The intensity of consumer demand is a most important factor in the determination of total business activity. From the viewpoint of general economic analysis, the major interest in regard to consumer demand would reflect itself in the examination of expenditure allocation between durable goods, non-durable goods, and services.²

For department stores (as well as other retailers) major interest generally centers around the much narrower breakdowns of the volume shifts in consumer expenditures on specific merchandise lines. These expenditure variations occurring between commodity and service allocations have a most important effect not only on total retail sales, but also on employment and income.

For many years, total consumption expenditures have been regarded as a comparatively stable function of income. However, it is stated by some prominent economists that the stability of consumer expenditures can no longer be regarded as definitive in nature; further, that shifts in consumer spending can and do occur quite rapidly and not necessarily with any advance notice.³ Nevertheless, growth trend patterns in both total and individual merchandise lines have shown a remarkably persistent rate of growth despite periodical

²Louis J. Paradiso, "The Recent Pattern of Consumption," The Survey of Current Business, April, 1954, p. 5.

³Arthur F. Burns, The Instability of Consumer Spending (New York: The National Bureau of Economic Research, 32nd Annual Report, 1952), p. 9.

variations in business activity and income.⁴

Comparison of Personal Consumption Expenditures to Total Output and Income.--In Table 8 it is seen that personal consumption expenditures have been decreasing as a per cent of "gross national product" and "personal income" to a much greater extent than as a per cent of disposable personal income. Except for the brief period during World War II, consumption expenditures as a per cent of disposable personal income have never fluctuated more than 3.0 per cent since 1929. In 1953, personal consumption expenditures were 62.6 per cent of gross national product and had increased to 65.2 per cent in 1955. In spite of the upswing in personal consumption expenditures in relation to gross national product and personal income, these expenditures are still 14.1 per cent and 10.2 per cent proportionately less than they were in 1929. The same expenditures represented 80.8 per cent of personal income in 1953 and 83.2 per cent in 1955. The recent upswing in consumer expenditures since 1951 indicates that the consumer holds great confidence in the economic future.

The increased outlays for government services and transfer payments have been important factors in the increase in personal consumption expenditures. Yet, it is evident that any rise in disposable personal income is a much better indicator of higher over-all sales possibilities at the retail level than either gross national product

⁴Louis J. Paradiso and Francis L. Hirt, "Growth Trends in the Economy," Survey of Current Business, Jan., 1953, p. 5.

TABLE 8

Personal Consumption Expenditures as a Per Cent
of Output and Income, for Selected Years,
1929-1955
(Per Cent)

YEAR	Personal Consumption Expenditures as a Per Cent of		
	Gross National Product	Personal Income	Disposable Personal Income
1929	75.9	92.6	95.5
1940	71.1	92.1	95.5
1944	52.2	67.3	75.9
1948	68.7	84.9	94.4
1950	67.8	85.8	95.5
1951	63.1	81.8	92.5
1952	62.7	80.9	92.8
1953	62.6	80.8	92.7
1954	65.6	82.2	92.8
1955	65.2	83.2	93.7

Source:

U. S. Department of Commerce, Office of Business Economics, as found in Survey of Current Business, April, 1954, p. 7 and April, 1956, p. 7.

or personal income.⁵

Yet, the level of total output and income is unquestionably useful in furnishing guides to the determination of both current and future expenditure patterns. While consumers do make independent moves for particular purchases, there is, nevertheless, a general stability of spending in relation to disposable income. In view of the increasing rise in consumer income (with all present

⁵ Ibid., p. 8; the article also points out that consumer spending is also greatly affected by: (1) liquid asset holdings and (2) outstanding debt - both short-term and long-term.

indications pointing to its continuance) and corresponding changes in consumer expenditures into new areas, there is no reason for department stores not to expand their merchandise lines in accordance with these new expenditure patterns.

Department Store Policies in View of the Above.--When it has been brought to the attention of department store management that a specific merchandise line was decreasing in relative sales importance, little if any remedial action has been taken if dollar volume was adequate.

As has been explained, department stores, rather than attacking the problem with specific merchandise line expansion or re-emphasis, have been content to proceed with a policy of either "normal" operations or so called "sound" expansion patterns. Evidently such policies have resulted from a belief that any changes in merchandise line purchases by consumers were temporary, and that such situations would eventually adjust themselves through a speedy shift into expenditure patterns more favorable for department stores.

However, as personal income continues to rise, it can be forecast that a substantial shift towards merchandise lines that have indicated a proportionate degree of sensitivity to higher incomes will result.⁶ Still department stores neglect to revise their merchandising policies accordingly.

⁶ Maynard and Beckman, op. cit., pp. 87 through 91.

PERSONAL CONSUMPTION EXPENDITURES BY MAJOR TYPE⁷

There are generally three major kinds of consumer expenditures: durables, non-durables, and services. The area of expenditures most important to department stores is in non-durables. As shown in Table 9, the amount spent by consumers in non-durables in relation to disposable personal income has decreased 8.7 per cent since 1948.⁸ During the same period, the relative outlay for durable goods has increased 7.0 per cent and the outlay for services has risen 10.1 per cent.⁹

Far more important than any broad relative changes in the amounts spent has been the shift in consumer purchases by major type to merchandise lines that are not generally considered suitable for effective and efficient distribution by department stores. Among these are expenditures for housing, automobiles and parts, gasoline and oil, and food.

⁷ The discussion which follows is based principally on an analysis of Tables 9, 10, and 11 of this chapter and Table 2, Appendix B, and from Table 30, pp. 206-9 as found in the 1954 "National Income Supplement," to the Survey of Current Business.

⁸ Complete figures for 1955, although not available at the time of writing, indicate a small upwards shift of expenditures for non-durable goods. Regardless of this increase, the per cent spent by consumers for this type of expenditure is still well below that of 1948. Survey of Current Business, Feb., 1956, P. S-9.

⁹ Preliminary estimates for 1955 indicate a continually increasing trend towards the purchase of durables and a decrease in the purchase of services.

TABLE 9

Personal Consumption Expenditures as a Per Cent of
Disposable Personal Income, by Major Types, for
Selected Years, 1929-1953
(Per Cent)

Major Personal Consumption Expenditures	YEAR				
	1929	1941	1948	1952	1953
Personal Disposable Income.....	100.0	100.0	100.0	100.0	100.0
Total Personal Consumption Expenditures	95.5	89.5	94.4	92.8	92.7
Durables.....	11.4	10.7	12.1	11.4	12.2
Non Durables.....	45.7	47.8	53.6	50.6	48.9
Services.....	38.4	31.0	28.7	30.9	31.6
Total Food, Tobacco, Clothing & Shelter	50.9	49.1	53.3	52.1	50.8
Food (Inc. Alcoholic Bev. & Tobacco).	25.9	28.8	33.9	33.1	32.0
Clothing & Shoes.....	11.2	9.6	10.7	8.8	8.3
Housing.....	13.8	10.8	8.7	10.2	10.4
Autos and Parts.....	3.9	3.6	4.0	4.4	5.6
Furniture and House Furnishings.....	5.6	5.2	6.1	5.1	5.0
Other Goods and Services.....	35.3	31.5	31.0	32.7	31.5

Source:

U.S. Department of Commerce, Office of Business Economics, Survey of Current Business, April, '54, p. 7.

Relationship of Changing Consumer Expenditure Patterns to Department Store Volume Potentials.--New cars and net purchases of used cars represent an important and expanding segment of durable goods expenditures. Such expenditures however are not considered part of the department store market and therefore do not enter into any of the pertinent comparisons of the changing relative competitive position of department stores by merchandise lines.

More specifically as seen from Table 10, there was approximately \$13.1 billion spent by consumers on "Automobiles and Parts" in 1953.

The \$13.1 billion spent in this area represented approximately 44 per cent of the total durable goods expenditures that year and 5.6 per cent of the total consumption expenditures. Comparing this to expenditures for automobiles and parts in 1939, it is seen that these sales represented only 32.8 per cent of all durable goods purchases and 3.2 per cent of total consumption expenditures. Preliminary estimates for 1955 indicate a still further relative rise in this direction. For example: estimates for 1955 for this category were \$16.8 billion which represents approximately 47.6 per cent of all sales of durables and 6.7 per cent of total consumption expenditures.

It is obvious that when consumer expenditures for merchandise categories not generally suitable for the department store type of operation show such substantial increases, it decreases the probability that department stores can expand their volume on a proportionate basis.

Consumer expenditures for services as a group have increased only slightly since 1948. Again, as in the "Automobiles and Parts" category of durable goods purchases, service expenditures in the transportation, housing, and household operation categories have been increasing relatively and absolutely on a much larger scale than other service expenditures. Obviously such expenditures cannot be considered part of the traditional department stores' market.¹⁰

Food purchases representing approximately 30 per cent of total consumer expenditures have remained stable in relation to other

¹⁰Detailed exclusions from personal consumption expenditures by durables, non-durables, and services to arrive at the department store market follows in the next section of this chapter.

TABLE 10

Personal Consumption Expenditures by Major Type,
for Selected Years, 1939-1955
(Billions of Dollars)

Personal Consumption Expenditures	YEAR														
	1939	1940	1941	1942	1944	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
DURABLE GOODS TOTAL^a	6.7	7.8	9.7	7.0	6.8	15.9	20.6	22.2	23.6	28.5	27.1	26.8	29.7	29.3	35.3
Autos & Parts	2.2	2.7	3.4	.7	.8	3.9	6.3	7.3	9.5	12.4	10.9	10.6	13.1	12.5	16.8
Furn. & H'hold. Equip.	3.5	3.9	4.9	4.7	3.8	8.7	11.0	11.5	10.9	12.9	12.7	12.5	12.8	12.9	14.3
Other Durable Gds.	1.0	1.1	1.4	1.5	2.2	3.3	3.4	3.4	3.2	3.3	3.5	3.7	3.9	3.9	4.2
NON-DURABLE GOODS	35.1	37.2	43.2	51.3	65.4	84.5	93.1	98.7	96.9	100.4	111.1	116.0	118.9	120.9	125.9
Clothing & Shoes	7.1	7.4	8.3	11.0	14.6	18.2	18.3	19.6	18.3	18.5	19.8	20.1	19.8	19.7	20.5
Food & Alc. Beverages	19.2	20.3	23.6	28.3	37.4	48.8	54.2	57.3	56.5	58.3	66.5	70.0	71.8	73.3	76.4
Gasoline & Oil	2.2	2.3	2.6	2.1	1.4	3.0	3.6	4.3	4.7	5.0	5.5	6.0	6.6	7.2	7.7
Semi-durable Furnish.	.7	.7	.9	1.1	1.5	2.0	2.1	2.3	2.2	2.4	2.5	2.4	2.5		
Tobacco	1.8	1.9	2.1	2.4	2.7	3.5	3.9	4.1	4.3	4.4	4.7	5.1	5.3	20.7	21.3
Other Non-durable Gds.	4.2	4.5	5.1	6.0	7.7	8.9	10.5	11.1	10.7	11.2	12.0	12.4	12.9		
SERVICES	25.8	26.9	29.0	31.5	37.7	46.2	51.3	56.7	60.1	65.0	70.1	75.6	81.4	86.4	91.2
Personal Services	1.4	1.5	1.7	2.0	2.7	3.4	3.7	3.8	3.8	3.9	4.1	4.2	4.4		
Recreation	1.5	1.7	1.8	2.1	2.7	3.7	3.8	3.8	3.9	3.9	4.1	4.2	4.4	36.3	38.9
Other Services ^b	8.0	8.2	8.7	9.0	10.9	13.7	15.5	17.5	18.7	20.6	21.9	23.6	25.8		
TOTALS	67.8	71.9	81.9	89.7	109.8	146.6	165.0	177.6	180.6	194.0	208.3	218.4	230.1	236.5	252.3

Source:

1929, 1933 and 1935, Table 11; other years from Table 50, "1954, National Income Supplement" Survey of Current Business. 1954 and 1955 preliminary estimates from "Survey", Feb. '55, P. S-9 and Feb. '56, P. S-9. For more specific breakdowns of earlier years see Appendix Table B-2.

Sources and notes continued on following page.

Sources and notes for Table 10 (cont'd.)

^aDurable Goods 1929, 1933, 1935--9.2, 3.5, 5.1; Non-durable goods 1929, 1933, 1935--37.7, 22.3, 29.3; Services 1929, 1933, 1935--32.1, 20.7, 21.9.

^bDoes not include Transportation, Housing, and Household Operation. Hence, amounts given for categories will not equal totals.

expenditures since 1948; they were no higher in 1953 than in 1929. Because food purchases in department stores did not represent at least five per cent of total market sales in 1948 (and are still comparatively insignificant), they are not considered part of the department store market as used in this study.¹¹ Nevertheless, it might be worthwhile for department stores to reconsider this area as a possibility for future merchandise line expansion. Food area purchases still represent the single largest class of consumer expenditures and a large percentage of food classifications can be handled effectively within the department store's operational structure.

Another expenditure group that has not shown dollar increases in consistent relationship with the increase in consumer incomes of the recent post-war years is clothing and shoes. These merchandise lines comprise an important part of the department store market. Consumers allocated 11.0 per cent of their total consumption expenditures in 1948 for clothing and shoes which is only a slight increase of 4.8 per cent since 1939. By 1953 purchases of clothing and shoes

¹¹See Appendix Table 2. The food category of expenditures consists of line G-41 which includes, "Candy, groceries, bake goods, and tobacco."

dropped to 8.6 per cent of total consumer expenditures. Expenditures for women's and children's clothing and shoes have maintained a much more stable position than have similar purchases for men's and boys' apparel. Fortunately, such items for women and children are by far the more important volume mainstays of department stores.¹²

THE DEPARTMENT STORE MERCHANDISE LINE GROUPS

As previously mentioned, the department store merchandise line classifications were grouped into a total of seven divisions for the purposes of this study.¹³ To enable accurate comparisons to be drawn, that portion of total personal consumption expenditures corresponding to these seven divisions were broken down into the same merchandise line classifications used in department stores.¹⁴

Also, included in the department store and total market sales were many income producing services. These services, generally in the form of customer conveniences, form an integral part of the department store market potential and hence were included in the

¹² The detailed analysis of all department store merchandise line sales to all such sales in the economy is found in Chapter VI.

¹³ These divisions were outlined briefly in Table I, Chapter I. The specific classification content included within each of these lines can be found in Appendix A, "Comparison of Merchandise Line Break-downs."

¹⁴ More specifically these include the lines grouped under (1) Piece Goods and Household Textiles, (2) Small Wares, (3) Women's and Misses' Ready-to-Wear Accessories, (4) Women's and Misses' Ready-to-Wear, (5) Men's and Boys' Wear, (6) Home Furnishings, and (7) Miscellaneous.

scope of the study.¹⁵

The "Department Store Market" as used in this study includes all the lines that are generally sold in department stores provided also that department store sales accounted for 5.0 per cent or more of the total market sales of each of these lines. On this basis, two groups of expenditures were eliminated from total personal consumption expenditures to arrive at the concept of the department store market.

The first group eliminated consisted of the goods and services that were not deemed applicable to the department store type of operation. This group, which receives no further consideration includes:¹⁶

1. Non-durable Goods:
 - a. All medical and death expenses excepting "Drug preparations and sundries."
 - b. Food furnished government (including military) and commercial employees.
 - c. Expenditures abroad by U. S. Government Personnel (military and civilian).
2. Durable Goods.
 - a. New cars and net purchases of used cars.

¹⁵See Appendix A - "Comparison of Merchandise Line Breakdowns" and Appendix Table 1 for specific inclusions: such service expenditures, whether a part of or exclusive of merchandise line sales, include such classifications as alterations, prescriptions, watch and jewelry repair, fur storage and repair, optical dispensing, interior decorating, etc. In many instances the service sales made by retailers are complimentary to and a part of the sale of many merchandise lines.

¹⁶These exclusions are based on the standard classifications of total personal consumption expenditures by type of product as found in Table 30, pp. 206-9, "1954 National Income Supplement" of the Survey of Current Business.

3. Services:

- a. Laundering in establishments.
- b. Rental value of farmhouses.
- c. Household utilities--
Electricity, gas, and water.
- d. Telephone, telegraph, cable, and wireless.
- e. Personal Business--
Brokerage charges, expenditures for bank, investment, trust, and legal services; interest on loans, expenses on life insurance, safe deposit rental, etc.
- f. Automobile repair, greasing, washing, parking, storage and rental.¹⁷
- g. Bridge, tunnel, ferry, and road services.
- h. Auto insurance premiums less claims paid.
- i. Purchased local transportation.
- j. Recreation.--
Admission to specified spectator amusements, club and fraternal organizational expenses, commercial participant amusements.
- k. Private Education and Research.
- l. Religious and Welfare Activities

The second group eliminated consisted of those goods and services in which department stores did not account for at least 5.0 per cent of the total market sales for the census year, 1948. These follow:¹⁸

- G-41 Candy, groceries, baked goods, tobacco, etc.
- G-42 Package liquors and wines.
- G-43 Restaurant and fountain.
- G-44, 45 Heating, plumbing equipment and supplies
Building materials.
- G-47 Gasoline, oil, and lubricants.

¹⁷ Except for minor repairs, these services are not probable areas for department store expansion even if it is assumed that parking garages or space must be provided in urban markets. Also, a great number of these parking facilities are generally constructed in cooperation with or subsidized by Municipal Parking Authorities or similar agencies which often prohibit the sale of services other than parking. (Brought out in interview with Research Director of one of the larger department stores in Pittsburgh, Pa., Nov., 1955.)

¹⁸ Although these lines are not included as part of the department store market in this study, a separate analysis has been made in Chapter VI. This is due to their possible future importance as avenues of expansion for department stores.

DEPARTMENT STORE MARKET SALES COMPARED TO TOTAL CONSUMPTION
EXPENDITURES AND TOTAL RETAIL SALES

As seen in Table 11, department store market sales represented 42.7 per cent of total personal consumption expenditures in 1929, 38.2 per cent in 1939, and 31.7 per cent in 1953. Thus, during this 25-year period there was a 25.8 per cent decrease in the sales of department store market categories in relation to total personal consumption expenditures. During this same period, total retail sales as a per cent of total consumption expenditures have increased 20.8 per cent.. In 1955, retail sales still represented a greater per cent in relation to total consumption expenditures as they did in 1948.¹⁹ While the dollar amounts spent by consumers for department store market merchandise has been constantly increasing, it is evident that these increases have been at a far smaller proportionate rate than expenditures for all other goods and services.²⁰

The foregoing comparisons support the premise that the shift in purchasing trends is away from merchandise lines included in the department store market. If the department store position is to be improved, it must be done either by increasing its share of the present market or by introducing new lines that are not in the present scope of the department store market.

¹⁹ Survey of Current Business, Feb., 1956, p. 12.

²⁰ Appendix Table 2.

TABLE 11

Total Expenditures for Department Store Market Merchandise
as a Per Cent of Total Consumption Expenditures and
Total Retail Store Sales, and Total Retail
Store Sales as a Per Cent of Total Consumption
Expenditures, for Selected Years,
1929 through 1953
(Per Cent)

YEAR	Total Expenditures for Department Store Market Merchandise ^a as a Per Cent of		Total Retail Store Sales as a Per Cent of Total Con- sumption Expenditures
	Total Consumption Expenditures	Total Retail Store Sales	
1929	42.7	26.2	61.4
1933	42.3	22.9	54.0
1935	42.7	25.2	58.9
1939	38.5	24.0	62.2
1940	38.2	24.6	64.5
1941	38.0	25.8	68.0
1942	39.2	25.2	64.4
1943	41.6	25.7	61.9
1944	40.5	25.6	63.3
1945	39.6	25.4	64.1
1946	40.3	28.2	69.9
1947	38.9	28.2	72.5
1948	37.3	27.4	73.5
1949	35.6	25.8	72.4
1950	34.2	25.3	74.1
1951	33.0	25.0	75.9
1952	32.2	24.2	75.1
1953	31.7	23.5	74.2

Source:

Table 5, Chapter III and Tables 10 and 12, this chapter.

^aDepartment store market merchandise: those lines generally handled by department stores whose sales by department stores accounted for at least 5.0 per cent of total market sales in the benchmark year of 1948.

Department Store Sales Compared to Total Market Sales.--

Department store sales have been decreasing in relation to total retail sales. However, when department store sales are compared to the department store market sales a much more stable and optimistic picture develops. As seen in Table 12, department store sales in 1953 represented 21.5 per cent of their potential market sales, which was only 0.4 percentage points greater than these stores had in 1929.²¹ Consequently, there has been no significant change in department store sales in relation to its own total market sales.

In other words, department stores are still maintaining their share of the total available market sales even though their sales position in the economy is declining. This again points out the competitive effectiveness of department stores when only the merchandise lines which are part of their present market framework are considered. At the same time it is also evident that department stores lack sufficient effectiveness to reorient themselves to merchandise line classifications which are becoming a more important part of total consumer expenditures. As previously developed, any improvement in their position in total economy on the part of department stores will have to result from (a) emphasis on new lines, (b) re-emphasis on old lines.

²¹Estimated department store sales for 1955, as a per cent of their total market sales have not dropped since 1953 and their position in relation to total retail sales decreased only 0.2 percentage points for the same period -- developed from Survey of Current Business, Feb., 1956, p. 12.

TABLE 12

Changing Relative Competitive Position of Department Stores
in Relation to Total Department Store Market Sales
and Total Retail Store Sales, by Years
1929-1955
(Millions of Dollars)

YEAR	Dept. Store Sales (A) ^a	Dept. Store Market Sales (B) ^a	Changing Position with Reference to Total Dept. Store Market Sales (% A over B)	Changing Position with Reference to Total Retail Store Sales ^a
	Dollars	Dollars	Per Cent	Per Cent
1929	\$ 4,350	\$ 20,707	% 21.0	% 9.0
1933	2,542	10,601	24.0	10.2
1935	3,975	14,166	28.1	12.0
1939	3,975	16,198	24.5	9.5
1940	4,266	17,711	24.1	9.2
1941	5,027	21,153	23.8	9.0
1942	5,566	22,624	24.6	9.6
1943	6,132	25,880	23.1	9.8
1944	6,764	28,163	24.0	9.7
1945	7,276	30,881	23.4	9.3
1946	9,621	41,284	23.3	9.4
1947	10,645	46,494	22.9	8.9
1948	11,337	48,689	23.3	8.7
1949	10,618	46,527	22.8	8.1
1950	11,228	49,095	22.9	7.8
1951	11,404	52,125	21.9	7.2
1952	11,616	52,876	22.0	7.1
1953	11,668	54,166	21.5	6.8
1954 ^b	11,484	53,664 ^c	21.4 ^c	6.7
1955 ^b	12,214	55,518 ^c	22.0 ^c	6.6

Source:
Appendix Tables 1 and 2.

^aTable 7, Chapter III.

^b1954-1955, preliminary figures only.

^cEstimated.

CHOICE OF DATA USED

Obviously, if the changing relative competitive position of department stores by merchandise lines was to be determined, department store sales of each of these lines had to be compared to all such sales in the economy — in effect, to the "Department Store Market." Thus, the detailed analyses and comparisons used in this study have as their base the total department store market sales rather than total retail store sales.

Total department store market sales as used in this study were developed principally from the "National Commodity Analyses" of the various Census of Business, the "Facts for Industry" series, and the estimates of consumer expenditures by broad categories compiled by the Department of Commerce.²² The resulting market sales figures then became the "control" figure used for the department store market categories.

Classification of Data.--Once the control figures for the department store market categories were developed, they were separated into the same merchandise line divisions as those generally used in department stores. The resulting merchandise line classifications were then grouped into the seven major divisions previously

²²For specific details on the development of the total dollar volume allocated by consumers for department store market categories see Appendix A, "Statement Regarding the Statistical Data Used in Compiling the Merchandise Line Sales" and notes accompanying Appendix Tables 1 and 2.

described. It was from the breakdown of these seven major groupings by merchandise lines that the department store market sales were developed. These data form the basis for the final analytical examination of the relative competitive position of department stores by merchandise lines.

CONSUMER PURCHASING PATTERNS BY MAJOR DIVISIONS WITHIN THE DEPARTMENT STORE MARKET

As seen in Table 13 dollar sales for the total department store market merchandise divisions increased more than two and one half times from 1929 through 1953. However, market sales of piece goods and household textiles, women's and misses' ready-to-wear accessories, and men's and boys' clothing divisions did not increase as much relatively during this period. Thus the sales possibilities for the merchandise lines within these three divisions were much smaller in 1953 than in 1929 in relation to the remaining four divisions of the department store market. The greatest relative loss of position in comparison to the total department store market was a 25.9 per cent drop in the men's and boys' clothing division.²³

The greatest relative gain in market potential for department stores was in the "miscellaneous" group which showed a 51.0 per cent

²³The 25.9 per cent drop refers to the total loss in relative market position by department stores. This was computed by determining the 1929 and 1953 market shares and expressing this difference of the 1929 market share as follows: $\frac{17.0 - 12.6}{17.0}$; remainder of comparisons were derived similarly. Reference to an actual difference in comparison is called "percentage points."

TABLE 13

Total Consumption Expenditures by Major
Department Store Merchandise Line
Divisions, for Selected Years,
1929-1953
(Years)

Letter and Number Key ^a	(Millions of Dollars)										
	1929	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953
A (1-4)	826	572	1005	1235	1393	1666	1434	1498	1430	1478	1379
B (5-9)	3078	2692	5691	6341	6622	7119	6708	6963	7525	7678	7941
C (10-17)	2648	2091	4376	4832	5027	5074	4986	5152	5424	5506	5734
D (18-24)	2240	1593	5502	6222	6282	6916	6303	5935	6461	6905	7131
E (25-28)	3539	2752	5082	6415	6688	6766	6467	6562	6964	7068	6822
F (29-37)	6499	4913	6108	11828	14952	15499	14839	16332	17655	17184	17704
G (38-49)	1877	1584	3117	4411	5530	5649	5791	6653	6666	7057	7458
TOTALS A-G ^b	\$20707	16197	30381	41283	46493	48689	46528	49095	52125	52877	54168
	(above expenditures expressed as a per cent of total)										
A (1-4)	4.0	3.5	3.3	3.0	3.0	3.4	3.1	3.1	2.7	2.8	2.5
B (5-9)	14.2	16.6	18.4	15.4	14.2	14.6	14.4	14.2	14.4	14.5	14.7
C (10-17)	12.8	12.9	14.2	11.7	10.8	10.4	10.7	10.5	10.4	10.4	10.6
D (18-24)	10.8	9.3	17.8	15.1	13.5	14.2	13.6	12.1	12.4	13.1	13.2
E (25-28)	17.0	17.0	16.5	15.5	14.4	13.9	13.9	13.4	13.4	13.4	12.6
F (29-37)	31.4	30.3	19.7	28.6	32.2	31.8	31.9	33.2	33.9	32.5	32.7
G (38-49)	9.1	9.8	10.1	10.7	11.9	11.6	12.4	13.5	12.8	13.3	13.7
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source and notes on following page.

Source and notes for Table 13:

Source: Appendix Tables 2 and 3.

^aGroup letters and numbers indicate total consumption expenditure for department store market merchandise as follows:

- A.- Piece goods and household textiles
- B.- Small wares
- C.- Women's, misses' ready-to-wear accessories
- D.- Women's, misses' ready-to-wear apparel
- E.- Men's and boys' wear
- F.- Home furnishings
- G.- Miscellaneous

^bDollar totals and percentage totals will not be accurate due to rounding.

increase between 1929 and 1953. The market sales of the women's, misses' ready-to-wear division showed a 22.2 per cent improvement in relation to the other divisions in the department store market and the home furnishings division had a 4.1 per cent increase in relative position during this same period.

Market sales for the home furnishings merchandise lines represents almost one third of the department store market sales and represents the largest single area of market potential for department stores. Total expenditures for the small wares division as a per cent of the total department store market was relatively the same, being only 0.2 percentage points less in 1953 than in 1929.

SUMMARY AND CONCLUSIONS

A broad market analysis of consumer expenditures based on the department store market was developed in this chapter. It was brought

out that consumers still absorb approximately two-thirds of all the goods and services produced in the United States despite the fact that new social desires, changing environmental factors, and increasing incomes have changed the specific allocations made by consumers for the various types of goods and services. Thus, total consumer expenditures for all merchandise lines and services have shown a remarkably persistent rate of growth and stability when compared to the increasing growth of output and income.

The constituents of the total department store market were developed so that these market sales could be directly compared with the department store merchandise lines sales. This was accomplished by excluding from total consumption expenditures the specific classes of expenditures not adaptable to the department store type of operation as well as those lines in which department stores did not get at least 5.0 per cent of total market sales in 1948.

Total department store market sales, as a per cent of total consumption expenditures, have been decreasing since 1929. Stated alternatively, purchases of goods and services of department store market categories have not increased as much as all other consumer expenditures. Obviously, if department stores are to improve their relative competitive position in the economy, they will have to capture a greater share of their present market or introduce or vigorously promote additional merchandise lines not presently included as part of the department store market.

However, department stores have evidently approached this problem with a policy of comparative inaction, hoping for a return to previous patterns of consumption. This policy apparently had as its basis the belief that consumers can and do change their rates of spending for various goods and services quickly.

In order to insure comparability of the data, department store market categories were grouped into seven major divisions corresponding to the divisional merchandise groupings used in department stores. It was then discovered that from 1929 through 1953 that the total market sales of three of the seven divisions within the department store market decreased in relative importance, and hence sales potential, for department stores: These were the piece goods and household textiles, women's and misses' ready-to-wear accessories, and men's and boys' clothing divisions. The market potential increased, however, in the women's and misses' ready-to-wear, home furnishings, and miscellaneous divisions. In the remaining small wares division, a very slight decrease from 14.9 per cent to 14.7 per cent occurred during this period.

The greatest changes occurred in the men's and boys' division which dropped from 17.0 per cent in 1929 to 12.6 per cent in 1953 and in the miscellaneous division which increased from 9.1 per cent to 13.7 per cent for the same years. Home furnishings' market sales still represent the greatest portion of the total department store market, having accounted for 32.7 per cent of all market sales in 1953.

The changing relationships of the various merchandise line sales made in department stores are detailed in the following chapter as a prelude to the direct comparison of all the data in Chapter VI.

CHAPTER V

CHANGING RELATIVE POSITION OF INDIVIDUAL MERCHANDISE LINES TO TOTAL DEPARTMENT STORE VOLUME

As a first step in determining the merchandise line sales of department stores, their total sales from 1929 through 1953 were broken down into the smallest possible merchandise line categories.¹ In this process, all classifications and subclassifications were examined to see whether the total market sales as well as the total department store sales could be developed. Where excessive overlap made it impossible or impractical to develop either total dollar sales or per cent of contribution to total department store volume, the merchandise lines involved were combined and treated as one unit.² This process included nine classifications now combined into four lines as follows:

- (a) F-33 Lighting, electrical supplies
- F-34 Hardware (tools & garden equipment)
- G-46 Farm equipment, implements, machinery
(garden supplies, shrubs, etc.)

¹ See Appendix A for: "Statement Regarding the Statistical Data Used in Compiling Merchandise Line Sales." Mail order sales, basement sales, and branch store sales made by department stores are included in the total.

² Overlap was caused by larger department stores having multiple subdivisions within many departments while smaller department stores had more merchandise classifications within fewer departments.

- (b) G-38 Tires, batteries, and auto accessories
G-47³ Gasoline, oil and lubricants
- (c) G-44 Heating, plumbing, equipment & supplies
G-45 Building materials
- (d) G-48⁴ Other sales and receipts
G-49 Other cost departments

Evaluation of the remaining lines was not hindered by these limitations. Thus, to form the basis of this study, a total of forty-four department store merchandise lines, including the four above, were evaluated and compared to their total market sales.

Grouping the Merchandise Lines.--Where there was interdepartmental duplication of the same merchandise line, it was necessary to combine the contribution to total department store volume of these several departments so that a single per cent contribution for each merchandise line would result. For example, the sales contribution of the basement department of girls' and teen-age wear and that of the upstairs departments of girls' and teen-age wear were combined so that the total contribution to department store volume of girls' and teen-age wear, irrespective of their location, could be analyzed. This technique was employed for all basement departments, leased departments and service departments

³ Sales of G-47 "Gasoline, Oil and Lubricants," were an insignificant part of the sales of G-38 "Tires, Batteries and Auto Accessories" in department stores. Hence, market sales of G-47 were not used in the final comparisons.

⁴ G-48 "Other Sales and Receipts" was used principally as a balancing figure and did not enter into the comparisons.

within the parent store or its branches.⁵

Variations Within These Merchandise Lines.---Variations among the three sources of statistical data used for this study, made it very difficult to accurately separate and regroup some of the merchandise sub-classifications into logical, clear-cut categories.⁶ However, these variations were not significant enough to prevent adjustments to be made. Also, since this study deals with the determination of long-run trends in merchandise lines, extreme accuracy is not a prerequisite to their development.⁷

HISTORIC PATTERN OF DEPARTMENT STORE SALES BY MERCHANDISE LINES

Prior to 1918:

...the average cost of salaries, rent, heat, light, advertising, and the other component part of retail merchandising were unknown and even the most progressive of stores could work only in the light of their own experience assisted here and there by a few other organizations which made a practice of 'exchanging

⁵ Each per cent so developed was applied to the latest revised department store dollar sales for the pertinent years from 1929 through 1953 to arrive at the total dollar sales for each merchandise category. (See footnote 1 this chapter.)

⁶ See Appendix B for examples of these variations.

⁷ Theodore N. Beckman, Adjustment of the Federal Reserve Bank Indexes of Atlanta, Georgia Department Store Sales to the Levels Indicated by the Sales of Such Stores as Reported by the U. S. Bureau of Census for Specified Years, Unpublished Article; quoted with author's permission, P. 1. "Sales purporting to show a trend need far less accuracy than one needed to determine relative individual growth by reconstruction of sales."

figures.' Statistics of this kind were still generally regarded as 'trade secrets' which should not be divulged to competing stores.⁸

The first really significant growth in the availability of department store statistics occurred between 1918 and 1928.

Pre-1929 Decade.--Only through the efforts of such agencies as the N.R.D.G.A., the Bureau of Business Research of the Ohio State University, Harvard University, the University of Michigan, the University of Nebraska, and the University of Pittsburgh, did the birth of "scientific merchandising" occur. This trend towards operational efficiency was given further attention by the exacting requirements of income tax legislation. In effect, these legislative requirements forced every store to record and thus become aware of the specific details of its operation.

This period can also be thought of as an era of increasing "specialization" as well as an era of sizeable chain store growth. "Scrambled Merchandising" was practically unknown prior to 1918. For example:

...In 1918 the average shoe store sold shoes and nothing else. A jeweler would have considered it ruinous to his professional standing to place art lamps, leather goods or golf novelties in stock. A furniture store was just what the name implied and hardware stores had little traffic in sporting goods, toys, or musical instruments.⁹

⁸ William Nelson Taft, "1918-1928-The Most Important Decade in the History of the Retail Business," Retail Ledger, First May Issue, 1928, Vol. 20, No. 9, p. 1.

⁹ Ibid., p. 1.

It was in 1922 that Filene's of Boston offered \$50,000 to employees who would submit good ideas on salesmanship. During this same year installment selling gained wider acceptance among department stores. For the first time, department store costs began to drop. In the latter part of the decade Montgomery-Ward and Sears, Roebuck and Company entered the department store field with the opening of many branch stores.¹⁰

Department stores began to handle and sell new merchandise lines. Volume increased on such items as radios, home furnishings, automobile accessories, and lighter types of clothing. During the decade style became an important element in most merchandise areas. As a result, many department stores accelerated their hand-to-mouth buying practices attempting to minimize both the style and price risks involved in handling fashion merchandise. However, this policy, where practiced too enthusiastically, proved costly in lost sales and bad relations with both customers and suppliers.¹¹

The first detailed retail census was taken in Baltimore, Maryland in 1927. This census attracted great attention and shortly fourteen other cities were intensively surveyed in a census of distribution. Soon former President Hoover (who was then Secretary of Commerce) officially proposed that a nation-wide

¹⁰

Boris Emmet & John E. Jeuck, Catalogues and Counters (Chicago, Illinois: University of Chicago Press, 1950), p. 426.

¹¹

Taft, 1928, op. cit., p. 2.

distribution census be taken. This resulted in the first complete census of distribution, taken in 1929 and published in 1930.

It was during 1929 that merchandise line sales by department stores were first enumerated. The Bureau of the Census published the results in the National Commodity Analyses sections of the 1929 Census of Business. Thus, for the first time, the relative competitive position of department stores by merchandise lines could be studied.

MERCHANDISE LINE SALES PATTERNS IN
DEPARTMENT STORES FROM
1929 THROUGH 1953

The purpose of this section is to examine the changing relative contribution of sales by department store merchandise lines, and the group within which they are generally classified, and to compare them with total department store volume. It should be noted that when the sales of any merchandise division (as a group) show either a gain or loss in volume contribution, it does not necessarily indicate a gain or loss in contribution by all of the individual lines within that division.

It should also be kept in mind that many influences besides customer demand might lead to either an increase or decrease of sales in particular areas. Stock turn, item profitability, gross margins, selling expenses, etc., might very well prove determining factors in merchandise line expansion or contraction within

particular stores along with customer demand.¹²

Piece Goods and Household Textiles and Small Wares.--The "Piece Goods and Household Textiles" division (Group A) experienced the greatest loss in relative contribution to total department store sales of any division. The sales contribution of this division dropped from 9.8 per cent in 1929 to 6.1 per cent in 1953.¹³

As can be seen in Table 14 Lines A-1 (Silks, Velvets, Synthetics, and Woolen Yard Goods) and A-2 (Cotton Yard Goods) have been substantially responsible for the loss in volume contribution for Group A since 1929. In contrast, Line A-3 (Linens and Towels) has shown very little change, while Line A-4 (Domestics, Blankets,

¹²See 1931 Departmental Merchandising and Operating Results of Department Stores and Specialty Stores (New York: Controllers' Congress, N.R.D.G.A.), pp. 11 and 12. "Within stores there is usually a wide variance between the turnover rates of the fastest and the slowest moving department."--Certain expenses have a relation to stock turn; occupancy expense as a per cent of sales tends to be less for departments having higher turnover in spite of the fact that these departments frequently occupy valuable areas (rentals which are charged to the departments at a higher cost per square foot). Fast turning stocks frequently have lower selling costs (thus having two advantages which should produce lower total expense.). Naturally, this would not apply to items such as patterns, cotton wash goods, and silks, velvets, synthetics and woolen yard goods, (Group A), which have low stock turns and resulting high expense factors. Thus, any attempts by store management to actually combat declining sales trends in these areas would be only half-hearted in nature.

¹³For analyses by major divisional groups, see Table 18.

TABLE 14

Annual Percentage Contributions of Piece Goods and Household
Textiles and Small Wares, to Total Department Store
Volume, by Merchandise Lines, for Selected
Years, 1929-1953
(Per Cent)

Merchandise Line	YEAR									
	1929	1939	1945	1947	1948	1949	1950	1951	1952	1953
A. PIECE GOODS & HOUSEHOLD TEXTILES:	9.8	7.3	6.9	6.9	6.7	6.6	6.5	6.5	6.0	6.1
1. Silks, velv., synthetics, wool. ydgs..	4.4	1.6	1.8	1.7	1.8	1.5	1.3	1.1	1.0	.9
2. Cotton yard goods.....	2.6	1.2	.3	.7	.9	.7	.5	.6	.6	.6
3. Linens and towels.....	1.3	2.6	1.5	1.4	1.3	1.4	1.4	1.4	1.3	1.4
4. Domestics, blankets, comforters, sprds.	1.5	1.9	2.8	3.1	2.7	3.0	3.3	3.4	3.1	3.2
B. SMALL WARES:	8.1	9.1	10.0	8.3	8.3	8.5	8.4	8.6	8.6	8.5
5. Laces, ribbons, notions, needlework....	3.1	2.6	2.4	2.1	2.4	2.2	2.2	2.5	2.0	1.8
6. Toiletries, drugs, drug sundries.....	2.4	3.0	3.2	2.5	2.2	2.4	2.4	2.5	2.6	2.8
7. Costume jewelry.....	.8	1.0	1.2	1.0	1.0	1.0	1.0	.9	1.0	1.0
8. Silverware, clocks, jewelry & watches.	.7	.8	1.0	1.0	1.0	1.0	1.0	1.0	.9	.9
9. Books, magazines, stationery.....	1.1	1.7	2.2	1.7	1.7	1.9	1.8	1.7	2.1	2.0

Source: Appendix Table 3.

Comforters and Spreads) has more than doubled its volume contribution between 1929 and 1953.

The "Small Wares" division (Group B) has shown a relatively small gain in contribution to total department store sales between these years. The only line in this group that shows a long-run loss in relative contribution is Line B-5 (Laces, Ribbons, Notions, and Needlework). Sales contributed by this merchandise line dropped from 3.1 per cent in 1929 to 1.8 per cent in 1953, representing a drop of 41.9 per cent for this period. It is evident here that this long run declining pattern has apparently not been appreciably affected by the recent developments in the "do-it-yourself" trend.

The other categories in the "Small Wares" division have all shown upward trends in relative contribution to total department store volume with Line B-9 (Books, Magazines, and Stationery) showing the largest relative increase of 81.8 per cent.

Women's and Misses' Ready-to-Wear Accessories and Apparel.--¹⁴

While group division C (Women's and Misses' Ready-to-Wear Accessories) showed a relatively small loss in contribution to total department store volume between 1929 and 1953, the closely related divisional group D (Women's and Misses' Ready-to-Wear Apparel) during this same period, had the largest percentage increase of

¹⁴For further analyses, see Tables 15 and 18.

any of the seven major merchandise divisions in department stores.¹⁵ Sales made by the lines in this latter division increased from 16.8 per cent in 1929 to 24.3 per cent in 1953. The actual increase of 7.5 percentage points or 44.6 per cent for this period made this division the largest contributor to department store volume even surpassing the "Home Furnishings" group F.

More specifically, in the ready-to-wear division (D), the merchandise line consisting of "Blouses, Skirts, and Sportswear" showed an increase of 220 per cent during these years in over-all contribution to total department store volume.¹⁶ This increase was the largest gain in contribution registered by any one merchandise line handled in department stores. Other lines in this division showing appreciable gains during the period were "Girls' and Teen-age Wear," "Infants' Wear," "Women's, Misses" and Juniors' Dresses," and "Aprons, Housedresses and Uniforms." The two remaining lines in this division, D-18, "Women's, Misses' and

¹⁵ It is within these two divisional groups that some of the most profitable department store merchandise lines are found. For the most part, there is a general tendency for the stocks in this group to be fast turning and thus they incur total expenses lower than the store average. Among the departments that are generally operated in this manner are: "Hosiery, Silk and Muslin Underwear," "Women's, Misses', Jrs' Coats, Suits," "Popular Priced Dresses, Houses and Skirts, Sportswear," "Popular-Priced Girls' and Infants' Wear," "Millinery," and "Aprons and Housedresses." (1931, M.O.R., N.R.D.G.A., p. 12) Thus, in these areas any relative loss in contribution should be energetically combatted by department store management.

¹⁶ The degree of change is calculated as follows:

$$\left(\frac{1953 \text{ Per Cent}}{1929 \text{ Per Cent}} - 100 \right)$$

TABLE 15

Annual Percentage Contributions of Women's-Misses' Ready-to-Wear
Accessories and Women's-Misses' Ready-to-Wear Apparel,
to Total Department Store Volume by Merchandise
Lines, for Selected Years, 1929-1953
(Per Cent)

Merchandise Line	YEAR									
	1929	1939	1945	1947	1948	1949	1950	1951	1952	1953
C. WOMEN'S-MISSES' READY-TO-WR ACCESS:	18.5	19.3	20.7	18.0	17.2	17.8	18.0	17.9	17.9	17.6
10. Neckwear, scarfs, handkerchiefs.....	.8	1.2	1.8	1.5	1.4	1.4	1.4	1.5	1.4	1.5
11. Handbags, small leather goods.....	.8	1.4	2.0	1.3	1.3	1.3	1.5	1.4	1.3	1.3
12. Millinery.....	2.0	1.8	1.7	1.2	1.1	1.2	1.3	1.1	1.2	1.2
13. Women's, children's gloves.....	.3	1.1	1.3	.9	.7	.8	.8	.9	.8	.7
14. Corsets and brassieres.....	1.3	1.5	1.8	1.8	1.7	1.9	1.8	1.8	2.0	2.0
15. Women's, children's hosiery.....	4.5	3.8	3.1	2.8	2.8	2.8	3.0	2.9	2.6	2.6
16. Underwear, slips, negligees, robes..	4.0	4.1	5.0	4.5	4.3	4.5	4.3	4.4	4.4	4.4
17. Women's, children's shoes.....	4.3	4.4	4.0	4.0	3.9	3.9	3.9	3.9	4.0	3.9
D. WOMEN'S&MISSSES' READY-TO-WR APPAREL:	16.8	18.7	24.0	23.4	22.7	23.1	22.4	22.8	24.1	24.3
18. Women's, misses', juniors' coats, suits	5.3	3.8	5.2	5.4	5.5	5.7	5.2	5.3	5.1	5.2
19. Women's, misses', juniors' dresses....	5.9	5.0	5.3	6.5	6.0	6.1	6.2	6.3	6.5	6.4
20. Blouses, skirts, sportswear.....	1.5	2.4	4.7	3.8	4.2	4.2	4.0	4.2	4.5	4.8
21. Girls' & teen-age wear.....	1.3	1.6	2.1	1.9	1.6	1.5	1.9	1.6	2.3	2.3
22. Infants' wear.....	1.7	2.3	3.6	3.2	3.2	3.2	3.0	3.3	3.5	3.5
23. Aprons, housedresses & uniforms.....	.5	1.7	1.8	1.3	1.4	1.5	1.2	1.2	1.4	1.4
24. Furs.....	.8	1.3	1.3	1.2	.8	.9	.9	.9	.8	.7

Source: Appendix Table 3.

Juniors' Coats and Suits" and D-24, "Furs," have both dropped 0.1 percentage points in relative importance to department store volume since 1929. However, this relative decrease in furs represented a loss of 12.5 per cent of the total contributed by this line in 1929 while the relative loss in coats and suits is almost negligible. Line D-19, "Women's, Misses' and Juniors' Dresses," was not only the largest contributor to department store volume in this merchandise division in 1953, but in the entire store as well -- the same status that this line had in 1929.

In group C (Women's, Misses' and Juniors' Ready-to-Wear Accessories) Lines, C-10, "Neckwear, Scarfs, Handkerchiefs," C-11, "Handbags, Small Leather Goods," C-14, "Corsets and Brassieres," and C-16, "Underwear, Slips, Negligees, Robes," have all increased their relative contribution to total volume since 1929, ranging from 10 to 87.5 per cent, with the largest relative gain occurring in Line C-10.

The largest contribution loss incurred in this division was in Line C-15, "Women's and Children's Hosiery" which has decreased 43.3 per cent since 1929. Other losses in this division includes Lines C-12, "Millinery," C-17, "Women's and Children's Shoes," and C-13, "Women's, Children's Gloves."

Note, however, that most of the changes in merchandise division C, whether gains or losses, had been reached by 1947. Since then these lines have maintained a comparatively stable position in contribution importance.

Men's and Boys' Wear.---This merchandise division has experienced a loss of 12.6 per cent in contribution to department store volume since 1929. Of the four merchandise lines in this group, only Line E-26 "Men's Furnishings, Sportswear and Hats" has improved its relative position since 1929.¹⁷ Lines E-25, "Men's Clothing" and E-28, "Men's and Boys' Shoes and Slippers" have shown respective losses of 19.0 and 55.0 per cent in contribution to total volume while "Boys' Wear" has shown very insignificant fluctuations. Since 1947, however, the relative contribution of these lines has remained comparatively stable.

Home Furnishings.---¹⁸ The "Home Furnishings" merchandise division has risen only 4.9 per cent in relative contribution to total department store volume from 1929 through 1953. Because the year-to-year contribution of this division has decreased almost consistently from the high years of 1948 to 1950, its ability to maintain its present importance is subject to doubt. Also, from Table 18 it can be seen that since 1951 the "Home Furnishings" division has not held its former position as the major contributor to total department store volume.

Of the eight merchandise lines included in this group, only two have shown even the slightest relative increases in percentage contribution to total department store volume since 1948. These

¹⁷For further analyses see Tables 16 and 18.

¹⁸Ibid.

TABLE 16

Annual Percentage Contributions of Men's & Boys' Wear and Home
Furnishings to Total Department Store Volume by
Merchandise Lines, for Selected Years, 1929-1953
(Per Cent)

Merchandise Line	YEAR									
	1929	1939	1945	1947	1948	1949	1950	1951	1952	1953
E. MEN'S & BOYS' WEAR:	<u>14.3</u>	<u>12.9</u>	<u>11.6</u>	<u>12.1</u>	<u>11.9</u>	<u>11.8</u>	<u>11.9</u>	<u>12.0</u>	<u>12.3</u>	<u>12.5</u>
25. Men's clothing.....	4.6	3.6	3.0	3.7	3.3	3.5	3.7	3.7	3.7	3.7
26. Men's furnishings, sportswear, hats..	5.5	5.7	5.7	5.6	5.6	5.5	5.5	5.6	5.6	5.7
27. Boys' wear.....	2.2	2.1	2.3	2.2	2.1	2.1	2.2	2.1	2.3	2.2
28. Men's, boys' shoes and slippers.....	2.0	1.5	.6	.6	.9	.7	.6	.6	.7	.9
F. HOME FURNISHINGS:	<u>20.5</u>	<u>22.4</u>	<u>16.8</u>	<u>22.9</u>	<u>23.8</u>	<u>22.9</u>	<u>24.3</u>	<u>23.7</u>	<u>22.6</u>	<u>21.5</u>
29. Furniture, beds, mattresses, springs....	4.0	4.9	4.2	4.9	5.0	5.1	5.5	5.6	5.6	4.8
30. Floor coverings.....	2.5	2.7	1.7	2.7	2.7	2.5	2.7	2.8	2.2	2.4
31. Drapes, curtains, upholst., lamps-shades..	2.5	3.6	3.5	3.3	3.4	3.6	3.6	3.6	3.4	3.5
32. China, glassware, houseware (inc. elec. elect)	3.0	3.7	4.4	5.3	5.2	5.5	5.2	5.4	5.7	5.3
(33. Lgt., elect. supp. (also G-46))	4.2	2.0	1.9	1.9	2.0	1.8	1.7	1.8	1.9	1.8
(34. Hardware, tools, & garden tools-supplies)										
35. Paint & wall paper.....	.7	.4	.4	.5	.8	.6	.4	.3	.3	.3
36. Major household appliances.....	1.7	3.3	.3	2.9	3.1	2.2	2.7	2.1	1.8	1.8
37. Radios, phono, TV sets, records, etc...	1.9	1.3	.4	1.4	1.6	1.6	2.5	2.1	1.7	1.6

Source: Appendix Table 3.

exceptions are Lines F-31, "Drapes, Curtains, Upholstery, Lamps, Shades," and F-32, "China, Glassware, Housewares, and Small Electrics." These two lines also had the only sizeable long-run increases of this group in contribution since 1929; the relative increase in Line F-31 was 40.0 per cent and that of Line F-32 was 76.6 per cent. The only other line in this group having a long-run increase in contribution was F-36 "Major Household Appliances." Although the contribution of this line was 5.9 per cent higher in 1953 than in 1929, a relative loss of 41.9 per cent has been experienced by this line since 1948. Sales contribution by Line F-30, "Floor Coverings" was 2.5 per cent in both 1929 and 1953. The line which combined "F-33, F-34, and G-46" as a unit "Lighting, Electrical, Hardware, Tools, Garden Supplies, etc." dropped from 4.2 per cent in 1929 to 1.8 per cent in 1953-- the largest relative loss experienced by any line in this division. F-35, "Paint and Wallpaper" has also decreased considerably and in 1953 contributed only 0.3 per cent to total department store sales.

The remaining merchandise line in this group, F-37, "Radios, Phonographs, Television Sets, Records, and Musical Instruments, etc.," had a relative loss of 15.8 per cent since 1929. Since 1950, when Line F-37 accounted for a high of 2.5 per cent of department store sales, this line experienced a 36.0 per cent loss in contribution since that time.

Miscellaneous.--¹⁹ The merchandise lines in the "Miscellaneous"

¹⁹For further analyses see Tables 17 and 18.

TABLE 17

Annual Percentage Contributions of the Miscellaneous Division
to Department Store Volume by Merchandise Lines, for
Selected Years, 1929-1953
(Per Cent)

Merchandise Line	YEAR									
	1929	1939	1945	1947	1948	1949	1950	1951	1952	1953
G. MISCELLANEOUS:	12.0	10.9	10.0	8.4	9.4	9.3	8.5	8.5	8.7	9.5
38. Tires, batteries, access. (inc. G-47, oil) ^a	4.5	1.3	1.7	1.6	1.7	1.6	1.0	.9	.9	.9
39. Toys, games, spt. goods, cameras.....	2.2	2.2	1.7	2.3	2.6	2.3	2.2	2.4	2.6	2.6
40. Luggage.....	.4	.4	.4	.5	.4	.5	.5	.5	.5	.5
41. Candy, groceries, bake gds, tobacco, etc.	2.4	2.5	1.8	1.3	1.3	1.3	1.3	1.3	1.3	1.7
42. Package liquors & wines.....	--	.3	.1	.1	.1	.1	.1	.1	.1	.1
43. Restaurant & fountain.....	.5	1.4	1.0	.9	.9	.9	.9	.9	.9	1.1
(44. Heat., plumb., equip. & supplies, etc.).										
(45. Building materials, etc.).	.2	.3	.4	.6	.9	1.1	1.0	.9	.9	1.0
48. Other sales & receipts ^b	1.1	1.0	1.2	.1	--	--	--	--	--	--
49. Other cost depts.-beauty shop, furs, etc.	.7	1.5	1.7	1.0	1.5	1.5	1.5	1.5	1.5	1.6

Source: Appendix Table B-3.

^aSales of gasoline, oil, and lubricants (G-47) are insignificant in relation to sales of G-38; for example, such sales totaled only 0.1 per cent of the sales of department stores which handle this line. (U. S. Census of Business, 1939, Table 18-A, p. 148 and U. S. Census of Business, 1948, Table 18-A, p. 18.03.) By far the majority of department stores do not handle this line.

^bLine G-48 was used principally as a "balancing" figure.

division as a group showed a 20.8 per cent loss in contribution to department store sales from 1929 through 1953. In this group the most significant change was the 80.0 per cent loss experienced by Line G-38, "Tires, Batteries, and Automobile Accessories." Another large decrease was in the contribution made by Line G-41, "Candy, Groceries, Baked Goods, Tobacco, etc." The sales contribution of the classifications in this line dropped from 2.4 per cent in 1929 to 1.7 per cent in 1953.²⁰ The sales of G-42 (Package liquors and wines) have leveled off to a minimum recordable contribution of 0.1 per cent.

Increases were notable in Lines G-39, "Toys, Games, Sporting Goods, and Cameras" and G-44, 45, "Heating, Plumbing Equipment, Building Materials, etc." Line G-40, "Luggage" has shown an increase in contribution -- from 0.4 to 0.5 per cent since 1929. In service retailing, Line G-43, "Restaurant and Fountain" and Line G-49 "Other Cost and Service Departments" registered respective increases in contribution of 120.0 and 129.0 per cent.²¹ Despite the tremendous improvement in contribution of Line G-43, its sales are still not sufficient in relation to total market sales to be considered as part of the department store market.

²⁰ Because the entire line includes many classifications, not all classifications would necessarily show a loss in relative contribution to total department store sales volume. (i.e. sales of the candy classification have gained although the merchandise line in which its sales are included (G-41) has dropped in relative percentage contribution.)

²¹ See Appendix Table B-1 for specific types of service sales included in Line G-49.

Importance of Changes in Relative Contribution by Merchandise Divisions.--Four of the seven divisional groups within department stores have shown losses in relative percentage contribution to total department store volume since 1929, while the other three groups have registered gains. Table 18 shows these contributions to total department store sales in both dollars and per cent for each major group.

When analyzing contribution shifts by divisional groups, it should be remembered that the gains or losses of these major groups do not necessarily mean that the individual merchandise lines within these groups reflect the same trend. The contribution to total department store volume of a merchandise division could be steadily rising, while one or several lines within the division are contributing less and less. Such a situation indicates, of course, that other lines within the division are increasing in contribution importance with even greater rapidity than the trend reflected in the divisional increase.

For example: in the group showing the largest relative gain, that of women's and misses' ready-to-wear apparel, two of the merchandise lines included in this division actually showed a loss in sales contribution. Again, the "Piece Goods and Household Textiles" division which showed the largest relative loss, includes merchandise line A-4 "Domestics, Blankets, Comforters, Spreads, etc." which has more than doubled its percentage contribution importance since 1929.

TABLE 18

Annual Sales and Per Cent Contribution by
Major Group to Total Department Store Sales,
for Selected Years, 1929-1953
(Years)

Letter and Number Key ^a	(Millions of Dollars)										
	1929	1939	1945	1946	1947	1948	1949	1950	1951	1952	1953
A (1-4)	426.3	290.2	502.0	673.5	734.5	759.6	700.8	729.8	741.3	697.0	711.8
B (5-9)	352.4	361.7	727.6	865.9	883.5	941.0	902.5	943.2	980.7	999.0	991.8
C (10-17)	804.8	767.2	1506.1	1837.6	1916.1	1950.0	1890.0	2021.0	2041.3	2056.0	2053.6
D (18-24)	730.8	719.5	1746.2	2368.0	2490.9	2573.5	2452.8	2515.1	2600.1	2799.5	2835.3
E (25-28)	622.1	512.3	844.0	1087.2	1288.0	1349.1	1252.9	1336.1	1368.5	1428.8	1458.5
F (29-37)	891.8	890.4	1222.4	1991.5	2437.7	2698.2	2431.5	2728.4	2701.8	2625.2	2508.6
G (38-49)	522.0	433.3	727.6	779.3	894.2	1065.6	987.5	954.4	969.0	1010.6	1108.5
TOTALS A-G ^b	4350.	3975.	7276.	9621.	10645.	11337.	10618.	11228.	11404.	11616.	11668.
(above sales expressed as a per cent of total)											
A (1-4)	9.8	7.3	6.9	7.0	6.9	6.7	6.6	6.5	6.5	6.0	6.1
B (5-9)	8.1	9.1	10.0	9.0	8.3	8.3	8.5	8.4	8.6	8.6	8.5
C (10-17)	18.5	19.3	20.7	19.1	18.0	17.2	17.9	18.0	17.9	17.9	17.6
D (18-24)	16.8	18.7	24.0	24.8	23.4	22.7	23.1	22.4	22.8	24.1	24.3
E (25-28)	14.3	12.9	11.6	11.3	12.1	11.9	11.8	11.9	12.0	12.3	12.5
F (29-37)	20.5	22.4	16.8	20.7	22.9	23.8	22.9	24.3	23.7	22.6	21.5
G (38-49)	12.0	10.9	10.0	8.1	8.4	9.4	9.3	8.5	8.5	8.7	9.5
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source and notes on following page.

Source and notes for Table 18:

Source: Appendix Tables 1 and 3.

^aGroup letter designations to correlate total consumption expenditures by merchandise lines to basic department store merchandise line sales: A.-Piece goods and household textiles; B.-Small wares; C.-Women's and misses' ready-to-wear accessories; D.-Women's, misses' ready-to-wear apparel; E.-Men's and boys' wear; F.-Home furnishings; G.-Miscellaneous.

^bPercentage totals of annual proportion will not be exact due to rounding. (See Appendix Table 3 for exact totals.)

INFLUENCE OF INTERNAL AND EXTERNAL FACTORS ON DEPARTMENT STORE MERCHANDISE LINE SALES

Obviously, the relative contribution to total store volume of any single department store merchandise line depends upon the merchandising emphasis given to that particular line. This, in turn, is dependent upon many internal and external influences such as stock turn, attainable gross margins, profitability or necessity of handling the line, competitive conditions, consumer preferences, density of the population, etc. The presence or absence of these influences would have to be critically analyzed before department store management could formulate any policies relating to particular merchandise lines or classifications.

Many internal and external conditions can be expected to have exerted varying degrees of influences on merchandise lines carried during the period of this study. Some of these conditions and the resulting influences they have had will now be examined.

General Merchandise Line Emphasis and Profitability, 1929 to 1940.--During the early depression years of 1929 to 1935 departments selling "pickup" or "impulse" merchandise remained generally profitable. Such departments were given emphasis through the use of special tables or bargain squares located on the main floor where maximum store traffic would be attained. With the help of an ideal location, these items usually involved no great amount of specialized selling, promotional effort, and little, if any, risk due to obsolescence or deterioration.

Any merchandise classification that could maintain a higher-than-average initial markup, high turnover rate, was of a "staple" nature, or that did not require extensive service functions generally proved profitable during this period of severe economic pressure.²² Yet, many departments, because of their essential service nature, had to be maintained during the depression years even though they meant low turnover, high expense and constant losses. (i.e. "Patterns and many home furnishing classifications..")²³

After the economic upheaval in late 1929, many department stores unable to bear the financial stress caused by carrying "slow-turning" lines shifted their merchandise line emphasis to

²²Developed in personal interviews with department store executives in various areas of the country.

²³1930, M.O.R., N.R.D.G.A., Controllers' Congress, 1931, pp. 31-32.

"faster turning" lines even though they represented long-run ill effects.²⁴

By 1934, smaller department stores began showing greater increases and higher profits than the larger establishments. This can be attributed to the general patronage of the smaller department stores. Their customers represented a large proportion of the agricultural and industrial workers, who enjoyed more immediate benefits of the recovery program than other consumer groups within the economy.

It was not until 1935 that the "typical" department in department stores began showing a "profit." By this time, the departments yielding profits and high turnover rates had been expanded; those that had shown unsatisfactory results had been minimized.²⁵

During the 1935 to 1940 period an economic upturn developed. Reflecting the increased interest in renovation and home building that came with a more hopeful economic outlook, the home furnishing merchandise classifications had the largest gain in sales during this period. Sales of tires and automobile accessories, silks,

²⁴ Departments commonly experiencing low turnover rates in times of economic or competitive stress are: Patterns, Men's and Boys' Shoes, Oriental rugs, Draperies, Curtains, Upholstery, China, Glassware, Gift Shop, Luggage, Radios, Tires, Auto Accessories. (Departments experiencing high turnover rates during similar periods are: Neckwear, Millinery, Hosiery, and Silk and Muslin Underwear.)

²⁵ Based on personal interviews with department store executives and from details found in various annual issues of the M.O.R. statistics of the N.R.D.G.A. Balance of this section was also developed from same sources.

velvets, synthetics, woolens, washgoods and linings, patterns, and art needlework continued to decline. However, fur sales enjoyed three years of steady growth in department stores.²⁶

Severe competitive pressures from distributors and local utility companies forced gross margins on appliances to decline which in turn resulted in unsatisfactory net profit returns from these departments. However, appliance departments, despite their marginal operations, were contributing too much to total store volume to be entirely deleted. Thus, most department stores maintained this category.

General Merchandise Line Emphasis and Profitability, 1940 through 1946.--This "abnormal" economic period marked the beginning of the National Defense Effort. Merchandise and service shortages of all kinds became prevalent when the United States started becoming the "Arsenal of Democracy."

During 1946, with a transition pointing to a more normal economy and competitive patterns, consumer goods again began to appear in volume proportions.

The repeal of the excess profits tax in 1946 implemented still further the production of consumer goods. Still there were shortages in most consumer durables. As a result, department stores continued to receive an above-average share of consumer expenditures.

²⁶Furs are regarded by most purchasers as a "capital expenditure" for three to five year periods.

In 1946, as in the war years, basement departments continued to decline in terms of per cent contribution to the total store's volume. Tremendous "liquidity-inflationary" pressures forced retail prices to rise over 12 per cent during 1946 alone. In December, 1946, price resistance on a mass scale was first felt by retailers.

Resulting Merchandise Line Emphasis, 1947 through 1953.--

1947 was an excellent year for department stores. Merchandise selectivity in most areas again became the customer's prerogative. Competitive pressures returned as merchandise selectivity increased; however, these were somewhat mitigated by a sustained demand for both durables and non-durables.

With the rise of prices, consumer spending emphasis, especially in the lower income categories, shifted to food items in 1947. The rise in food prices was relatively greater than the rise in prices of other consumer goods;²⁷ but, of course, spending for food items remained a necessity. By 1948, lower price lines had become more important to total department store volume. Various higher priced merchandise line classifications suffered extensively during this period. For example, even extensive advertising efforts and "tax free" inducements did not improve the sales of furs.

With the invasion of South Korea, wholesale prices on all consumer goods increased an average of 11 per cent. The wholesale

²⁷Monthly Labor Review, U. S. Dept. of Labor, Feb., 1948, p. 22.

prices on cottons, woolens, and worsteds, which are very important to the production of department store type of merchandise, rose an average of 30 per cent.²⁸

Meanwhile, the sales patterns of such lines as major appliances, television, furniture, floor coverings, and home improvement merchandise continued to increase despite the reinstitution of Regulation W in September, 1950. The greatest merchandise line increases in department store sales in 1950 were by major appliances and furniture which rose substantially above their 1949 figures. In many of the larger stores, home furnishing sales amounted to approximately 30 per cent of their total volume.²⁹

During the immediate Korean post-war period, sales of books and magazines, stationery, sportswear, girls' and teen-age wear, cameras and photographic equipment showed the greatest merchandise line increases in relation to their previous sales. Classifications showing the greatest increases in transactions were: costume jewelry, negligees, robes, handbags, small leather goods, sportswear, aprons, housedresses, uniforms, toys, games, and luggage. Simultaneously, major appliances, linoleum, and television sales which are all in the home furnishing division, had the greatest decline in transactions.

The over-all gain in department store sales during this period

²⁸M.O.R., N.R.D.G.A., 1950, p. 8.

²⁹Ibid.

resulted from the tremendous rise in the price level of department store market merchandise rather than any increase in the number of physical transactions.³⁰

Success of Particular Merchandise Line Emphasis by Department Stores.--It is apparent then that the tremendous increase in department store sales volume during the period of this study must be attributed to a tremendous rise in the retail prices of department store market merchandise rather than any emphasis or full exploitation of particular merchandise lines. Thus, department stores have to make price rises responsible for their volume success during this period. This means that only limited success has been achieved by department stores in scientifically applying the proper degree of emphasis on merchandise lines whose sales are greatly influenced by increasing output, income, and resulting consumer demand.

SUMMARY AND CONCLUSIONS

The first scientific accumulation of department store statistical data was developed in the pre-1929 decade. In 1927, the first detailed retail census was taken in Baltimore, Maryland which ultimately led to the first United States Census of Business, taken in 1929 and published in 1930.

The main objective of this chapter was to present the changing contribution to total department store volume of the seven major

³⁰ This is immediately evident from a review of the retail price index for the pertinent years. (Chapter III, Table 4.)

merchandise divisions and their individual merchandise lines
As a prelude to this discussion, resulting technical difficulties involved in removing duplication of data was briefly reviewed.

From 1929 through 1953, Group D, "Women's and Misses' Ready-to-Wear Apparel," had the greatest relative gain in contribution to total department store volume. By 1953, it was the most important volume group in department stores, even surpassing the formerly dominant Group F, "Home Furnishings." This latter group and Group B, "Small Wares" both had an increase of 4.9 per cent for the period. The sales of these three divisions which increased in volume importance since 1929 represented 54.3 per cent of total department store volume in 1953.

Group A, "Piece Goods and Household Textiles" showed the greatest relative loss in contribution to department store volume and became the least important merchandise group in department stores. The loss in contribution of 37.8 per cent in this group was followed by a loss in Group G, "Miscellaneous" of 20.8 per cent, 12.6 per cent in Group E, "Men's and Boys' Wear," and 4.9 per cent in Group C, "Women's and Misses' Ready-to-Wear Accessories."

By individual merchandise lines, Line D-20, "Blouses, Skirts, and Sportswear" showed the largest contribution increase of 3.3 percentage points from 1929 through 1953, followed by a rise of 2.3 percentage points in Line F-32, "China, Glassware, Small Electrics, etc." These two merchandise lines accounted for more than 10 per cent of total department store volume in 1953.

The two lines showing the greatest loss in relative volume contribution during this period were G-38, "Tires, Batteries, and Auto Accessories" and A-1, "Silks, Velvets, Synthetics, and Woolens" which had respective decreases of 3.5 and 3.4 percentage points. The combined contribution of these two lines to total department store volume dropped from 9.9 per cent in 1929 to 1.8 per cent in 1953.

Obviously, store policies are determined by the manner in which department store management interprets pertinent internal and external influences. The interplay of such forces generally determines the particular merchandise line emphasis or de-emphasis carried out by department stores, which, of course, reflects in the relative sales importance of the various merchandise lines carried. Thus, store policy decisions can greatly affect the gains and losses of individual merchandise lines irrespective of the success or failure of the merchandise division into which they fall.

Increased volume levels in department stores have been the result, chiefly, of rises in the retail price level rather than increases in the physical volume of sales. It can be concluded then, that only limited success has been achieved by department stores in emphasizing lines or expansion policies that would bring in greater increases in both physical and dollar volume.

Now that department store sales data by merchandise lines has been presented in this chapter, the line by line comparisons with the total market sales of these same lines, as presented in

Chapter IV, can proceed. The comparisons of these micro and macro sales data will show the changing relative competitive position of department stores in the United States by merchandise lines.

CHAPTER VI

DIRECT COMPARISON OF DEPARTMENT STORE SALES TO TOTAL MARKET SALES IN THE ECONOMY BY MERCHANDISE DIVISIONS AND LINES

The data developed for both department store merchandise line sales and the total of their corresponding sales in the economy were based on the same benchmarks as to time and merchandise content, thus making it possible to directly compare the two sets of data without the use of adjusting indices.

Suitability of the Comparisons.--As was brought out in Chapter IV department stores have been able to maintain approximately the same relative sales position in the economy as has been maintained by the other businesses with which they compete directly. When compared with total expenditures, however, it was found that both department stores and businesses handling department-store-type merchandise were getting a smaller share of these total expenditures than they formerly had.

This relationship between department store sales and total consumption expenditures was developed because it was considered important to the changing relative position of department stores; but further examination revealed that the development of this relationship would not be accurate.¹

The concept of a "Department Store Market" was then developed and found to be an accurate basis for the desired comparisons.

¹ Chapter IV, Table 12 and Chapter III, Table 6.

Thus this "Market" became the basic criteria for determining the changing relative position of department stores by merchandise lines.

CHANGING POSITION BY MERCHANDISE DIVISIONS

In Table 19, it is shown that Group A, "Piece Goods and Household Textiles" has contributed no change to the competitive position of department stores in relation to total market sales since 1929. Yet the market position of two of the four merchandise lines within this division have declined both absolutely and relatively. As a result a merchandise division of traditional department store strength has become less and less important to these stores.

Group G, "Miscellaneous" is the only merchandise division that has not continued to absorb its proportionate share of total market sales since 1929. Even though department stores still retained 8.8 per cent of the total market sales in this division in 1953, they have lost 53.2 per cent of the market that they formerly dominated.²

In all of the remaining merchandise divisions department stores have increased their share of total available market sales. This increase in dominance ranges from a high of 24.5 per cent in Division D, "Women's and Misses' Ready-to-Wear Apparel" to a comparatively lower gain of 2.9 per cent in division F, "Home Furnishings."

²The sales figures for Group G as shown in Table 19 consists of the sales of lines in the department store market, G-38, G-39, G-40, and G-49. For handling of the remaining lines in Group G, see note 4 of Table 19.

TABLE 19

101

Department Store Sales as a Per Cent of
Total Market Sales by Merchandise Divisions

TABLE 19

Department Store Sales as a Per Cent of Total Market Sales
by Merchandise Divisions
(Millions of Dollars)

Merchandise Divisions ¹	YEAR																	
	1929	1933	1935	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953
A: D.S.S. ²	\$ 426.3	223.7	329.9	290.4	315.7	331.8	384.1	453.8	514.1	502.0	673.5	734.5	759.6	700.8	729.8	741.3	697.0	711.8
T.M.S. ³	\$ 826.4	331.4	482.0	517.7	665.9	712.3	765.7	990.2	934.7	1004.9	1235.3	1393.1	1665.6	1433.9	1497.9	1430.2	1478.4	1378.8
Per Cent	51.6	67.5	68.4	56.1	47.4	46.5	50.2	45.8	55.0	49.9	54.5	52.7	45.6	48.9	48.7	51.8	47.1	51.6
B: D.S.S.	\$ 352.4	246.6	385.6	361.7	439.4	467.5	534.3	613.1	696.7	727.6	865.9	883.5	941.0	902.5	943.2	980.7	999.0	991.3
T.M.S.	\$3097.9	1863.8	2836.0	2692.1	2798.1	3206.9	3815.6	4533.6	5229.6	5690.8	6340.6	6621.5	7118.8	6708.0	6963.3	7524.8	7677.9	7940.5
Per Cent	11.4	13.2	13.5	13.4	15.7	14.6	14.0	13.1	13.3	12.7	13.6	13.3	13.2	12.4	13.5	13.0	13.0	12.5
C: D.S.S.	\$ 804.8	498.2	803.0	767.2	823.3	980.3	1124.3	1257.1	1461.0	1506.1	1837.6	1916.1	1950.0	1890.0	2021.0	2041.3	2056.0	2053.6
T.M.S.	\$2647.9	1540.7	1926.7	2091.1	2240.0	2557.3	3134.6	3430.7	3956.2	4376.4	4831.7	5027.1	5074.1	4986.4	5152.1	5424.7	5506.0	5684.4
Per Cent	30.4	32.3	41.6	36.7	36.8	38.3	35.9	36.6	36.6	34.4	38.0	38.1	38.4	37.9	39.2	37.6	37.3	36.1
D: D.S.S.	\$ 730.8	516.0	822.8	719.5	891.6	1146.2	1313.5	1600.5	1539.9	1746.2	2386.0	2490.9	2573.5	2452.8	2515.1	2600.1	2799.5	2835.3
T.M.S.	\$2239.7	1302.1	1811.2	1593.3	1965.1	2357.7	2948.9	4236.9	4721.4	5501.5	6222.0	6281.5	6915.8	6302.6	5934.7	6460.8	6904.7	6976.5
Per Cent	32.6	39.6	45.4	45.2	45.4	48.5	44.5	37.7	34.7	31.7	38.3	39.6	37.2	38.9	42.3	40.2	40.5	40.6
E: D.S.S.	\$ 622.1	330.5	504.8	512.8	524.7	613.3	673.5	680.7	764.3	844.0	1087.2	1238.0	1349.1	1252.9	1336.1	1368.5	1428.3	1458.5
T.M.S.	\$3538.7	1309.8	2319.9	2752.8	2920.3	3386.9	3877.3	4229.9	4504.1	5082.4	6414.5	6688.0	6766.2	6466.8	6561.5	6964.0	7068.0	6822.0
Per Cent	17.5	13.2	21.7	18.6	17.9	18.1	17.3	16.0	16.9	16.6	16.9	19.2	19.7	19.4	20.3	19.6	20.2	21.3
F: D.S.S.	\$ 891.8	513.5	818.9	890.4	895.9	1050.5	1079.8	1030.2	1021.4	1222.4	1991.5	2437.7	2698.0	2431.5	2728.4	2701.8	2625.2	2508.6
T.M.S.	\$6499.0	2800.0	3646.0	4913.0	5278.0	6701.0	6703.0	6034.0	6232.0	6108.0	11828.0	14952.0	15499.0	14839.0	16332.0	17655.0	17840.0	17704.0
Per Cent	13.7	18.3	22.4	18.1	16.9	15.6	16.1	17.0	16.3	20.0	16.8	16.3	17.4	16.3	16.7	15.3	15.3	14.1
G: D.S.S. ⁴	\$ 339.3	116.9	167.5	214.7	208.3	261.3	272.8	287.8	344.9	385.5	510.6	574.4	702.9	626.3	585.7	604.3	639.0	653.4
T.M.S.	\$1877.0	955.0	1144.0	1584.0	1844.0	2231.0	1378.0	2304.0	2585.0	3117.0	4411.0	5530.0	5649.0	5791.0	6653.0	6666.0	7057.0	7458.0
Per Cent	18.8	12.2	14.6	13.6	11.3	11.7	19.8	12.5	13.3	12.4	11.6	10.4	12.3	10.8	8.8	9.1	9.1	8.8

Source: Appendix Tables 1 and 2.

¹Merchandise Divisions: A - Piece goods & household textiles;

D - Women's & misses' ready-to-wear apparel; G - Miscellaneous.

B - Small wares;

E - Men's & boys' wear;

C - Women's & misses' ready-to-wear accessories; F - Home furnishings;

²Department Store Sales.³Total Market Sales of corresponding lines.

⁴This does not include sales of line G-41, "Candy, Groceries, Food, Tobacco," G-42, "Wines and Liquors," G-43, "Restaurant and Fountain," and G-44, 45 "Heating, Plumbing, Building Materials and Supplies." The sales of these lines by department stores are insignificant in relation to their total market sales and are not part of the department store market. Separate treatment of these lines is found in Tables 27 and 28 of this chapter.

CHANGING COMPETITIVE POSITION OF DEPARTMENT STORE MERCHANDISE LINES IN RELATION TO TOTAL MARKET SALES

From the analysis of the changing position of the seven major divisional merchandise groups in department stores in relation to total market sales for these same groups, it is obvious that a more detailed investigation involving the individual merchandise lines within these divisional groups is warranted. It is now necessary to discuss the implications of the changes in market position that have taken place by studying the department store merchandise lines within each of the divisional groups in relation to total market sales.

Piece Goods and Household Textiles (Line Group A)³--Line A-1 "Silks, Velvets, Synthetics, and Woolens" has been responsible for the only loss in department store sales as compared to total market sales in this division. Although department stores accounted for 33.6 per cent of all the market sales of this line in 1953, this is a substantial decline from the 50.5 per cent market share which department stores enjoyed in 1929. The silk and velvet classifications within this line have been responsible for this severe loss.⁴

³Detail in Table 20. Degrees of increase or decrease in relative competitive position are calculated as follows:

$$\frac{1953 \text{ Per Cent}}{1929 \text{ Per Cent}} - 100$$

⁴Brought out in personal interviews with department store executives: Unquestionably, fashion desirability, and the constant improvement in synthetics, as well as continued increased preference by women for ready-to-wear apparel have been major reasons for this shift in market sales.

TABLE 20
Department Store Sales of
PIECE GOODS AND HOUSEHOLD TEXTILES
as a Per Cent of the Total Market Sales of These Items,
by Merchandise Lines, 1929-1953
(Millions of Dollars)

Merchandise Lines ¹	YEAR																	
	1929	1933	1935	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953
A1: D.S.S. ²	\$191.4	73.7	99.4	63.6	68.3	75.4	89.1	110.4	128.5	131.0	163.5	181.0	204.1	159.3	146.0	125.4	116.2	105.0
T.M.S. ³	\$378.8	93.7	126.4	195.6	193.6	204.3	249.7	323.3	302.2	276.1	327.0	368.9	403.7	368.5	359.9	335.5	341.0	311.8
Per Cent	50.5	78.7	78.7	32.5	35.2	36.9	35.6	34.1	42.5	47.4	50.1	49.0	50.4	43.0	40.5	37.2	34.0	33.6
A2: D.S.S.	\$113.1	33.1	51.6	47.7	34.1	25.2	33.4	49.0	60.9	58.2	67.5	74.5	102.0	74.3	56.1	68.4	69.7	70.1
T.M.S.	\$208.6	62.8	81.3	102.3	59.2	74.9	62.8	82.5	63.3	72.3	99.8	141.7	199.4	121.4	144.6	146.2	107.1	101.6
Per Cent	54.0	52.7	63.4	46.6	57.6	33.6	53.1	59.3	96.2	80.4	67.6	52.5	51.1	61.1	38.7	46.5	65.1	68.9
A3: D.S.S.	\$ 56.6	38.1	63.6	103.4	68.5	80.4	83.5	92.0	108.2	109.1	153.9	149.0	147.4	148.7	157.2	158.8	151.0	163.4
T.M.S.	\$ 99.4	73.4	84.8	116.6	87.5	92.8	106.7	127.6	146.5	165.3	243.2	252.0	286.4	241.5	281.4	293.5	268.6	251.7
Per Cent	56.9	51.9	75.0	88.0	77.0	86.6	78.2	71.8	73.4	66.0	63.3	59.1	51.3	61.5	55.8	54.0	56.1	64.6
A4: D.S.S.	\$ 65.2	78.8	115.3	75.5	145.0	150.8	178.1	202.4	216.5	203.7	288.6	330.0	306.1	318.5	370.5	387.7	360.1	373.3
T.M.S.	\$139.6	101.5	189.5	157.2	325.6	340.3	346.5	456.8	422.7	491.2	565.3	630.5	776.3	702.5	712.0	655.0	761.7	713.7
Per Cent	46.6	77.0	60.5	48.0	44.4	44.2	51.2	44.2	51.3	41.5	51.1	52.2	39.4	45.3	52.1	59.2	47.2	52.2

Source: Appendix Tables 1 and 2.

¹Merchandise Lines: A1 - Silks, velvets, synthetics, woolen goods;
A2 - Cotton yard goods;
A3 - Linens and towels;
A4 - Domestics, blankets, comforters, spreads.

²Department Store Sales.

³Total Market Sales of corresponding lines.

In Line A-2, "Cotton Yard Goods," department stores have increased their share of total market sales by 27.6 per cent since 1929. Despite this increase in market importance, however, actual dollar volume in this line has decreased due to lessened consumer demand for this line of merchandise.

In the remaining two merchandise lines in this division, Line A-3, "Linens and Towels," and Line A-4 "Domestics, Blankets, Comforters and Spreads," department stores have improved their former market position. Since 1929, Line A-3 has absorbed 13.5 per cent more of the available total market Sales, while Line A-4 has increased its position 12.5 per cent. This latter increase is by far the most significant one of the two lines, as a five-fold increase in market sales occurred between 1929 and 1953.

Small Wares, (Line Group B).⁵--The department store position of each of the five lines in this division has improved in market position in the 1929-1953 period. Line B-7, "Costume Jewlery," the smallest in this group, has improved its market position during this period by 93.7 per cent. Line B-9, "Books, Magazines, Stationery," was next in line with a 75.0 per cent gain accompanied by an almost three-fold increase in total market sales.

Department store lines B-6, "Toiletries, Drugs, and Sundries," and B-5, "Laces, Ribbons, Notions, Art Needlework," had respective increases in market position of 21.8 and 11.6 per cent between 1929 and 1953. The smallest increase for this period was experienced in

⁵Detail in Table 21.

TABLE 21

Department Store Sales of Small Wares as a Per Cent of the Total Market Sales
of These Items, by Merchandise Lines, 1929-1953

TABLE 21

Department Store Sales of
SMALL WARES
as a Per Cent of the Total Market Sales of These Items,
by Merchandise Lines, 1929-1953
(Millions of Dollars)

Merchandise Lines ¹	YEAR																	
	1929	1932	1935	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953
B5: D.S.S. ²	\$ 134.8	81.3	127.2	103.3	115.2	105.6	133.6	153.3	169.1	174.6	221.5	223.5	272.1	233.6	247.0	285.0	232.3	210.0
T.M.S. ³	\$ 332.8	246.7	343.7	212.1	257.1	224.7	272.7	306.5	331.6	329.8	425.6	381.5	485.1	392.0	470.3	446.8	490.9	464.5
Per Cent	40.5	33.0	36.5	48.7	44.8	47.0	49.0	50.0	51.0	53.0	52.0	53.6	56.1	59.6	52.5	63.8	47.3	45.2
B6: D.S.S.	\$ 104.4	78.8	119.2	119.2	140.8	165.9	183.7	214.5	236.7	232.8	259.7	266.1	249.4	254.8	269.5	285.1	302.1	326.7
T.M.S.	\$ 1195.1	747.0	848.0	1061.6	1142.0	1332.0	1576.0	1888.0	2064.0	2225.0	2380.0	2558.0	2614.0	2583.0	2712.0	2909.0	3003.0	3081.0
Per Cent	8.7	10.5	14.1	11.2	12.3	12.5	11.7	11.4	11.5	10.5	10.9	10.4	9.5	9.9	9.9	9.8	10.1	10.6
B7: D.S.S.	\$ 34.8	25.4	35.8	39.3	46.9	60.3	66.8	79.4	81.2	87.3	115.5	106.5	113.4	106.2	112.3	102.6	116.2	116.7
T.M.S.	\$ 138.2	60.1	66.3	134.5	156.3	206.1	225.8	240.6	232.0	249.4	301.7	227.5	266.7	240.1	236.5	216.7	237.0	239.0
Per Cent	25.2	42.3	54.0	29.6	30.0	29.3	29.6	33.0	35.0	35.0	38.3	46.8	42.5	44.2	47.5	47.3	49.0	48.8
B8: D.S.S.	\$ 30.5	17.8	23.9	31.8	51.2	45.2	56.7	49.1	60.9	72.8	96.2	106.5	113.4	106.2	112.3	114.0	104.5	105.0
T.M.S.	\$ 421.7	111.9	166.7	220.5	257.7	355.9	517.2	727.4	818.0	993.6	1204.8	1335.5	1168.3	1119.9	1148.5	1260.3	1324.0	1329.0
Per Cent	7.2	15.9	14.3	14.4	19.9	12.7	11.0	6.8	7.4	7.3	8.0	8.6	9.7	9.5	9.8	9.0	7.9	7.9
B9: D.S.S.	\$ 47.9	43.2	79.5	67.6	85.3	90.5	94.5	116.7	148.8	160.1	173.2	180.9	192.7	201.7	202.1	193.9	243.9	233.4
T.M.S.	\$ 990.0	640.0	740.0	829.0	985.0	1088.0	1224.0	1441.0	1683.0	1893.0	2029.0	2219.0	2318.0	2374.0	2396.0	2492.0	2623.0	2777.0
Per Cent	4.8	6.8	10.7	8.2	8.7	8.3	7.7	7.8	8.8	8.5	8.5	8.2	8.3	8.5	8.4	7.8	9.3	8.4

Source: Appendix Tables 1 and 2.

¹Merchandise Lines: B5 - Laces, ribbons, notions, needlework;
B6 - Toiletries, drugs, drug sundries;
B7 - Costume jewelry;
B8 - Silverware, clocks, fine jewelry, watches;
B9 - Books, magazines, stationery.

²Department Store Sales.

³Total Market Sales of corresponding lines.

Line B-8, "Silverware, Clocks, Fine Jewelry, and Watches." Still this line improved its market position by 9.7 per cent.

Unfortunately this favorable picture of long-run competitive gains in "Small Wares" is not as optimistic as it appears at first glance. For example: in department stores both Line B-5 and B-8 lost considerable shares of their respective markets in the 1949-1953 period. In Line B-5 alone, department stores lost 24.2 per cent of their former market position.⁶

Unlike the piece goods division where department stores account for over 50 per cent of the total market sales, the small wares group in department stores account for only 12 per cent of the total market sales. Only in Lines B-5 and B-7, by far the two smallest volume lines in this division, do department stores account for as much as 45 per cent of the total market sales.

Women's, Misses' Ready-to-Wear Accessories (Line Group C).⁷--

The largest improvement in market position in this division occurred in Line C-10, "Neckwear, Scarfs, and Handkerchiefs. This line's sales accounted for 79.0 per cent of the total market sales in this

⁶ The loss in this line is in consistent pattern trend with the declining relative position of Line A-1 of the piece goods section. Line B-5 includes the necessary trimmings, buttons, notions, laces, ribbons, etc., that are usually purchased at the same time by the same purchasers of Line A-1. In this line the "Art Needlework" classification sustained the greatest loss, and its importance has declined relatively and absolutely despite changing interest in the modern "do-it-yourself" trends. (This material developed in interviews with department store executives.)

⁷Detail in Table 22.

TABLE 22

107

Department Store Sales of Women's-Misses' Ready-to-Wear Accessories as a Per Cent of
the Total Market Sales of These Items, by Merchandise Lines, 1929-1953

TABLE 22

Department Store Sales of
WOMEN'S-MISSES' READY-TO-WEAR ACCESSORIES
as a Per Cent of the Total Market Sales of These Items,
by Merchandise Lines, 1929-1953
(Millions of Dollars)

Merchandise Lines ¹	YEAR																	
	1929	1933	1935	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953
Cl0: D.S.S. ²	\$ 34.8	35.6	63.6	47.7	64.0	80.4	94.6	122.6	128.5	131.0	153.9	159.7	158.7	148.7	157.1	171.1	162.6	175.0
T.M.S. ³	\$ 107.7	65.3	113.6	84.3	97.6	109.4	155.7	175.1	188.5	174.7	180.4	192.6	195.1	203.0	204.7	208.2	210.0	221.6
Per Cent	32.3	54.5	56.0	56.6	65.6	73.5	60.8	70.0	68.2	75.0	85.3	82.9	81.3	73.3	76.7	82.2	77.4	79.0
Cl1: D.S.S.	\$ 34.8	30.5	51.7	55.7	64.0	85.5	100.2	122.6	121.8	145.5	144.3	138.4	147.4	138.1	168.4	159.4	151.0	151.7
T.M.S.	\$ 114.8	98.2	126.2	138.8	158.0	176.5	246.9	319.3	372.3	402.9	389.0	364.5	374.6	386.5	401.4	412.0	410.3	412.2
Per Cent	30.3	31.1	41.0	40.1	40.5	48.4	40.6	38.4	33.0	36.1	37.1	38.0	39.3	35.7	42.0	38.7	36.8	36.8
Cl2: D.S.S.	\$ 87.0	35.6	63.6	71.6	76.3	90.5	89.0	104.2	115.0	123.7	144.3	127.7	124.7	127.4	146.0	125.4	139.4	140.0
T.M.S.	\$ 257.2	139.8	153.7	188.4	203.6	222.5	252.1	288.4	292.5	297.2	336.7	337.9	314.0	330.0	310.9	323.4	334.0	345.0
Per Cent	33.8	25.5	41.4	38.0	37.7	40.1	35.3	36.1	39.3	41.6	42.9	37.8	36.3	38.6	47.0	38.8	41.7	40.6
Cl3: D.S.S.	\$ 34.8	30.5	47.7	43.7	46.9	55.3	66.8	67.5	87.9	94.6	96.2	95.8	79.4	84.8	89.8	102.5	92.9	81.7
T.M.S.	\$ 114.1	71.1	84.8	81.7	85.3	90.0	111.3	125.7	139.5	147.8	148.0	147.5	155.5	145.0	147.0	151.9	150.2	151.7
Per Cent	30.5	42.9	56.3	52.5	55.0	61.4	60.0	53.7	63.0	64.0	65.0	65.0	51.0	58.5	61.1	67.5	61.9	54.0
Cl4: D.S.S.	\$ 56.6	35.6	63.6	59.6	68.3	80.4	89.0	98.2	115.0	131.0	182.8	191.5	192.7	201.7	202.1	205.3	232.3	233.4
T.M.S.	\$ 131.5	112.1	139.6	132.0	151.8	170.7	200.0	243.2	357.4	431.9	457.7	482.5	484.4	444.8	451.7	472.2	488.7	510.5
Per Cent	43.0	31.8	45.6	45.2	45.0	47.1	44.5	39.6	32.2	30.3	39.9	39.7	39.8	45.3	44.7	43.5	47.5	45.7
Cl5: D.S.S.	\$ 195.8	91.5	159.0	151.0	153.6	186.0	211.5	262.4	230.0	225.5	279.0	298.1	317.5	297.3	336.8	330.7	302.0	303.4
T.M.S.	\$ 489.0	329.3	275.0	316.4	320.0	370.5	416.0	447.3	554.2	545.0	569.4	606.3	608.4	612.1	622.4	676.4	698.3	714.4
Per Cent	40.0	27.8	57.8	47.7	48.0	50.2	50.8	45.2	41.5	40.5	49.0	49.2	52.2	47.8	54.1	48.9	43.2	42.5
Cl6: D.S.S.	\$ 174.0	116.9	170.9	163.0	170.5	191.1	238.8	300.5	358.5	363.8	461.8	479.0	487.5	477.8	482.9	501.8	511.2	513.4
T.M.S.	\$ 373.3	268.7	419.0	463.3	490.0	564.5	640.9	628.6	788.9	883.3	915.0	961.8	975.9	961.8	1024.0	1038.0	1070.0	1181.6
Per Cent	46.6	43.5	40.8	35.2	34.8	35.8	37.3	47.8	45.5	41.2	50.5	49.8	50.0	49.7	47.2	48.3	47.8	43.4
Cl7: D.S.S.	\$ 187.0	122.0	182.9	174.9	179.1	206.1	187.9	239.1	304.3	291.0	375.3	425.8	442.1	414.1	437.9	444.7	464.7	455.0
T.M.S.	\$ 1060.3	556.2	614.5	706.2	733.7	853.1	1111.7	1198.1	1262.9	1493.6	1835.5	1934.0	1936.2	1903.2	1990.0	2142.0	2145.0	2148.0
Per Cent	17.6	21.9	29.8	24.8	24.4	24.2	16.8	20.0	24.1	19.5	20.4	22.0	22.8	21.8	22.0	21.0	21.7	21.2

Source: Appendix Tables 1 and 2.

¹Merchandise Lines: Cl0-Neckwear, scarfs, handkerchiefs; Cl3-Women's, children's gloves; Cl6-Underwear, slips, negligees, robes;
Cl1-Handbags, small leather goods; Cl4-Corsets and brassieres; Cl7-Women's, children's shoes.
Cl2-Millinery Cl5-Women's, children's hosiery;

²Department Store Sales.

³Total Market Sales of corresponding lines.

area in 1953. Unquestionably, the departmental location of the classifications which make up this line, being generally in major traffic areas where its "impulse" buying nature is fully realized, has contributed greatly to the achievement of this market dominance. There was another substantial improvement of 77.0 per cent in market position registered by Line C-13, "Women's and Children's Gloves." In 1953, 54.0 per cent of all market sales in this line were made through department stores. As was true of Line C-10 above, this line is also generally given a "main floor" or a prominent basement location. Unfortunately, these two lines with the greatest relative increases in market position are the smallest in volume in the accessory group. Their combined sales in 1953, amounting to less than \$373 million, is only slightly greater than millinery sales which is the third smallest volume contributor to department store sales in this merchandise division.

Department store sales absorbed 20.5 per cent more market sales from 1929 to 1953 in Line C-17, "Women's and Children's Shoes;" this resulted in a 21.2 per cent share of market sales in 1953. This is a remarkable showing when the tremendous expansion of the highly competitive chain shoe stores is considered.⁸

Line C-11, "Handbags and Small Leather Goods," and C-12, "Millinery," have shown relative improvements in relation to market

⁸It should also be pointed out that many of the more severely pressed and less efficient department stores have leased out their shoe departments to chains and individual specialists. Still, this gain is quite significant.

sales of 21.5 and 20.1 per cent respectively since 1929. Department stores' sales accounted for more than 36 per cent of the total expenditures in these categories in 1953.

Department store sales increased relatively in both C-14 "Corsets and Brassieres," and C-15, "Women's and Children's Hosiery" during the 1929 to 1953 period, but only by a small amount. The department stores' share of available sales in both of these areas has generally been in excess of 40 per cent. The total market sales of Line C-15 has increased absolutely but not relatively since 1929. As a result, this line has become less important as a potential area for future department store expansions.⁹

Line C-16, "Underwear, Slips, Negligees, and Robes," was the only merchandise line in this group that lost some of its former share of total market sales. The market sales of this merchandise is not only one of the fastest growing in the economy but has traditionally been one of the "pillars" of department store strength. Evidently almost constant dollar increases for this line within department stores since 1929 has blinded department store management to their declining competitive position. As a result, department stores have lost 6.9 per cent of their former market position in

⁹ Hosiery sales for women apparently have not recovered from the severe economic pressures caused by the depression of the thirties and the war-time shortages. Both of these factors have contributed to the non-wearing of hosiery for many occasions by women. Sales of anklets, peds, in no way make up for the loss of hosiery sales in this area.

this line since 1929 and have suffered a 13.2 per cent loss since 1948.

It is now obvious that collectively, lines of this division are of indisputable strength to department stores. The department stores' share of the sales in this total market for 1953 was 36.7 per cent.

Women's and Misses' Ready-to-Wear Apparel (Line Group D).¹⁰--

In this department store division, D-24, "Furs," had the largest relative gain in market position amounting to 164.2 per cent between 1929 and 1953. This does not include receipts for fur storage and repair which appears in Line G-49 (Services and Other Cost Departments.). But, due to the relative and absolute decrease in the total market sales of furs during these years, very little expansion possibilities exist for this merchandise line.

Department stores have increased their share of the total market sales in Lines D-21, "Girls' and Teen-age Wear" and D-23, "Aprons, Housedresses and Uniforms" by 86.7 and 81.9 per cent respectively since 1929. In the former line, department stores accounted for 58.8 per cent of the available sales. This increase is especially significant as it shows continued acceptance of the department store by the present young shoppers who will be the big department store shoppers of the future.

The department store increase to a market position representing 44.0 per cent of total market sales of aprons, housedresses,

¹⁰
Detail in Table 23.

TABLE 23

111

Department Store Sales of Women's-Misses' Ready-to-Wear Apparel as a Per Cent of
the Total Market Sales of These Items, by Merchandise Lines, 1929-1953

TABLE 23

Department Store Sales of
WOMEN'S-MISSES' READY-TO-WEAR APPAREL
as a Per Cent of the Total Market Sales of These Items,
by Merchandise Lines, 1929-1953
(Millions of Dollars)

Merchandise Lines ¹	YEAR																	
	1929	1933	1935	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953
D18: D.S.S. ²	\$230.5	147.4	226.6	151.1	196.2	256.4	317.2	392.5	345.0	398.4	538.8	574.8	623.5	605.2	583.9	604.4	592.4	606.7
T.M.S. ³	\$698.4	338.9	419.2	261.4	346.7	433.7	614.4	357.7	1102.3	1290.0	1517.9	1558.0	1790.5	1501.4	1332.5	1387.7	1489.6	1304.4
Per Cent	33.0	43.5	54.1	57.8	56.6	59.1	51.6	45.7	31.2	30.8	35.4	36.8	34.8	40.3	43.8	43.5	39.7	46.5
D19: D.S.S.	\$256.7	152.5	234.5	198.7	251.7	346.9	361.8	435.4	405.8	385.6	663.8	702.6	680.2	647.8	696.1	718.5	755.0	741.8
T.M.S.	\$778.5	391.5	508.2	401.2	520.5	700.9	861.4	1248.5	1467.9	1652.2	1913.9	1965.9	2152.2	1908.1	1856.6	1945.1	2140.4	2241.1
Per Cent	33.0	39.0	46.1	49.5	48.4	49.4	42.0	34.8	27.6	23.3	34.6	35.7	31.6	34.0	37.4	36.9	35.0	33.0
D20: D.S.S.	\$ 65.3	55.9	95.4	95.4	136.5	170.9	200.4	245.3	284.1	342.0	413.7	404.5	476.2	446.0	449.1	478.9	522.7	560.0
T.M.S.	\$142.5	95.4	188.6	198.3	290.4	341.5	435.3	602.5	740.7	947.7	1015.0	989.2	1129.2	1169.4	1089.6	1296.2	1446.0	1505.5
Per Cent	45.8	58.6	50.6	48.1	47.0	50.0	46.0	40.7	38.3	36.0	40.7	40.8	42.2	38.1	41.2	36.9	36.1	37.1
D21: D.S.S.	\$ 56.5	40.7	67.6	63.6	68.3	75.4	89.1	110.4	142.0	152.7	182.8	202.3	181.4	159.2	213.3	182.5	267.3	268.3
T.M.S.	\$179.5	114.6	168.2	183.8	189.7	198.4	217.3	285.9	322.1	358.1	385.6	392.5	427.7	407.0	350.1	371.9	402.8	455.7
Per Cent	31.5	35.5	40.2	34.6	36.0	38.0	41.0	38.6	44.0	42.6	47.4	51.5	42.4	39.1	60.9	49.0	66.4	58.8
D22: D.S.S.	\$ 74.0	50.8	91.4	91.4	102.4	125.7	161.4	190.1	243.5	261.9	307.9	340.6	362.8	339.7	336.9	376.3	406.6	408.4
T.M.S.	\$132.8	119.6	157.5	139.6	157.5	179.9	252.2	341.8	392.7	482.4	544.8	627.0	696.1	703.1	699.3	812.1	831.4	873.1
Per Cent	55.7	42.5	54.6	65.5	65.0	69.8	63.9	55.6	62.0	54.2	56.5	54.3	52.1	48.3	48.1	46.3	48.9	46.7
D23: L.S.S.	\$ 13.0	45.8	63.6	67.6	76.8	85.4	94.6	104.2	121.8	131.0	153.9	138.4	158.7	159.3	134.7	136.8	162.6	163.4
T.M.S.	\$ 53.7	99.1	120.0	136.1	156.7	177.9	201.3	351.6	270.7	321.1	349.8	329.0	377.1	354.6	332.7	366.7	352.7	371.3
Per Cent	24.2	46.2	53.0	49.7	49.0	48.0	46.9	29.6	44.9	40.7	43.9	42.0	42.0	44.9	40.4	37.3	46.1	44.0
D24: D.S.S.	\$ 34.8	32.9	47.7	51.7	59.7	85.4	89.1	122.6	94.7	94.6	125.1	127.7	90.7	95.6	101.1	102.6	92.9	81.7
T.M.S.	\$254.3	149.0	239.5	72.9	293.6	325.4	367.0	549.0	425.0	443.0	495.0	419.0	343.0	259.0	271.9	281.1	241.8	225.4
Per Cent	13.7	22.1	19.9	18.5	20.3	26.2	24.2	22.3	22.2	21.3	25.2	30.4	26.4	36.9	37.1	36.4	38.4	36.2

Source: Appendix Tables 1 and 2.

¹Merch. Lines: D18-Women's, Misses', Juniors' Coats & Suits; D21-Girls' and Teen-age Wear;

D24-Furs.

D19-Women's, Misses', Juniors' Dresses;

D22-Infant's Wear (moved from group C on preceding Table);

D20-Blouses, Skirts, Sportswear;

D23-Aprons, House-dresses and Uniforms;

²Department Store Sales.

³Total Market Sales of corresponding lines.

and uniforms is important as the market sales for this line were seven times greater in 1953 than in 1929.

Due to its traditional strength in department stores, another very significant gain was experienced in Line D-18, "Women's and Misses' Coats and Suits." The increase in market position from 33.0 per cent in 1929 to 46.5 per cent in 1953 represents a 40.5 per cent improvement in relative market position.

Despite this improvement, this line dropped from the third to the fourth largest contributor to department store volume because the total market sales of coats and suits have failed to keep pace with most other merchandise lines between 1929 and 1953.

Department store sales of Line D-19, "Women's and Misses' Ready-to-Wear Dresses," was the largest single contributor to total department store volume in 1929 and still was in 1953. Even though a growth in total market sales has occurred since 1929 in this line, department stores have continued to dominate their former share of this market.

Of the two remaining lines in this group, Line D-20, "Blouses, Skirts and Sportswear" has lost 19.0 per cent in relative position since 1929, while line D-22, "Infants' Wear"¹¹ dropped 16.2 per cent. Although department store volume in both of these lines has expanded tremendously since 1929, their rate of growth has been less than the increase experienced in the total market sales of these same lines. It is encouraging to note, however, that both of these lines in de-

¹¹Includes infants' furniture.

partment stores have recovered slightly since 1951.

Men's and Boys' Wear (Line Group E).¹² --E-28, "Men's and Boys' Shoes and Slippers," was the only line in this department store group to lose position since 1929. Although there has been substantial improvement in position since 1948, the department stores' market share in 1953 was only 9.0 per cent leaving them with a long run loss in market sales of 63.8 per cent.

Line D-26, "Men's Furnishings, Hats and Sportswear," has improved its market position by 46.6 per cent and Line D-27, "Boys' Wear" by 39.0 per cent since 1929.

The remaining line in this group, E-25, "Men's Clothing," experienced a 12.0 per cent increase from 1929 through 1953, bringing the department stores' share up to 19.6 per cent of total market sales in 1953.

Home Furnishings (Line Group F).¹³ --F-32, "China, Glassware, Housewares and Small Electrics," has had the largest increase in market position since 1929 of any line in this division. This gain of 63.5 per cent coupled with an expanding market has made this line the third largest contributor to total department store volume in 1953 accounting for 5.3 per cent of total department store sales in this year.¹⁴

¹²Detail in Table 24.

¹³Detail in Table 25.

¹⁴See Appendix Table 3.

TABLE 24

114

Department Store Sales of Men's and Boys' Wear as a Per Cent of
the Total Market Sales of These Items, by Merchandise Lines, 1929-1953

TABLE 24

Department Store Sales of
MEN'S AND BOYS' WEAR
as a Per Cent of the Total Market Sales of These Items,
by Merchandise Lines, 1929-1953
(Millions of Dollars)

Merchandise Lines ¹	YEAR																	
	1929	1933	1935	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953
E25: D.S.S. ²	\$ 200.1	91.5	147.0	143.1	153.6	186.0	205.9	190.1	202.9	218.3	279.0	293.9	374.1	371.6	404.2	422.0	429.8	431.7
T.M.S. ³	\$1143.0	453.4	661.9	775.8	842.6	996.8	1152.5	1294.0	1409.0	1617.4	2024.1	2138.3	2271.4	2188.0	2217.0	2183.0	2280.0	2200.0
Per Cent	17.5	20.1	22.2	18.4	18.2	18.6	17.8	14.6	14.4	13.4	13.7	13.4	16.4	16.9	18.2	19.3	18.8	19.6
E26: D.S.S.	\$ 239.3	152.5	234.5	226.6	243.1	286.5	306.1	318.9	358.5	414.7	509.0	596.1	634.9	584.0	617.5	638.6	650.5	665.1
T.M.S.	\$1257.5	689.8	378.6	1130.0	1167.6	1358.9	1553.3	1710.0	1828.0	2040.0	2528.8	2604.2	2452.4	2302.4	2311.2	2661.0	2615.4	2454.0
Per Cent	19.0	22.1	26.6	20.0	20.7	21.0	19.7	18.6	19.6	20.3	20.1	22.8	25.9	25.4	26.7	23.9	24.8	27.1
E27: D.S.S.	\$ 95.7	58.5	83.5	83.5	85.3	100.6	122.5	141.0	169.1	167.3	240.5	234.2	238.1	223.0	247.0	239.5	267.2	256.7
T.M.S.	\$ 523.5	334.8	362.5	430.6	375.8	438.3	490.1	542.0	572.0	655.6	816.1	854.5	985.6	951.6	970.8	967.0	1017.6	1012.0
Per Cent	18.2	17.4	23.0	19.3	22.6	22.9	24.9	26.0	29.5	25.5	29.4	27.4	24.1	23.4	25.4	24.7	26.2	25.3
E28: D.S.S.	\$ 87.0	28.0	39.8	59.6	42.7	40.2	39.0	30.7	33.8	43.7	57.7	63.8	112.0	74.3	67.4	68.4	81.3	105.0
T.M.S.	\$ 614.7	331.8	416.5	519.8	531.3	592.9	681.3	673.0	695.1	769.4	945.5	1041.0	1051.8	1024.8	1062.0	1153.0	1155.0	1156.0
Per Cent	14.1	8.4	9.5	11.4	8.0	6.7	5.7	4.5	4.8	5.6	6.1	6.1	9.7	7.3	6.3	5.9	7.0	9.0

Source: Appendix Tables 1 and 2.

¹Merchandise Lines: E25 - Men's clothing;
E26 - Men's furnishings, hats;
E27 - Boys' wear;
E28 - Men's, boys' shoes and slippers.

²Department Store Sales.

³Total Market Sales of corresponding lines.

Growing competition from discount houses, variety stores, super-markets, and stamp-plan-premium houses makes this gain even more notable. However, department stores have met this competition by dropping "low-end" classifications (especially in housewares and small electrics), a general "trading-up" policy, and a reintensification of private brand promotions.

The two lines that absorb the greatest available amount of proportionate market sales in this group are F-30, "Floor Coverings," and F-31, "Draperies, Curtains, Upholstery, Lamps and Shades." The long run relative improvements in market position have amounted to respective gains of 22.8 and 18.8 per cent. The department stores' market share in both of these lines was over 27.0 per cent in 1953.

The market position of Line F-30 is especially significant as many department stores have been dropping or minimizing the "hard surface" classifications in this line because of low "mark-ons" and intense specialty store competition. In the case of Line F-31, department stores have greatly reduced their operation on custom-made slipcovers and upholstery classifications because of the high labor costs involved. Thus, the rising market position of this line has important implications because of the market strength of the remaining classifications in this line.

Line F-29, "Furniture, Beds, Mattresses, and Springs," has improved 21.2 per cent in relation to market sales. This line was the fifth largest contributor to total department store volume in 1953 even though it has suffered a substantial drop in sales since

TABLE 25

Department Store Sales of Home Furnishings as a Per Cent of
the Total Market Sales of These Items, by Merchandise Lines, 1929-1953

TABLE 25

Department Store Sales of
HOME FURNISHINGS
as a Per Cent of the Total Market Sales of These Items,
by Merchandise Lines, 1929-1953
(Millions of Dollars)

Merchandise Lines ¹	YEAR																	
	1929	1933	1935	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953
F29: D.D.S.	\$ 174.0	119.5	190.8	194.8	217.6	266.4	272.7	288.2	270.6	305.6	452.2	521.6	566.9	541.5	627.5	638.4	650.5	560.5
T.M.S.	\$1464.0	570.0	790.0	1129.0	1339.0	1556.0	1529.0	1500.0	1590.0	1876.0	2683.0	3000.0	3205.0	3097.0	3608.0	3693.0	3814.0	3908.0
Per Cent	11.8	20.9	24.1	17.2	16.2	17.1	17.8	19.2	17.0	16.2	16.8	17.3	17.7	17.4	17.3	17.2	17.0	14.3
F30: D.D.S.	\$ 108.7	66.1	107.3	107.3	115.2	135.7	139.1	147.2	135.3	123.7	211.7	287.4	340.1	265.4	303.1	319.3	255.6	279.8
T.M.S.	\$ 485.0	186.0	273.0	383.0	417.0	503.0	536.0	591.0	556.0	543.0	844.0	1049.0	1131.0	964.0	1082.0	1106.0	1022.0	1016.0
Per Cent	22.4	35.5	39.3	28.0	27.6	26.9	25.9	24.9	24.3	22.7	25.0	27.3	30.0	27.5	28.0	28.8	25.0	27.5
F31: D.D.S.	\$ 108.8	86.4	143.1	143.1	153.6	181.0	200.4	246.6	230.0	254.7	346.4	351.3	306.1	382.3	404.2	410.6	394.9	408.3
T.M.S.	\$ 474.0	202.0	314.0	409.0	323.0	485.0	663.0	737.0	910.0	893.0	1214.0	1272.0	1215.0	1251.0	1416.0	1537.0	1377.0	1498.0
Per Cent	22.9	42.8	45.5	35.7	47.5	37.3	30.2	33.4	25.2	28.5	27.8	27.6	25.2	30.6	28.5	26.7	28.6	27.2
F32: D.D.S.	\$ 130.5	111.8	178.9	147.0	196.2	226.2	228.2	214.6	230.0	320.2	471.4	564.2	589.5	584.0	584.0	615.6	662.1	618.3
T.M.S.	\$1245.0	770.0	923.0	1157.0	1251.0	1484.0	1534.0	1428.0	1453.0	1593.0	2529.0	3453.0	3552.0	3320.0	3585.0	3744.0	3524.0	3628.0
Per Cent	10.4	14.5	19.3	12.7	15.6	15.2	14.8	15.0	15.8	20.1	18.6	16.3	16.6	17.6	16.0	16.4	18.8	17.0
F33: D.D.S.	\$ 132.7	63.6	71.6	79.5	64.0	80.4	89.1	85.8	94.7	138.2	182.8	202.3	226.7	191.1	190.9	205.3	220.7	210.0
T.M.S.	\$ 592.0	267.0	335.0	524.0	468.0	773.0	803.0	772.0	862.0	999.0	1323.0	1374.0	1395.0	1408.0	1455.0	1475.0	1417.0	1426.0
Per Cent	30.8	23.8	21.3	15.1	13.6	10.4	11.0	11.0	10.9	13.8	13.8	14.7	16.3	13.5	13.1	13.9	15.5	14.7
F34: D.D.S.	\$ 30.4	7.6	15.9	15.9	17.0	20.1	16.7	18.4	20.3	29.1	48.1	53.2	90.7	63.7	44.9	34.2	34.8	35.0
T.M.S.	\$ 591.0	276.0	262.0	300.0	302.0	389.0	367.0	372.0	413.0	569.0	593.0	773.0	791.0	726.0	852.0	1135.0	1170.0	1181.0
Per Cent	5.1	2.7	4.3	5.3	5.6	5.1	4.5	4.9	4.9	5.1	8.1	6.2	11.5	8.8	5.2	3.0	2.9	3.0
F35: D.D.S.	\$ 74.0	40.7	87.4	151.1	89.6	90.5	66.8	24.5	13.5	21.8	163.5	308.7	351.4	233.6	303.2	239.5	209.1	210.0
T.M.S.	\$ 636.0	334.0	501.0	600.0	684.0	904.0	637.0	231.0	137.0	291.0	1469.0	2597.0	2753.0	2410.0	2955.0	2810.0	2760.0	2871.0
Per Cent	11.6	12.1	17.4	25.1	13.0	10.0	10.4	10.6	9.8	7.4	4.3	11.9	12.7	9.7	10.2	8.5	7.6	7.3
F36: D.D.S.	\$ 82.7	17.8	23.9	51.7	42.7	50.3	66.8	36.9	27.0	29.1	115.4	149.0	181.4	169.9	280.7	239.5	197.5	186.7
T.M.S.	\$1012.0	195.0	248.0	420.0	494.0	607.0	634.0	403.0	311.0	344.0	1143.0	1429.0	1457.0	1663.0	2379.0	2155.0	2100.0	2176.0
Per Cent	8.1	9.1	9.6	12.3	8.6	8.2	10.5	9.1	8.1	8.4	10.0	10.4	12.4	10.2	11.7	11.1	9.4	8.5

Source: Appendix Tables 1 and 2.

¹Merchandise Lines: F29-Furniture, beds, mattresses, etc.;

F30-Floor coverings;

F31-Draperies, curtains, upholstery, lamps, etc.;

F32-China, glassware, housewares, etc.;

F33, 34, 44-Lgt., elect. supp., Hardware, Garden

supplies, etc.;

F35-Paint and wallpaper;

F36-Major household appliances;

F37-Radios, phono., telev., records, etc.

²Department Store Sales.

³Total Market Sales of corresponding lines.

1950. With Line F-29 absorbing only 14.3 per cent of total market sales in 1953, this area could provide a great potential for very fruitful exploitation and expansion for the future.

The remaining line in this group showing a long run increase in market position for the 1929-1953 period was F-37, "Radios, Phonograph, Television, and Records." This increase was small, however, amounting to only 4.9 per cent. Since 1948, practically all of the classifications included in this line have been the object of especially severe competition. As a result, by 1953, department stores had lost 31.5 per cent of their 1948 market position in this merchandise line.

The three lines in this group that are analyzed collectively have shown substantial losses in market position since 1929. Lines F-33, 34, G-46, "Lighting, Electrical Supplies, Hardware, Power Tools, Shrubbery, Farm and Garden Equipment, etc.," lost 53.2 per cent of their previous market position between 1929 and 1953. Since 1950, however, the department stores' share of this line's total market has improved 11.0 per cent, but in 1953 the total market share for this line was still only 14.7 per cent. No doubt, an important aspect of this short run improvement has been the extensive promotion by department stores of the "do-it-yourself" trend which would affect many of the items in this line.

Line F-35, "Paint and Wallpaper," has experienced a loss in competitive position between 1929 and 1953 of 41.1 per cent. Since 1951, sales of paint and wallpaper in department stores has shown

some degree of stability, but, for the most part, this department has been relatively neglected. This is difficult to understand because this category is well suited to the department store type of operation.

In Line F-36, "Major Household Appliances," department store sales have suffered a 37.1 per cent loss in long run total market position. The greatest proportion of this loss has occurred since 1948 at which time department stores absorbed a greater share of the market than they had in 1929. This line recovered slightly during 1954 and 1955 when department stores as a group gave more of their promotional and merchandising efforts to appliance lines.¹⁵

Miscellaneous (Line Group G).¹⁶--This group has been divided into two sections. The first section consists of four lines in which sales in department stores represented at least five per cent of market sales in 1948, therefore including them in the department store market; the second section consists of the remaining four lines that did not meet this criterion.

Of the lines in the department store market, sales of Line G-38, "Tires, Batteries, and Auto Accessories," has declined the

¹⁵ Based on data supplied by the Advertising Director of one of the larger department store chains (May, 1956).

¹⁶ Detail in Tables 26 and 27.

TABLE 26

Department Store Sales of
MISCELLANEOUS, in the Department Store Market,
as a Per Cent of the Total Market Sales of These Items,
by Merchandise Lines, 1929-1953
(Millions of Dollars)

Merchandise Lines ¹	YEAR																	
	1929	1933	1935	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953
G38, 47: D.S.S. ²	\$195.8	45.8	53.4	51.7	51.2	65.3	72.4	85.8	94.7	123.7	144.0	170.0	192.7	170.0	112.2	102.6	104.5	105.0
G38: T.M.S. ³	\$648.0	280.0	368.0	484.0	530.0	673.0	303.0	366.0	449.0	652.0	1492.0	1674.0	1671.0	1707.0	2275.0	2166.0	2263.0	2416.0
Per Cent	30.2	16.4	14.5	10.7	9.7	9.7	23.9	23.4	21.1	19.0	9.7	10.1	10.0	10.0	4.9	5.0	4.6	4.3
G39: D.S.S.	\$ 95.7	40.7	75.5	87.5	89.6	105.6	100.2	85.8	108.2	123.7	211.7	244.8	294.8	244.2	247.0	273.7	302.0	303.4
T.M.S.	\$555.0	274.0	352.0	573.0	560.0	676.0	710.0	664.0	782.0	953.0	1652.0	1882.0	1958.0	1830.0	1977.0	2120.0	2179.0	2402.0
Per Cent	17.2	14.8	21.4	15.3	16.0	15.6	14.1	12.9	13.8	13.0	12.8	13.0	15.1	13.3	12.5	12.9	13.9	12.6
G40: D.S.S.	\$ 17.4	10.1	15.9	15.9	21.3	25.1	33.4	36.8	27.0	29.1	48.1	53.2	45.3	53.1	56.1	57.0	58.2	58.3
T.M.S.	\$ 96.0	28.0	33.0	53.0	55.0	70.0	90.0	112.0	120.0	138.0	188.0	194.0	186.0	169.0	173.0	184.0	190.0	200.0
Per Cent	18.1	36.0	48.2	30.0	38.7	35.9	37.1	32.9	22.5	21.1	25.6	27.4	24.4	31.4	32.4	31.0	30.6	29.2
G49: D.S.S.	\$ 30.4	20.3	22.7	59.6	47.0	65.3	66.8	79.4	115.0	123.7	106.8	106.5	170.1	159.0	168.4	171.0	174.3	186.7
T.M.S. ⁴	\$578.0	371.0	391.0	474.0	699.0	812.0	975.0	1162.0	1235.0	1374.0	1709.0	1700.0	1834.0	2085.0	2228.0	2196.0	2425.0	2440.0
Per Cent	5.3	5.5	5.8	12.6	6.7	8.0	6.9	6.8	9.3	9.0	6.2	6.3	9.3	7.6	7.6	7.8	7.2	7.7

Source: Appendix Tables 1 and 2. - -

¹Merchandise Lines: G38, G47 - Tires, batteries, accessories, gasoline, oil lubricants;
G39 - Toys, games, sporting goods, cameras;
G40 - Luggage;
G49 - Other sales & receipts, other cost depts.

²Department Store Sales.

³Total Market Sales of corresponding lines, except for G-47. See Chapter VI, footnote 17.

⁴Sales of G-48 are not included with G-49 because they are used as a "balancing" figure
and for sales which could not be definitely allocated to specific lines.

most relative to its 1929 market position.¹⁷ A significant part of this loss in relative position has occurred since 1948. Too many department stores have not been promoting and getting a sufficient share of this fast-growing market.

Department stores sold 29.2 per cent of all the luggage sold in 1953; this is a relative improvement of 26.8 per cent since 1929. Actually this gain is not too important as the total market sales of luggage is one of the smallest volume lines that is included in the department store market.

In Line G-49, "Service Sales and Cost Departments,"¹⁸ a relative gain in market position of 14.5 per cent since 1929 shows the effect of increasing attention being given by department stores to (direct)

¹⁷ Department store sales of Line G-47, "Gasoline, Oil, and Lubricants," are included with G-38 due to technical difficulties in their elimination. However, the market sales of this line are not included in the comparisons of Table 26 (or Table 19) -- Department store sales of gasoline and oil are insignificant, and inclusion of their total market sales in the comparisons would completely distort the comparisons.

¹⁸ G-48, "Other Sales and Receipts" has been used as a balancing figure and the totals of this line are not used in any of the individual comparisons. This line includes some sales of the "contract department" which are often totalled with the sales of the "concerned" department. Lines included with G-49 are barber and beauty shop, fur storage and repair, shoe repair, watch and jewelry repair, picture framing, gift wrap, photo studio, optical dispensing, dry cleaning, interior decorating services, travel agencies, radio and television repair, etc. (See Appendix Table 1 for listing and Appendix A, "Comparison of Merchandise Line Breakdowns" and especially classifications listed under N.R.D.G.A. reference numbers 101-02, 107, 109, 110, 112, etc. in these comparisons.)

income-producing services. The application of leasing departments to specialists is common and generally exceedingly effective in this area. The rate of expansion of market sales of Line G-39, "Toys, Games, Sporting Goods, and Cameras," has been such that department stores have lost 26.8 per cent of their 1929 competitive position. Department stores absorbed only 8.5 per cent of the available market sales in this line in 1953, yet this type merchandise is very well suited for department store handling. This seems to reflect poor promotional efforts on the part of department stores for these goods.

Although merchandise line sales in the second section of Group G are an insignificant part of the total such sales in the economy, they are, nevertheless, important contributors to department store volume. The combined contribution of these lines to total department store sales has increased 29.0 per cent since 1929. This is brought out in Table 27 which shows the sales relationships of these lines with respect to these two criteria.

From 1929 through 1953, the merchandise line sales shown in Table 27 decreased 16 per cent in relation to their total market sales. In 1953, the market share was only 0.42 per cent in this comparison. Yet, the relative contribution of these same lines to total department store volume increased almost 26 per cent, to 3.9 per cent in 1953. Obviously, the total sales of these "non-department store" lines have increased in far greater proportion than the other lines of Group G which are part of the department store market. In 1953 the market sales of all the lines included in

TABLE 27

Sales of Department Store Merchandise Lines Which Do Not
Represent Five Per Cent of Total Market Sales
Shown in Relation to Total Market Sales
and Total Department Store Volume
Contribution
(Millions of Dollars)

Year	Dept. Store Sales ^a (A)	Total Market Sales ^b (B)	A/B Per Cent	Relative Contribution to Dept. Store Volume Per Cent
1929	\$ 134.9	\$ 26,474	0.50	3.1
1939	166.9	29,043	.57	4.5
1948	365.9	79,058	.46	4.1
1949	351.6	80,355	.43	3.4
1950	359.6	84,044	.42	3.3
1951	353.8	92,860	.37	3.2
1952	371.6	98,998	.37	3.2
1953	443.2	103,883	.42	3.9

Source: Appendix Tables 1, 2 and 3.

^aThese lines are all grouped under the miscellaneous division and consist of the following:

- G-41 - Candy, Groceries, Food and Tobacco, etc.;
- G-42 - Wines and Liquors;
- G-43 - Restaurant and Fountain;
- G-44, 45 - Heating, Plumbing, Bldg. Materials, etc.

^bIncludes market sales of (G-47) Gasoline, Oil and Lubricants in addition to those listed above for making the macro comparisons as conservative as possible. Also, department store sales in this classification are comparatively insignificant and were included with sales of G-38, Auto Accessories, etc. in the department store market. (See Table 26, note 3.)

Group G were in excess of \$111 billion, with more than 90 per cent of these expenditures not in department store market categories.

As shown in Table 28, the largest relative increase in this second section of Group G was in Line G-44, 45, "Heating, Plumbing, Building Materials and Equipment." Although the long run gain in market position was 300.0 per cent, department stores still only accounted for 0.8 per cent of this total market in 1953. Since a major portion of the classifications included in this category are readily adaptable to the "do-it-yourself" market, a re-examination of the classifications in this line by department store management might well prove valuable.

Line G-43, "Restaurant and Fountain" is the other line in this group where department stores improved their market position. Unlike G-44, 45 above, restaurant operations must be considered outside the province of any great future potential for these stores. In addition, restaurant and fountain sales are significant only to the extent that such sales indicate the degree of importance and emphasis that department stores wish to place in this area. While most restaurant and tearoom operations are almost always operated at a loss, the fountain and quick service "snack" bars are generally profitable. Regardless of profitability, most restaurant and fountain departments are regarded as "necessary" service operations. Thus, the thinking of management regarding the expansion or contraction of this line would be motivated by other considerations than those involved in the usual merchandising decisions.

Because of State or Local legislation and sectional

TABLE 28

124

Department Store Sales of Miscellaneous Not in the Department Store Market, as a Per Cent
of the Total Market Sales of These Items, by Merchandise Lines, 1929-1953

TABLE 28

Department Store Sales of
MISCELLANEOUS
Not in the Department Store Market,¹
as a Per Cent of the Total Market Sales of These Items,
by Merchandise Lines, 1929-1953
(Millions of Dollars)

Merchandise Lines ²	YEAR																	
	1929	1930	1935	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953
G41: D.D.S. ³	\$104.4	53.4	183.4	99.4	93.9	100.5	89.0	98.2	148.5	131.0	153.9	159.7	148.5	138.1	190.9	205.3	220.8	233.4
T.M.S. ⁴	\$16472.0	9859.0	13584.0	5930.0	16837.0	19197.0	22709.0	25263.0	27270.0	29661.0	36810.0	41546.0	45813.0	45765.0	48161.0	54077.0	57272.0	59228.0
Per Cent	0.6	0.5	1.4	0.6	0.6	0.5	0.4	0.5	0.5	0.4	0.4	0.4	0.3	0.3	0.4	0.4	0.4	0.4
G42: D.D.S.	\$-----	5.1	8.0	11.9	12.8	10.1	11.1	12.3	13.6	7.3	9.6	10.6	11.3	10.6	11.2	10.2	11.6	11.7
T.M.S.	\$-----	665.0	2555.0	3420.0	3600.0	4185.0	5080.0	5840.0	6775.0	7485.0	8360.0	8520.0	7930.0	7730.0	7780.0	8200.0	8725.0	8865.0
Per Cent	---	0.8	0.3	0.3	0.4	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
G43: D.D.S.	\$ 21.8	17.8	31.8	55.6	51.2	60.3	66.8	73.6	81.2	72.8	86.6	95.8	102.0	95.7	173.5	114.0	127.3	128.4
T.M.S.	\$2911.0	1816.0	2610.0	3633.0	3974.0	4738.0	5865.0	7392.0	8472.0	10063.0	11704.0	11939.0	12036.0	11830.0	12019.0	13246.0	13811.0	14161.0
Per Cent	0.7	1.0	1.2	1.5	1.3	1.3	1.2	1.0	1.0	0.7	0.7	0.8	0.8	0.8	1.4	0.9	0.9	0.9
G44,45 D.D.S.	\$ 8.7	5.1	8.0	11.9	12.8	15.1	11.1	12.3	6.8	29.0	38.5	63.9	102.0	116.8	112.2	102.9	104.5	116.7
T.M.S.	\$5277.0	3568.0	3384.0	3879.0	4008.0	4317.0	4125.0	5216.0	5647.0	5923.0	6750.0	7693.0	8985.0	10136.0	11343.0	12215.0	13648.0	15,013.0
Per Cent	0.2	0.1	1.2	1.5	1.3	1.3	1.2	1.0	1.0	0.7	0.7	0.8	1.1	1.1	1.0	0.8	0.8	0.8

Source: Appendix Tables 1 and 2.

¹These are the lines in which department stores did not achieve 5% of the total market sales in 1948.

²Wise. Lines: G41 - Candy, groceries, bake goods, tobacco, etc.;

G42 - Packaged liquors and wines;

G43 - Restaurant and fountain;

G44,45 - Heating, plumbing equipment & supplies, and building materials.

³Department Store Sales.

⁴Total Market Sales of corresponding lines.

prejudices, many department stores do not or would not handle Line G-42, "Packaged Liquor and Wines." Therefore, the relative changes in this line will not be further evaluated.

Line G-41, "Candy, Groceries, Tobacco, etc.," has the largest potential for department stores of any line examined in this study. Department stores have apparently stabilized their share of this market at 0.4 per cent which is a third less than their 0.6 per cent share in 1929. This apparently small actual decrease of 0.2 percentage points in market share represents a dollar differential of almost \$119 million for 1953. The fact that department stores have managed to retain the same insignificant share of this market since 1945 does not indicate that management is fully aware of the enormous expansion possibilities in this merchandise line.

SUMMARY AND CONCLUSIONS

The changing market position of department stores' sales by merchandise divisions and by individual merchandise lines from 1929 through 1953 was presented in this chapter.

It was discovered that during this period, department stores improved their market position in five of the seven major merchandise divisions ranging from a 2.9 per cent gain in "Home Furnishings" to a rise of 24.5 per cent in "Women's Apparel." Of the two remaining divisions, department stores just maintained their 1929 market position in the "Piece Goods" division while losing 53.2 per cent of their 1929 market share in the "Miscellaneous"

division.

Department stores improved their competitive position in relation to total market sales in 31 merchandise lines, maintained the same position in one line, and lost relative position in twelve lines. Two of four lines which are not considered within the framework of the department store market as defined in this study had gains in relative position.

Lines in Which Department Stores Improved Their Competitive Position.¹⁹--Of the thirty-one lines in which department stores improved their competitive position, the greatest gains occurred in D-24, "Furs," C-10, "Neckwear, etc.," and B-7, "Costume Jewelry," with their respective increases for 1929 through 1953 being 164.2 per cent, 144.6 per cent, and 91.4 per cent. However, these three lines accounted for only 3.2 per cent of department store's total volume in 1953. Since these three lines are already absorbing a substantial share of their corresponding and comparatively small market sales, their importance as possibilities for the development of future potential is very moderate.

Next in importance are six department store merchandise lines that accelerated their market positions from 61.3 per cent to 86.7 per cent during the years between 1929 and 1953. The gains in five of these six lines, D-21, "Girls' Wear," D-23, "Aprons, etc.," B-9, "Books, etc.," F-32, "Housewares, China, etc.," and G-40,

¹⁹Detail in Table 29.

"Luggage," have been in markets of expanding total sales volume, thus enabling them to represent 11.5 per cent of total department stores' volume for 1953. The remaining Line C-13, "Women's Gloves, etc.," lost its importance as a volume contributor to total department store sales despite a long run improvement of 77.0 per cent in relative position because of the shrinkage in the physical volume of the corresponding total market sales.

Eleven lines, A-2, "Cotton Yard Goods," B-6, "Toiletries and Drugs," C-11, 12, and 17, "Women's Handbags, Millinery, and Shoes," D-18, "Women's Coats and Suits," E-26, "Men's Furnishings, Sportswear," E-27, "Boys' Wear," F-29, "Furniture," F-30, "Floor Coverings," and G-49, "Service Sales, etc." had increases ranging from 20.5 to 45.3 per cent from 1929 to 1953. These eleven lines accounted for 31.7 per cent of total department store volume in 1953, slightly less than their former contribution of 32.3 per cent in 1929. The two greatest losses in relative contribution to department store volume for this group were in lines A-2, down 77.0 per cent, and C-12, down 40.0 per cent.

The remaining lines within the department store market which showed increase in competitive position were A-3, "Linens and Towels," A-4, "Domestics, etc.," B-5, "Laces, Ribbons, etc.," B-8, "Silverware, Watches, etc.," C-14, "Corsets and Brassieres," C-15, "Hosiery, etc.," F-37, "Television, etc.," F-31, "Draperies, etc.," and E-25, "Men's Clothing." Their increases in market position ranged from 4.9 per cent to 18.8 per cent between 1929

TABLE 29

Merchandise Lines in Which Department Stores Gained
Relative Market Position, According to Percentage
Gain and as a Per Cent of Total Market Sales for
the Same Lines, for Selected Years, 1929-1953
(Per Cent)

Merchandise Line ^a	Per Cent of Total Market Sales				Gain in Market Position 1929-1953 ^b
	1929	1929	1949	1953	
D-24: Furs	13.7	18.5	36.9	36.2	164.2
C-10: Neckwear, scarfs, handkerchiefs	32.3	56.6	78.5	79.0	144.6
B-7: Costume jewelry	25.2	29.6	44.2	48.8	91.4
D-21: Girls' and teen- age wear	31.5	34.6	39.1	58.8	86.7
D-23: Aprons, house- dresses, uniforms	24.2	49.7	44.9	44.0	81.8
C-13: Women's, chil- dren's gloves	30.5	53.5	58.5	54.0	77.0
B-9: Books, magazines, stationery	4.8	8.2	8.5	8.4	75.0
F-32: China, glasswr., housewrs, (inc. elec.)	10.4	12.7	17.6	17.0	63.5
G-40: Luggage	18.1	30.0	31.4	29.2	61.3
G-49: Service sales & other cost depts.	5.3	12.6	7.6	7.7	45.3
E-26: Men's furnishings, sportswear	19.0	20.0	25.4	27.1	42.6
D-18: Wms. & misses' & jrs.' coats & suits	33.0	57.8	40.3	46.5	40.9
E-27: Boys' wear	18.2	19.3	23.4	25.3	39.0
A-2: Cotton yard goods	54.0	46.6	61.1	68.9	27.6
F-30: Floor coverings	22.4	28.0	27.5	27.5	22.8
B-6: Toiletries, drugs, drug sundries	8.7	11.2	9.9	10.6	21.8

(continued on next page)

(Table 29 continued)

Merchandise Line	Per Cent of Total Market Sales				Gain in Market Position 1929-1953
	1929	1939	1949	1953	
C-11: Handbags, small leather goods	30.3	40.1	38.5	36.8	21.5
F-29: Furn., beds, mat- tresses, springs	11.8	17.2	17.4	14.3	21.2
C-17: Women's, children's shoes	17.6	24.8	21.8	21.2	20.5
C-12: Millinery	33.0	38.0	41.8	40.6	20.1
F-31: Drapes, curts., uphols., lamps, shades	22.9	35.7	30.6	27.2	18.8
A-3: Linens and towels	56.9	88.0	61.5	64.6	13.5
A-4: Domestics, blks., comfts., spreads	46.6	48.0	45.3	52.2	12.0
E-25: Men's clothing	17.5	18.4	16.9	19.6	12.0
B-5: Laces, ribbons, notions, needlework	40.5	48.7	59.6	45.2	11.6
B-8: Silvr., clocks, fine jewelry, watches	7.2	14.4	9.5	7.9	11.0
C-14: Corsets and bras.	43.0	45.2	45.3	45.7	6.3
C-15: Women's, children's hosiery	40.0	47.7	50.3	42.5	6.3
F-37: Radios, phono., telev., records, etc.	8.1	12.3	10.2	8.5	4.9
D-19: Women's, misses', juniors' dresses	33.0	49.5	29.2	33.0	No change
(Not in the Department Store Market) ^c					
G-44, 45: Heating, Plumb., Bldg. mater., etc.	0.2	0.3	1.1	0.8	300.0
G-43: Restaur. & fountain	0.7	1.5	0.8	0.9	28.6

Source: Tables 20 through 28.

^aArranged by descending degree of improvement.^b $\frac{1953 \text{ Per Cent}}{1929 \text{ Per Cent}} - 100$ ^cDepartment store sales of these lines were below the 5.0 per cent market share needed in 1948.

and 1953. Lines B-5 (laces), C-15 (hosiery), E-25 (men's clothing), and F-37 (television) were the lines which decreased in contribution importance to department store volume with the result that the collective contribution of these nine lines was 20.7 per cent in 1953 -- a slight drop from their contribution of 21.3 per cent in 1929.

Due to their insignificant total market position, lines G-44, 45, "Building Materials, etc.," and G-43, "Restaurant and Fountain" are not considered within the framework of the department store market. However, Line G-44, 45 had a 300 per cent improvement over its 1929 market position, and G-43 improved 28.6 per cent. Due to the tremendous absolute volume expansion of these markets, these lines increased in importance to department stores and their contribution to total department store volume in 1953 was 2.1 per cent.

The remaining Line D-19, "Women's, Misses' and Juniors' Dresses," is the one in which the department store share of total market sales remained constant from 1929 to 1953. However, this line was and still is the largest contributor to total department store volume. In 1953, department stores received 6.4 per cent of their sales from this line.

In summary then, the 31 lines in which department stores improved their competitive position in the economy accounted for 69.9 per cent of total department store volume in 1953.

Lines in Which Department Stores Lost Competitive Position.²⁰--

Of the twelve merchandise lines in which department stores lost market position, only two are not within the department store market as

²⁰Detail in Table 30.

used in this study. Of this group, department stores have experienced the largest loss, both in market position and volume contribution in Line G-38, "Tires, Batteries, and Auto Accessories." From 1929 through 1953 this line lost 85.8 per cent of its market position, and fell in volume contribution from 4.5 per cent in 1929 to 0.9 per cent in 1953. This drop can generally be attributed to comparative neglect of this line by department store management and tremendous expansion of these sales by service station and accessory specialty stores.

Lines F-33,34,G-46, "Lighting, Hardware, etc.," and F-35, "Paint and Wallpaper," had losses of 53.3 and 41.1 per cent respectively between 1929 and 1953. In 1953, these two lines accounted for 2.1 per cent of department store volume compared with a 4.9 per cent contribution in 1929. Apparently, department stores have failed to take full advantage of the "do-it-yourself" trends inherent in both of these areas.

The four lines that have lost between 26.8 and 37.1 per cent in market position since 1929 and their respective losses are: F-36, "Major Household Appliances," down 37.1 per cent; E-28, "Men's and Boys' Shoes and Slippers," down 36.2 per cent; A-1, "Silks, etc.," down 33.5 per cent; and G-39, "Toys, Games, etc.," down 26.8 per cent. The relative contribution of these four lines to department store sales decreased from 10.4 per cent in 1929 to 6.2 per cent in 1953.

Lines D-20, "Blouses, Skirts, and Sportswear," D-22, "Infants' Wear," and C-16, "Underwear, Slips, etc.," had losses in competitive

TABLE 30

Merchandise Lines in Which Department Stores Lost
Relative Market Position, According to Percentage
Loss and as a Per Cent of Total Market Sales for
the Same Lines, for Selected Years, 1929-1953
(Per Cent)

Merchandise Line ^a	Per Cent of Total Market Sales				Loss in Market Position 1929-1953 ^b
	1929	1939	1949	1953	
G-38: Tires, batts., acces.,	30.2	10.7	2.6	4.3	85.8
F-33, 34, G-46: Lgt., elec. supp., hdwr, farm equip., impl., etc.	30.8	15.1	13.5	14.7	53.3
F-35: Paint & wallpaper	5.1	5.3	5.8	3.0	41.1
F-36: Major household appliances	11.6	25.1	9.7	7.3	37.1
E-28: Men's, boys' shoes and slippers	14.1	11.4	7.3	9.0	36.2
A-1: Silks, velvs., synths., wool yd. goods	50.5	32.5	43.0	33.6	33.5
G-39: Toys, games, spt. gds., cameras	17.2	15.3	13.3	12.6	26.8
D-20: Blouses, skirts, sportswear	45.8	48.1	38.1	37.1	19.0
D-22: Infants' wear	55.7	65.5	48.3	46.7	16.2
C-16: Underwr., slips, negligees, robes	46.6	35.2	49.7	43.4	6.9
(Not in the Department Store Market) ^c					
G-42: Wines & Package liquors	0.8	0.3	0.1	0.1	87.5
G-41: Candy, groceries, bake gds., tob., etc.	0.6	0.6	0.4	0.4	33.3

Source: Tables 20 through 28.

^aArranged by descending degree of loss.

^b $\frac{1953 \text{ Per Cent}}{1929 \text{ Per Cent}} - 100$

^cDepartment store sales of these lines were below 5.0 per cent market share needed in 1948.

position of 19.0, 16.2, and 6.9 per cent respectively, 1929 to 1953. Due to the tremendous expansion of market sales in these areas, however, the relative contribution of these three lines increased from 7.2 per cent in 1929 to 12.7 per cent in 1953 -- a 76.4 per cent increase in importance to department stores. It is this increase in relative volume contribution that has blinded department store management to the losses that they have incurred in market position with respect to these lines.

Although not presently considered within the department store market, the 33.3 per cent drop in market position experienced by Line G-41, "Candy, Groceries, etc.," bears careful reappraisal by department store management. Unlike the unpracticality of evaluating future volume potentials in Line G-42, "Wines and Liquors," many of the classifications in Line G-41 do have great volume possibilities for department stores.

These twelve lines in which department stores have lost competitive position since 1929 contributed 23.7 per cent of department store volume in 1953.

Even though 31 of the 44 lines handled by department stores showed an improvement in long run competitive position, the over-all position of department stores in the United States declined 2.2 percentage points and 24.4 per cent relatively from 1929 through 1953. This absolute loss of 2.2 percentage points in market position represented \$3.7 billion of total retail store sales in 1953!

Major Contribution Presented in This Chapter.--For the first time, a complete and comprehensive analysis of the changing relative competitive position of department stores in the United States by merchandise lines has been developed. This pioneering work covers the 25-year period from 1929 through 1953 when the National Economy has been subjected to every conceivable type of economic strain and stress. Consequently, it is felt that resulting data can be utilized in a productive manner regardless of economic conditions, not only by department stores, but by most retail establishments.

Department store management now has a pertinent framework of reference to properly evaluate their merchandise line sales and amend any past merchandising policies that may appear insufficiently productive in light of these new criteria. For example: department stores have lost over-all competitive position because they have increased their share of the market largely in lines where consumers are doing less proportionate spending. And, those lines in which department stores have been receiving a smaller or comparatively stationary share of the market are those where consumer expenditures have been expanding. In many cases the very lines in which department stores show the greatest dollar strength are the very ones in which they are losing the greatest potential business.

Only by critically examining their changing relative competitive position in each of their merchandise lines can department stores direct their promotional efforts in the most productive manner possible. This would unquestionably improve their market shares in

the lines with the greatest potential sale possibilities. This study furnishes the means whereby these stores can improve their position in the economy both within their own market and in relation to total retail store sales.

The data presented here should also facilitate evaluation as to what type of expansion and promotion policies should be followed. For example: most department stores during the past decade have pursued a course of geographical expansion by means of all types and kinds of branch stores. With few exceptions, the general area of merchandise line expansion and emphasis in both existing and new units has either been neglected or minimized.

This indicates the need for an examination of the motivating factors underlying the geographical and merchandise line expansion policies of department stores to determine whether their limited expansion dollars have been spent in the most productive manner. This follows in the next chapter.

CHAPTER VII

GEOGRAPHICAL VERSUS MERCHANDISE LINE EXPANSION

More than ever before, department stores are operating in an atmosphere of rapidly changing customer mores, customs, desires and standards. Thus, prior to any evaluation of the relative merits of geographical or merchandise line expansion, some of the more pertinent social and economic changes that have occurred since 1929 are reviewed.

Social and Economic Considerations.--This investigation begins with 1929. The end of this year marks the beginning of the great depression of the thirties. Certain effects of depression with its attendant economic and social discords continued until 1940 when the sequential effects of the huge National Defense expenditures were felt throughout the economy.

The ensuing war years brought further dislocations almost before those of the depression were fully adjusted. During the second World War, a tremendous growth in population as well as in the number of households occurred.

Also, during this period most household units had the necessary income to transform their increasing wants and desires into effective demand. However, the goods and services necessary to fulfill this latent demand were unavailable; thus, increasing dislocations in the spending-saving patterns of consumers' disposable personal incomes resulted. It was during these years that the trend towards in-

creased savings became evident.

After the war, reconversion to consumer goods' production took place rapidly. Enormous growth of productive facilities resulted in response to the tremendous backlog of consumer demand, as well as to the encouragement provided by rapid depreciation "write-off" privileges. By 1953 the output of goods and services was more than twice that of 1929 and was 25.0 per cent greater than in 1947.¹

During the depression of the thirties, the "average" family could hardly afford necessities. Since 1940, however, a constantly expanding "middle-income" group² has become much more characteristic of the population as a whole and is apparently the new "mass" market.³ This group as well as all other income groups, has been able to further accentuate the effectiveness of its demand by the unprecedented levels of credit extension that they have willingly accepted. Despite this tremendous expansion in

¹ National Income Supplement to Survey of Current Business, 1954 Edition, pp. 216-17.

² The "middle-income" group is defined as those earning \$4,200 to \$10,000 annually.

³ Charles F. Schwartz and Robert E. Graham, Jr., "Personal Income by States, 1929-54," Survey of Current Business, September, 1955, pp. 12-18. The new statistical series of recording the income flow of individuals by states has involved the reworking of all statistics back to 1929. These new series as developed by the National Income Division, Office of Business Economics, cover personal income flow of all "sources." These new, more comprehensive series, using 1929 as a base year, show a 233 per cent change in personal income from 1929 to 1954 and 263 per cent change from 1940 to 1954.

demand, retailers have not been able to sell more than 75 per cent of the potential output of goods and services that have become available since 1945.

In the broader macro-economic approach, the largest single change in the Economic underpinning of the National economy has been the stabilizing and directional factors created by Federal Government expenditures. In 1953 these expenditures were over 16 per cent of net national product, in contrast to 1929, when these expenditures represented approximately 1 per cent of net national product.⁴

The use of mass media such as network radio and television, magazines, and newspapers for advertising has become more and more regional in scope and character. The consistency of these media has made the country's population even more homogeneous than before. As a result, the social milieu of rural, suburban, and urban tastes now lend themselves more readily to mass production techniques.

⁴ Some of the more specific control and directional efforts of the Federal Government in the pursuit of a National Economic Policy which advocates a constantly increasing national product and a gradually rising price level are: Price supports (on major crops), Government loans of all kinds and sizes (home repairs, housing, small business, public works, civic improvements, grants in aid to public health, etc.) and tax privileges (mostly through accelerated depreciation rates, and social security benefits, increasing unemployment compensation, and legislation on maximum hours, minimum wages, etc.). The accepted philosophy of both political parties is now the prevention of economic stagnation through active participation with private enterprise in directing the economic course of the nation.

In retailing, there has been an accelerated trend toward self-selection and simplified selling. However, these techniques have been exploited largely in convenience goods and low-price shopping and specialty goods.

Increasing Competitive Stress at the Retail Level.--During the rapidly changing times of the last twenty-five years (and especially of the more recent postwar period), competition among retailers in all kinds of businesses has been growing in intensity. In their struggle for market security, all types of retail establishments have expanded into suburban areas. In many cases, these retailers hoped that they might be the "first" in particular suburban locations so that their stores would retain the most advantageous competitive position.

It has been in this climate of such competitive pressures that department stores have been losing position in the economy. Positive efforts which department stores have pursued in their attempts to improve their relative competitive position in the economy can be classified into three general groups. The first consists of both individual and co-operative efforts to better existing mass transportation facilities, the clearances of blighted areas adjacent to and within central business districts, new methods of improving both on-and off-street parking facilities, traffic studies to speed automobile access and egress from downtown shopping areas, and

street and area modernization programs of all kinds.⁵

A second approach used to retard or reverse a decreasing position has been reflected in the philosophy of management of some of the larger department stores. In addition to sponsoring and co-operating with the first approach, their policy has been the enlargement and improvement of facilities in existing downtown locations as their method of meeting new competitive challenges.⁶

The third and by far the most popular of all attempts to regain competitive position has been geographical expansion into suburban areas with branch stores.⁷ These stores have been opened for two principal reasons: first, to be more accessible to the ever widening perimeter of population residences, and second, to attempt to meet the trend to more localized purchasing of shopping and specialty goods.

⁵Robert D. Entenberg, "Current Retail Problems, Georgia Business, Jan., 1952, p. 3.

⁶Such stores are: Rich's, Atlanta, Ga., The F. & R. Lazarus Co., Columbus, Ohio, Foley Bros. Dry Goods Co., Houston, Texas, and Kaufmann's, Pittsburgh, Pa.

⁷Branch stores have been set up in all kinds and types of areas--planned shopping centers, secondary shopping areas, string street locations as well as in new or already established suburban areas. This trend is almost nationwide in scope. In the greater New York area alone there are 80 department store suburban branches in 28 different communities operated by 27 parent units ("Branch Stores in the New York Area," The New York Retailer, March, 1952, p. 10). In the metropolitan St. Louis area there are over 20 such units, while in the Los Angeles area there are over 90 such branches--(This includes specialty stores as well as department stores.) Some in this latter area are located as far away as Palm Springs; 70 miles from the central shopping district. ("How the Los Angeles Branch Picture Has Grown," Women's Wear Daily, Aug. 27, 1952, p. 58.)

EXTENT OF GEOGRAPHICAL EXPANSION⁸

Department store geographical expansion into suburban areas with branch stores is still going on, from simple mail order sales "offices" all the way up to the giant branches similar to Hudson's in Detroit.⁹

Suburban expansion has become the chief means of department store growth in the United States. However, in many instances, disappointing operations have resulted from inadequate research and improper planning-- not only as to the location of these branch units but also as to the depths, assortments, and merchandise lines carried.

Nevertheless, geographical expansion into secondary shopping areas, both controlled and uncontrolled, has grown in popularity. This is unquestionably one of the most significant trends affecting department stores' volume since the rise of the chain stores during

⁸ This section is based primarily on the many conferences with department store executives (see list in Appendix C) except where otherwise specifically indicated. The questions asked were: "Is your organization engaged in branch store expansion?--What is your opinion on branch store expansion for your organization?--Do you believe that, in general, that the present type of suburban expansion is the one best means of department store growth?--The type that has been taking place..is it along proper lines?...is it sufficiently large insofar as square foot area to properly represent existing downtown units?"

⁹ Sears, Roebuck and Co. and Montgomery-Ward also have expanded by means of 'mail order' offices in areas where only limited potential for branch stores were available. Wards' policy, since a change in management occurred, has been to close unprofitable branches and replace them with mail order offices....In contrast to these Hudson's Northgate store in their 'controlled' shopping center has approximately 485,000 square feet and did a volume of some 50,000,000 dollars in 1953.

the "twenties" and the supermarkets during the "thirties."¹⁰

Internal Factors Prompting Geographical Expansion.--One of the most pressing internal factors that has prompted geographical expansion has been the inability of many department stores to keep their operating expenses at a competitively low level. In many cases, the only means of reducing these operating expense ratios has been to substantially increase existing volume. More often than not, the only means by which this increase could be realized quickly has been through immediate branch store expansion.

Again, both dwindling store traffic and inefficient or inadequate downtown facilities have also prompted geographical expansion. Even where expansion of existing facilities has been feasible (so that the proper degree of merchandise line emphasis and assortments could be successfully attained), department store management has, for the most part, still preferred suburban expansion.¹¹

¹⁰ Many department store executives have said that making the "branches too strong" might take away too much downtown potential where their principal investment generally exists. This type of negative thinking has probably caused many branches to be underdeveloped or improperly located.--Downtown volume dilution has been taking place in smaller metropolitan areas and communities (with less than one million population and less than 1 billion in total sales)Women's Wear Daily, December 29, 1952, Sec. 2, p. 4.

¹¹ At a recent meeting of the "AMC" stores (Greenbriar Hotel, White Sulphur Springs, W. Va., week of Oct. 21, 1955), the theme of the opening sessions was "How to Get a Greater Share of Retail Volume?"The predominating opinions expressed were that the best means of increasing the department store share of the consumer dollar was branch store expansion.--Women's Wear Daily, Oct. 24, 1955, p. 1.

In these cases, management has apparently been either unwilling to 'gamble' further on existing downtown locations which they felt were of optimum size for maximum efficiency and productivity, or they have felt that additional downtown volume could be secured only at the expense of increasing operating costs. Management has probably been confronted with limited amounts of expansion capital that they felt could be invested more profitably and productively by branch store development.

External Factors Prompting Geographical Expansion.-- In most instances, the external considerations prompting geographical expansion have had a far greater impact than internal ones. Among the more important external factors has been the choking-off of ingress and egress into downtown areas, steady impairment of public transportation systems and decreasing availability of suitable parking facilities. Such external considerations, over which department stores have had little or no direct control, began to make shopping downtown more difficult. For the same reason, suburban shopping became more attractive despite smaller merchandise assortments and selectivity that were generally available.

Probably more important, has been the rapid migration of population into suburban areas. New suburbanites desired greater convenience in their "shopping" and "specialty goods" purchasing without the need for "dressing up," thus accelerating the growth of

changing shopping habits. The development of shopping centers in response to this new need has proved an excellent catalytic agent in cementing changing shopping habits towards localized purchasing.

Department store movement into the suburbs has largely been motivated by the sincere belief that "a good retailer, whenever possible, should bring his store to the customer." Also, this movement has been initiated and fostered by real estate interests and shopping center promoters. Many of these promoters try, if at all feasible, to develop shopping centers with a department store its chief focal point, thus establishing the department store as a big "drawing card" for shopping goods customers.

Validity of Geographic Expansion as the One Best Means of Growth.

--Merely pointing out that department stores are still losing competitive position would not in itself determine the validity of geographic expansion as the one best means of department store growth. Without question, the present position of department stores would be far weaker, had they ignored this type of expansion.

There are two facets of this problem to be considered: First, are department stores moving fastly enough to suburban areas and if not have the full effects of this type of expansion been felt? Second, have department stores been sufficiently discriminating in suburban expansion as to location, size, and/or merchandise assortments?

While a tremendous volume of sales quickly develops when both population and industry move rapidly to the suburbs, area saturation

often takes place. Many department stores have opened in uncontrolled shopping areas or on a too small scale and have been quickly choked off by haphazard traffic facilities, often due to the opening of all manner of retail, service, and other establishments. Under such circumstances, department store suburban branches have been faced with much the same parking and congestion problems as their downtown parent units.¹² Department store branches that have been plagued by such limitations never realize their full potentials, even though they boast wide selections of merchandise at competitive prices and attractive recreational and other non-trading facilities.¹³

Also, whenever a large regional shopping center locates near a smaller local or secondary shopping center, the existing volume in the smaller adjacent centers is generally drained. Frequently, only

¹² In Los Angeles, for example, only 35 per cent of the total area volume is done downtown. (It should be pointed out that this area is one of the fastest growing sections in the country and suburban geographic growth would thus be more pronounced)...According to department store executives, no agreement as to the proper size needed for a branch store, if it is to adequately represent a full line downtown unit, was had. Estimates ranging from 50,000 to 300,000 square feet were given. This wide discrepancy as to adequate size for branch store units illustrates the wide differences of opinion existing among department store management.

¹³ Hubert E. Bice, "Shopping Opportunities in Suburban Shopping Centers," Miami Business Review, School of Bus. Admin., Miami University, Oxford, Ohio, December, 1953.

the convenience goods stores will remain profitable.¹⁴

In many cases the opening of a branch store substantially reduces the sales or the rate of sales increases of the parent store. Unless a department store moves into an area where a comparatively new customer market can be absorbed, it generally should not open the prospective branch unit. However, there are many instances where management feels the "need" to do so to merely maintain its relative competitive position in the community. Often in the past when department stores have expanded into suburban markets, they have expected to merchandise and operate the branches according to their previous experiences rather than with the specific area requirements. However, the needs in the new locale may be completely contrary to the needs of the customers of the parent store. In contrast, those stores that have moved into the suburbs with full consideration of the merchandise lines and assortments needed in their new locales have experienced the greatest degree of success.

Due to a planned appeal to higher income groups, branch department stores usually do not maintain basement departments.¹⁵

This merchandising "void" has been capitalized on by many variety and

¹⁴ Barrons, Aug. 15, 1955, p. 3, "Some of the shopping centers that have sprung up in the last few years have found that, after the initial rush of business, that sales have begun to taper off. Others having made the mistake of building too small, soon encounter much the same parking problems as beset the downtown areas."

¹⁵ Brown and Davidson, 1953, p. 79.

specialty chain stores in shopping centers. In effect, these variety stores by "trading up" and expanding their offerings and services are becoming "junior" department stores. Since the appeals of these stores have limited the feasibility of department store expansion into lower priced merchandise lines in most suburban areas, a point of retention or, at most, a slight increase in department store volume is more likely than is any substantial expansion of it in these categories.¹⁶ Department stores that have taken such factors into consideration have generally exceeded their initial sales expectations.¹⁷

Although department store executives disagree as to the number of merchandise items, assortments, services required, and proper

¹⁶An excellent example of this trend is the merchandise line expansion into all areas, with much higher price lines, credit extension, and delivery by the W. T. Grant Co.--Actually, the Grant store which opened in the heart of downtown Pittsburgh in Sept., 1955, should be classified as a junior department store rather than a variety store.

¹⁷Perry H. Myers in a speech before the AMC meetings which were held in White Sulphur Springs, W. Va. the week of Oct. 24, 1953, classified five types of suburbs: 1.) New suburbs (Levittowns of Long Island and Pa.) with moderately priced housing developments with young couples in the \$4,000 to \$7,500 income brackets with rapidly growing families. 2.) Fringe suburbs, less homogeneous, older people who have somewhat lower incomes. 3.) Older suburban areas where great variation of income, age, and family behavior--the newer high income levels are usually extensions of older areas. (i.e. Westchester County, N. Y., and Bethesda near Washington, D. C.) 4.) Older, lower income suburbs, similar to slum units within city limits. 5.) Industrial suburbs (Hudson County in N. J., Gary, Ind.)--All of these have different requirements and no blanket expansion pattern of a similar nature would be valid for all these areas.

size of the branch units, this does not lessen the validity of geographical expansion as a major approach to increased volume potentials. In general, it may be stated that there is no agreement as to whether a branch store should either be, or not be, representative of the downtown parent unit.

Thus, while there is general disagreement as to the type of geographical expansion that is best, most department store executives feel that it is far too early to accurately assess the future potential of department store suburban growth on other than a specific regional or local basis.

EXTENT TO WHICH MERCHANDISE LINE EXPANSION HAS PROGRESSED

A great majority of the smaller department stores and a very small minority of the large department stores have not pursued a policy of geographic expansion as their chief means of growth. The management of these stores have claimed that branch store expansion in their particular cases would return insufficient volume and only create detrimental competition with themselves. Consequently, these stores have spent their "expansion follars" to improve their existing facilities as well as to expand their merchandise lines.

As pointed out in Chapter VI, department stores improved their relative competitive position in 31 of the 44 merchandise lines that they generally handle. However, the 12 lines in which competitive position was lost were areas where tremendous volume potentials

could be foreseen. These are the very lines that department stores have failed to expand.

It may be broadly stated that the selective influence of personal consumption expenditures have not been the principal motivating factors leading to the expansions or contractions of specific merchandise lines. As a result, merchandise line changes made by department stores have not improved the competitive position of these stores.

Internal Factors Affecting Merchandise Line Expansion.-- An important internal condition that has prompted merchandise line rather than branch store expansion, has been the attempt to achieve the highest possible volume at the least possible cost. To accomplish this, department store management has often concentrated on merchandise with high turnover and markups; thus, a corresponding de-emphasis on other lines that do not measure up to this criteria has developed. Such procedures also tend to make management overlook the potentially greater volume possibilities in other areas.

Other internal considerations prompting merchandise line emphasis is the store's desire for better personnel productivity and merchandise control. Generally, the more lines that can be concentrated within a single unit, the less dilution of executive personnel that results. This lead to better merchandise and personnel control, and ultimately, greater productivity.

Many department stores have dropped or limited merchandise lines

due to service and labor difficulties involved in their sale.¹⁸ Many other lines have been dropped or de-emphasized due to the use of inflexible "cost applicators" throughout the store.¹⁹

External Factors Affecting Merchandise Line Expansion.--Total merchandise line sales in the economy generally vary in direct proportion to consumer purchasing patterns. This changing pattern of consumer expenditures is the chief external influence that determines the gains and losses incurred in the sales of various merchandise lines in department stores.

External considerations that have caused changes in these expenditure patterns include: the tremendous increase in population, the increase and shift in family units (with correspondingly greater proportions of older and younger people) and the movement of popu-

¹⁸ Television, storm doors and windows, carpeting, plumbing & heating sales, etc.; even outside labor secured on a "job basis" has often proved quite inadequate.

¹⁹ Some department store executives generally believe that indirect expense allocation should not be the same for the whole store. Others hold an opposite view. However, the latter group do not feel that every department should be expected to show a profit. Many of those interviewed felt that there was definite danger of poor control in the use of the contribution method. They also felt that the continued existence of any particular merchandise department should be the result of need as well as profitability. Only by adjusting their policies from this broader viewpoint, could the concept of a complete department store be developed.

lation into suburban areas.²⁰ This latter cause suggests geographical as well as merchandise line expansion for department stores.

Other major external changes which are reflected in the shifts in consumer expenditures, and hence merchandise lines are: increasing income, (especially in the lower and low middle income groups), shorter work weeks, increased leisure time, higher educational levels and an increasing proportion of women, both single and married, who are gainfully employed.²¹

While branch store expansion has received the most emphasis in recent department store growth, it has been inadequate. However, it has been the way used by department stores to take full advantage of the shifts in consumer expenditures.

²⁰ New York State Commerce Review, N. Y. State Department of Commerce, Albany, N. Y., Vol. 9, #8, Aug., 1955. "The immediate effects of an enlargement of the potential market resulting in changed birth rates differ in many ways from those set in motion by a net influx of migrating families or single adults. The former affects particularly the demand for certain commodities especially food, infants' and children's clothing, toys, services of pediatricians and school facilities. The latter is apt to have a less specialized effect, since demand for practically all types of consumer goods and services is likely to rise."

²¹ One of the most important changes in the spending potential of the American Consumer is illustrated by the increasing income of the lower and middle income groups. Today the dividing line between the former class and mass markets is almost indivisible. "Current Population Reports," Consumer Income, Bureau of the Census, October, 1955, Series p-60, No. 19.

General suburban movement has naturally affected the number of times during the month that consumers go on shopping trips to the adjacent central business districts. This compels downtown department stores to be much more competitive than ever before from both a merchandise and a service standpoint. Only in this way can downtown department stores remain attractive for the woman shopper.

Competitive Challenges from New or Existing Types of Retail Outlets.-- The maintenance of a high level of consumer buying was a positive influence in limiting the extent and duration of the business recession which began in the middle of 1953. Except for the depression period which began in the latter half of 1929, consumers' spending had been increasing both relatively and absolutely since 1945. The contributing factor to this increase of consumers' spending has been a constantly increasing flow of income since 1940 and "a resulting disposition on the part of the income recipients to spend a high proportion of this income."²²

Unquestionably, this sustained, relatively high level of consumer expenditures, along with a steadily increasing price level,

²² Louis J. Paradiso and Clement Winston, "Consumer Expenditure-Income Patterns." Survey of Current Business. (U. S. Department of Commerce, Office of Bus. Economics, Sept., 1955, p. 23.) The authors also point out that: "A noticeable feature of the spending pattern of the recent period has been the shift in the responses to the fluctuations to income from that observed in the prewar period on consumer expenditures for many categories of goods and services."--(i.e., expenditures for services from 1948 through 1953 increased approximately 3 per cent while expenditures for non-durable goods decreased almost 6 per cent." Table I, p. 26)

accounts for the fact that department store dollar volume has been almost constantly increasing. Yet, severe competitive challenges from new or existing types of retail outlets have made themselves felt in many merchandise lines which department stores had traditionally had market dominance. Broad developments of the discount-house type of operation and the trend towards "scrambled merchandising" have also been important external factors determining the extent and number of merchandise lines carried in department stores.

Scrambled Merchandising.--This trend in all retail stores, regardless of prior specialization, has unquestionably affected the brands, price ranges, and the extent of the merchandise lines carried by department stores. This trend, which has grown rapidly since 1940, has been a planned positive policy on the part of variety, specialty, drug stores, and supermarkets, that would tend to stabilize their "peaks and valleys" volume throughout the year.

Scrambled merchandising received its great impetus during the war years when many of the previously "customary" merchandise lines were scarce. This type of expansion into lines not normally handled was attempted in department stores, but to a very limited extent.

An excellent example of scrambled merchandising can be found in supermarket history. As early as 1951, over 10 per cent of all the supermarket business in the United States was in the non-food category and this proportion has been increasing. (The term "non-

food" does not include items such as soap, paper products, cigarettes, etc. that are commonly carried in grocery departments.) This kind of "non-food" line expansion has resulted in substantial sales volume position for the supermarket in the following merchandise classifications that are normally handled by department stores: men's, women's, and children's apparel, dry goods, magazines, books, and stationery, major appliances (stocked by over 600 supermarkets), housewares,²³ automobile supplies, toys, cameras, sporting goods, small appliances and electrical supplies, radio, television sets, etc.²⁴ In a like manner, but on a more limited scale, variety, drug, general, and specialty stores have been expanding their merchandise line assortments and their price lines.

The thinking of many department store executives regarding these trends in "scrambled merchandising" was that it represented a negligible factor and thus could have no appreciable effect on department store merchandising or pricing policy.²⁵ Many were also

²³Retailing Daily, Nov. 11, 1954, p. 5: "In houseware items alone there are more than 25,000 items handled in supermarkets."

²⁴Super Market Merchandising (Reprint), July, 1951. This particular trade magazine predicted that in the near future the supermarket would be as important a factor in selling non-food lines as it is in merchandising foods.

²⁵The answers found on this page are in response to the following multi-part question: "What do you believe is the effect of "Scrambled Merchandising" by all kinds of retail outlets on department store merchandise line policies in reference to depth, price ranges, and assortments carried?"

quick to point out that, for the most part, branded, prepackaged, "low end" merchandise (which did not require much sales effort) was the type that was being introduced. Part of this group felt that only basement department potentials would be affected by this trend. In further clarification of their reasoning, these executives stressed the fact that department stores generally did not cater extensively to the same income groups who generally buy "low end" or the "impulse" type merchandise sold in supermarkets, drug, and variety stores.

Many opinions implied that in order to successfully combat such trends, department stores would have to carefully control their brands and resources. Other opinions that proved more optimistic said that the "foreign lines" into which other retail establishments had expanded were being merchandised in depth and assortment that were too narrow to offer any real, genuine competition to department stores. However, regardless of former comments, most opinions concluded with the thought that it was up to department stores to enlarge many merchandise lines and/or to introduce new ones if they were to regain and increase their competitive market strength.

Discount House Operation.--Another important external factor, which has alarmed many executives, has been the rapidly expanding operation of "discount houses." These aggressive competitors operate as retail "drop-shippers" on both an "establishment" and a "catalog" basis. These outlets generally handle any "brand name"

hard lines where direct price comparisons with list price are easily made. Although many of the larger discount houses have even gone into soft lines, the use of comparative prices, limited service, and self-selection form the basic operating policies of these outlets.²⁶

For many years department store management ignored this type of competition. One prominent department store that attempted to compete finally dropped all the major appliance lines they had previously handled.²⁷

Since department store operations are generally of the "full service" and "high cost" variety, it was felt by one prominent executive that only a limited degree of competitive effectiveness could ever be achieved by dealing directly with discount-house competition. Another department store executive pointed out that appliances should be carried by department stores regardless of profitability. Only by doing this would they be able to maintain the reputation of being a "complete" store. He also felt that more realistic merchandising and accounting methods were needed to compete with low cost retail distributors.

²⁶ In many instances, due to the great volume of goods which they move, the manufacturer assumes many of the functions normally undertaken by "regular" distributors. In their price promotions, charges for normal delivery, services, and credit are rarely included. Yet, the customer is expected to absorb these prices at the discount house, while the department store absorbs these costs in the normal course of business.

²⁷ Bloomingdale's, New York City, N. Y., for example, dropped all major appliances in 1954--(In 1955, department stores, as a group, had apparently met the challenge and have held their own in these lines...whether this is to be permanent remains to be seen.)

On the other hand, the sales promotion manager of one of the larger department stores in the mid-west felt that the use of the "net profit" plan of accounting limited departmental operation in cases where competitive pressures were severe. He further claimed that in too many cases, appliance departments that were operated on a "net profit" basis were given no credit for profit accruing on credit sales or for store traffic created by payments on these sales.²⁸ Consequently, he felt that if these two factors were given accurate consideration, appliance and television sales would be contributing more to department store volume than they appear to be.

Validity of Merchandise Line Expansion.--Department stores' major merchandise line competition has come from new or existing

²⁸In one of the larger St. Louis department stores, it was brought out that the "small electrics" section of the housewares departments was run at a 17 per cent maintained markup; further, the major appliances were also being operated on a very low markup basis. The buyers for these departments were charged in accordance with the contribution plan (where only direct expenses plus "escapable" expenses are charged; those expenses that the store would not have should the particular department be discontinued) --On the other hand, departments which were not severely pressed competitively and where direct price comparisons could not be made, the net profit plan (where all direct expenses plus the department's equitable share of all store expenses are charged) was used. It was pointed out, however, that all reports to top management were prepared on the "net profit plan basis." Most department stores in the Pittsburgh area use the "net profit plan" throughout the store. These stores considered "severely pressed" departments as necessary "service" departments in evaluating their over-all contribution to the store.

outlets that have closely followed the trends to lines which were experiencing increasing consumer demand. It follows that expansion of, or into, the same expanding merchandise lines is equally valid for department stores - regardless of the severity of the competition. If department stores do not meet this competition by expanding their merchandise lines, their ability to improve or even maintain their present relative market position in the economy looks exceedingly doubtful.

TYPE OF EXPANSION INDICATED BY THE FOREGOING CONSIDERATIONS

Geographical expansion has been the principal means of department store expansion in the last ten years. It is evident that comprehensive merchandise line expansion has been sacrificed by most stores for movement into branches. This has been especially true when sufficient funds for only one type of expansion were available. Yet, as previously discussed, geographic expansion as a main avenue of approach has not provided department stores with sufficient additional volume to keep pace with total retail sales.

If this continuing downward trend in relation to total retail sales is to be reversed, merchandise line expansion on a large scale must be undertaken by department stores. However, due to the many internal and external limitations, merchandise line expansion by itself would also be insufficient. Therefore, a combination of both suburban and merchandise line expansions must be the future

expansion policy of department stores, if they are to regain their former competitive position in relation to total retail store sales.

SUMMARY

Some of the more pertinent social and economic factors that are related to changes in the expenditure patterns of consumers during the last twenty-five years have been briefly reviewed. It has been within the framework of such broad changes that department store management has formulated their expansion policies. In most cases, suburban expansion has been the chief means whereby department stores have attempted to maintain or increase their share of the consumer dollar. While this means of expansion is unquestionably sound, its direction and extent is not, as has been proven by the department store's continuing loss of market position.

The validity of a merchandise line approach has been examined. Whenever only one type of expansion has been financially feasible for department stores, this latter approach was sacrificed for suburban expansion. Yet, consumer expenditure trends indicate that merchandise line expansion also is necessary if the department stores' full volume potential is to be realized.

It was then concluded that the only way in which department stores could improve or even maintain their present relative competitive position in the economy was by not only continuing to expand geographically but by combining it with an intensive program of merchandise line expansion, both downtown and in suburban branches.

CHAPTER VIII

SUMMARY AND CONCLUSIONS

This study of the changing competitive position of department stores in the United States by merchandise lines covers the year 1929 through 1953. This was a period of the widest possible extremes in economic conditions; from severe depression through war emergencies, to the greatest heights of prosperity that the country has ever known. Unparalleled customer mobility, new purchase patterns, changing shopping habits, continued population growth, changed composition of the population, unprecedented high incomes, suburban migration, and new competitive challenges from all kinds of retail establishments have been some of the more pertinent social and economic problems influencing the results of this study.

In meeting these changes in the economy, many business enterprises changed their operating policies and procedures in order to maintain or improve their competitive market positions. Such has not been the case generally with department store management who feel, because of apparent success, that their merchandising and operating policies needed little, if any, revision.

The broad fundamental principles of department store operation upon which their success has been built are generally recognized as (1) intensive customer service and convenience, (2) prestige and class appeal coupled with competitive prices, (3) wide and com-

plete selections from merchandise line assortments in depth, and (4) effective and generally efficient operation through specialization and scientific management. Department store management has generally tried to adhere to all of these fundamental policy objectives.

The general nature of this study was to analyze comprehensively department store experience, not in terms of total sales volume, but by individual merchandise lines and in relation to the national sales of each line. In effect, these individual line by line comparisons determined the changing competitive position of department stores in the United States by merchandise lines.

From 1929 through 1955, department store sales while increasing absolutely, have decreased relatively from 9.0 per cent to 6.6 per cent of total retail store sales. In order to halt or reverse this trend, department store management has relied principally on programs of geographical suburban expansion, but without noticeable effect on their total competitive position.

Geographic expansion by means of branch stores is certainly valid and consistent with one of the department stores' fundamental operating policies of constantly striving to improve their customer services and conveniences; but the advisability of further reliance on this approach as the principal means of volume expansion is doubtful. The completely new patterns of consumer shopping habits and expenditures indicate that merchandise line expansion along with

suburban expansion is in order. Both are equally valid and equally necessary complementary avenues of approach for the future if the department store's declining relative sales position in the economy is to be halted.

The real strength of department stores and another major fundamental policy objective underlying their past success has been the wide choice of many diversified merchandise line assortments that have been carried in depth. Due to the rapidity of suburban expansion and the varying ideas as to its extent, department stores have not pursued this policy in many of their branches. As a result, they have failed to handle or properly promote new or existing merchandise lines that have shown tremendous sales growth in the economy.

The department store market concept was developed so that the significant factors in the changes in relative position of the individual merchandise lines could be better evaluated. This market was defined as including those merchandise lines that are generally carried by department stores whose sales, in the benchmark year of 1948, represented at least 5.0 per cent of total market sales. It was found that 40 of the 44 department store lines, individually analyzed, met this criterion so as to be included within the framework of this "market" concept.

Over-all, it was shown that department stores have experienced a relatively stable competitive position in relation to the total

sales within the lines of merchandise normally handled by them. However, total market sales of the lines included in the department store market have been decreasing in relation to total retail store sales. For example: from 1929 through 1953, sales of the merchandise lines in the department store market, as a per cent of total retail store sales, decreased from 42.7 to 31.7 per cent, a decrease in relative sales position of almost 26 per cent!

Because department stores have been unable to substantially better their share of this "market" which has been decreasing in relation to total retail store sales, department store sales have also decreased in relation to total retail store sales. Individually, however, there have been tremendous shifts in the relative sales position of the various lines that make up the department store market as well as in the portion of these lines that department stores have been absorbing.

In 1929, the total sales of the categories in the department store market were in excess of \$20.7 billion. By 1953, total market sales for the same merchandise lines were over \$54.1 billion. This represents a 162 per cent increase in dollar sales for these lines, but after adjustment for price changes, an increase of only 51.3 per cent in their physical volume of sales.

From 1929 through 1953, the market sales of 32 of the 40 lines in the department store market had increases in their physical sales volume, 5 lines had decreases in their physical sales volume but

increases in dollar volume, and 3 had decreases in both their physical and dollar volume. The market sales of the 4 remaining lines, which department stores generally handle but did not meet the criterion for inclusion as part of the department store market, all expressed increases in their physical volume of sales.

CONCLUSIONS WITH RESPECT TO THE CHANGING COMPETITIVE
POSITION OF DEPARTMENT STORES BY MERCHANDISE LINES

The results of the merchandising operations of department stores from 1929 through 1953 can be summarized in the individual analyses of the 44 lines whose combined sales constitute their total volume for this period. This includes 4 lines which, due to their insignificant market position in the economy, were not considered part of the department store market in these analyses. During this twenty-five year period, department stores have improved their relative market position in 31 lines, lost position in 12 lines, and have maintained exactly the same position in the remaining line.

These changes in the relative position of department store merchandise lines are very significant when they are compared with the changes that have taken place in the total market sales of these lines. Therefore, this summary data and attendant conclusions are presented in six groups utilizing these relationships.

The first group consists of the merchandise lines in which department stores gained relative position and where the physi-

cal volume of market sales has more than doubled since 1929. Summary data for the six departments in this category are shown below:

<u>Merchandise Line</u>	Per Cent Gain in Mkt. Position (1929-1953)	1953 Mkt. Sales as a Per Cent of 1929 Mkt. Sales in	
		Current Dollars	Physical Volume ¹
D-23 Aprons, housedresses, uniforms	81.8 %	691 %	4.0 Times
G-43 Restaurant and fountain ²	28.6	487	2.8
C-11 Handbags, small leather goods	21.5	357	2.1
G-49 Service department sales	14.5	422	2.4
A-4 Domestics, blankets, spreads	12.0	511	2.9
C-14 Corsets and brassieres	6.3	426	2.5

The most significant increase in this group was in Line D-23, aprons, housedresses, and uniforms. Department stores achieved an increase of 81.8 per cent in competitive position in a market which experienced a four-fold increase in its physical sales volume. Because the physical volume of market sales of Line A-4, domestics, blankets, etc. almost tripled, the 12.0 per cent increase in the

¹ This adjustment for obtaining the physical volume of market sales is based on the retail price index. (The combined index is built up from 11 component indexes, one for each major group of retail stores by the use of constant weights--namely, the dollar sales in the period 1935-39.--Where component indexes are obtained by combining several series, weights are based on an analysis of sales by commodity groups from the 1939 Census of Retail Trade. Adequate price data for all of the merchandise lines is not available and the retail price index is used as the most representative price deflator.) The 1953 index of 209.1 expressed as a per cent of the 1929 index of 120.9, is 173. Therefore, when the market sales of any merchandise line expressed as a per cent of its 1929 sales, exceeds 173 per cent, an increase in its physical sales volume has occurred. This index of 173 is the benchmark used in all the summary data tables which follow.

² Does not meet "market share" criteria of 5.0 per cent for inclusion within framework of the department store market.

department stores' competitive position in this market has resulted in the sales of this line accounting for more than half of the sales in the piece goods division for 1953.

Gains in total market position of handbags and small leather goods (C-11), and corsets and brassieres (C-14), are significant in that department stores have managed to obtain a larger share of these expanding markets despite intensive specialty shop competition. In the case of the handbag department, the improvement of relative position by department stores can, in a large measure, be attributed to its favorable location in areas of comparatively large customer traffic flow.

Restaurant and fountain sales (G-43) are not part of the department store market, but they are necessary to a "complete" shopping atmosphere. Although restaurant and fountain sales were 1.1 per cent of total department store volume in 1953, their operations are rarely profitable due to the limited use of the space occupied and high attendant labor costs.

Department stores have been able to improve their market position of service sales and other cost departments by 14.5 per cent. In 1953, department stores accounted for 7.7 per cent of total market sales in this area. Service operations in categories such as gift wrapping, radio and television repair, fur storage and repair, etc. can't be expanded greatly due to the comparatively easy entry of new firms and individuals into these types of activities. Again, they must be maintained regardless of profitability due to their indispens-

ibility to the proper promotion of related merchandise departments.

Due principally to the gains in relative position in rapidly expanding markets, this first group of lines accounted for 10.4 per cent of department store volume in 1953.

The second group consists of 20 merchandise lines in which department stores gained or maintained (in one case) relative position and where the physical volume of market sales increased but was not doubled. Summary data for the 20 departments in this group are shown below:

<u>Merchandise Line</u>	Per Cent Gain in Mkt. Position (1929-1953)	1953 Mkt. Sales as a Per Cent of 1929 Mkt. Sales in	
		<u>Current Dollars</u>	<u>Physical Volume⁴</u>
G-44,45 Heating, plumbing, building materials ³	300.0 %	285 %	1.7 Times
C-10 Neckwear, scarfs, handkerchiefs	144.5	206	1.2
B-7 Costume jewelry	93.7	173	1.0
D-21 Girls', teenage wear	86.7	254	1.5
B-9 Books, magazines, stationery	75.0	283	1.6
F-32 China, glassware, housewares	63.5	291	1.7
G-40 Luggage	61.3	208	1.2
E-26 Men's furnishings, hats	42.6	195	1.1
D-18 Women's, misses' coats, suits	40.9	209	1.2
E-27 Boys' wear	39.0	193	1.1
F-30 Floor coverings	22.8	210	1.2
B-6 Toiletries, drugs, drug sundries	21.8	258	1.5
F-29 Furniture, beds, mattresses, springs	21.2	267	1.5
C-17 Women's, children's shoes	20.5	203	1.2
F-31 Curtains, draperies, spreads	18.8	316	1.8
A-3 Linens, towels, etc.	13.5	253	1.5
E-25 Men's clothing	12.0	193	1.1
B-8 Silverware, jewelry, clocks, etc.	9.7	315	1.8
F-37 Radio, phonographs, TV sets, records	4.9	215	1.2
D-19 Women's, misses' dresses	---.-	288	1.7

³Not in present department store market as defined. See footnote 2, this chapter.

⁴Current Dollars
173 (Retail Price Index)

The largest gain in market position in this group was in heating, plumbing, building materials, etc., (G-44, 45). In 1953, the department store share of total market sales in this line was only 0.8 per cent and therefore not large enough to be included within the department store market. The tremendous demand for the items in this line is best illustrated by the \$14.1 billion spent by consumers in 1953 for these goods. It is believed that this line would lend itself extremely well to full expansion by department stores, especially in suburban areas.

Lines C-10, neckwear, scarfs, handkerchiefs, etc., and B-7, costume jewelry, had the largest gains in market position of any of the lines in this group that are in the department store market. In 1953, department store sales of Line C-10 represented 79.0 per cent of total market sales and that of Line B-7 rose to 48.8 per cent. As in the case of the handbag and the corset and brassiere departments of Group I, the significance of these gains lies in the fact that they were made in merchandise areas where there has been tremendous competition from specialty and variety stores.

One of the most significant gains in market position in this group was that of 86.7 per cent in girls' and teenage wear (D-21). This indicates a continued wide degree of acceptance of the department store "as a place to shop" by the individuals who represent the bulk of their future customers.

Department stores had increases in relative position ranging

from 39.0 to 75.0 per cent in 6 of the lines in this group. The largest increase of 75.0 per cent was in books, magazines, and stationery (B-9), and the smallest increase was one of 39.0 per cent in boys' wear (E-27). Despite this gain of 39.0 per cent in relative market position in boys' wear, there was no change in the relative contribution of this department to total department store volume. The gain of 61.3 per cent in the luggage department (G-40) is not too significant as total market sales of luggage has remained relatively small. As a result, luggage sales in department stores are one of the smallest contributors to their total volume.

On the other hand, the increases in relative market position ranging from 40.9 to 63.5 per cent in men's sportswear and furnishings (E-26), women's and misses, juniors' coats and suits (D-18), and china, glassware, housewares, etc. (F-32), are of great significance because these lines rank second, third, and fourth respectively in volume importance to department stores, having accounted for 16.2 per cent of all their sales in 1953.

Women's, misses', and juniors' dresses (D-19) is the single department in which no change in long run competitive position was experienced. Although there was no change in position, this line has been and still is the most important single source of department store volume. In 1953, this line accounted for 6.4 per cent of all department store sales, which is an 8.5 per cent increase over its 1929 contribution. This increase is the result of department stores being able to retain a 33.0 per cent share of a market which had a

66.5 per cent increase in its physical sales volume and a dollar increase of almost \$1.5 billion.

The 13.5 per cent increase in market position in linens and towels (A-3) gives department stores a position of continued market dominance. In 1953, department stores accounted for 64.3 per cent of the total market sales of this line. In the case of curtains, draperies, etc., (F-31), the 40.0 per cent increase in relative market position still leaves department stores with a market share of only 18.8 per cent.

Although many department stores, especially the smaller ones, do not handle a full line of furniture, classifications (F-29), department stores absorbed 14.3 per cent of the total market sales of this line in 1953. Within department stores, this line accounted for 4.8 per cent of total department store volume in 1953 and moved from tenth to fifth in contribution to these stores. With total market sales of \$3.9 billion in 1953, this line has the largest over-all sales potential of any of the categories in the department store market.

The relative contribution of 6 of the lines in this group to department store volume decreased despite improved competitive positions in expanding markets. This was due to either insufficient improvement in market position, insufficient increase in total market sales or greater relative sales increases in the other lines handled in department stores.

These 6 lines are women's and misses' coats and suits (D-18), women's and children's shoes (C-17), men's clothing (E-25), boys' wear (E-27), floor coverings (F-30), and radio, television, records,

etc. (F-37). For example: in Line F-37, the long run increase of 4.9 per cent in relative market position was not large enough to offset greater relative increases experienced in other lines. As a result, the contribution importance of radios, television, and records within department stores has decreased.

Although department stores have been receiving a decreasing share of this market since 1948, preliminary 1955 figures indicate that this intermediate short run trend has apparently been halted. Nevertheless, a complete reappraisal of all the merchandising and promotional policies in this merchandise area is warranted.

The 26 lines in the two groups analyzed thus far accounted for 57.2 per cent of all department store sales in 1953. Of these 26 lines, 24 are part of the department store market as defined in this study. In these 24 lines, better than 50 per cent of the market sales in 5 lines were absorbed by department stores, 30 to 50 per cent in another 5 lines, 20 to 30 per cent in 6 lines, 10 to 20 per cent in 4 lines, and less than 10 per cent of total available market sales in the remaining 4 lines. These gains in relative position, and in one case a retention of it, were made in merchandise areas where the physical volume of sales has increased. It is evident that department stores are, to some extent, meeting the challenge of constantly increasing consumer purchases in these lines.

The third group consists of the 6 merchandise lines in which department stores have improved their relative position where the

physical volume of the market sales has decreased. Summary data for the 6 lines in this group are shown below:

<u>Merchandise Line</u>	Per Cent Gain in Mkt. Position (1929-1953)	1953 Mkt. Sales as a Per Cent of 1929	
		<u>Mkt. Sales in Current Dollars</u>	<u>Physical Volume⁵</u>
D-24 Furs	164.2 %	89 %	0.51 Times
C-13 Women's, children's gloves	77.0	132	0.76
A-2 Cotton yard goods	27.6	49	0.28
C-12 Millinery	20.1	134	0.76
B-5 Laces, ribbons, notions, needlework	11.6	149	0.86
C-15 Women's, children's hosiery	6.3	146	0.84

One of the important contributing factors to the declining relative position of department stores in the economy has been the decline in consumer purchases in many of the merchandise lines where department stores maintain market dominance. The lines in the above group fall in this category. In addition, each of the lines in this group, despite increases in relative market position, has become less important as a contributor to department store volume. For example: in the case of Line D-24, furs, a phenomenal gain in relative market position of 164.2 per cent was insufficient in preventing a loss in relative contribution to total department store volume. In the case of Line A-2, cotton yard goods, department stores experienced a decrease in dollar volume as well as in contribution due to the tremendous shrinkage of the total market sales of this line.

Sales of the 6 lines of this group accounted for 14.2 per cent of their total volume in 1929 and only 8.6 per cent in 1953, a decrease of almost 40 per cent in relative contribution.

⁵ Current Dollars
173 (Retail Price Index)

It may be concluded that the department stores have fared somewhat better than its competition in the struggle for a maximum retention of the dwindling consumer purchases in these merchandise lines. Unless specific local considerations or internal departmental policies point to the contrary, future merchandise line expansion in these directions would probably achieve very limited success.

The fourth group consists of 7 merchandise lines in which department stores have lost relative position and where the physical volume of market sales has more than doubled since 1929. Summary data for the 7 lines in this group are shown below:

<u>Merchandise Line</u>	<u>Per Cent Loss in Mkt. Position (1929-1953)</u>	<u>1953 Mkt. Sales as a Per Cent of 1929 Mkt. Sales in</u>	
		<u>Current Dollars</u>	<u>Physical Volume</u>
G-38 Tires, batteries, auto accessories	95.6 %	367 %	2.1 Times
G-42 Package liquor, wines ⁶ (1933)	87.5	1333	7.7
G-36 Major household appliances	37.1	451	2.6
G-41 Candy, groceries, baked goods, etc. ⁶	33.3	360	2.1
G-39 Toys, games, sporting goods, cameras	26.8	433	2.5
D-20 Blouses, skirts, sportswear	19.0	1057	6.1
D-22 Infants' wear	16.2	658	3.8

The market sales of 4 of the 5 merchandise lines of this group, which are part of the department store market, increased to such an extent that the contribution of these lines to total department store volume also increased even though losses in competitive position up to 37.1 per cent occurred. Two of the most significant changes in this group were the losses in relative position of 16.2 per cent in

⁶Not in province of present department store market; see footnote 2 this chapter.

infants' wear (D-22), and 19.0 per cent in blouses, skirts, and sportswear (D-20), where department stores retained 46.7 and 37.1 per cent of the market sales in these lines in 1953. From this, it is apparent that the enormously increased market sales in both of these areas caught department store management unprepared to meet the challenge in two of its "own" areas of strength. No doubt, the fact that there was an almost four fold increase in the physical volume of sales in infants' wear in the 1929-1953 period and a six fold increase in the physical volume in blouses, skirts, and sportswear for the same period, left management unaware of the losses in market position that were being incurred. Unquestionably, department stores have not expanded sufficiently in either of these important merchandise areas.

Much the same conclusions may be drawn from the loss of 26.8 per cent in market position of the toys, games, sporting goods, and cameras (G-39). Despite this loss, the sales contribution of this line to total department store volume increased 18.2 per cent because of the tremendous increase in the total market sales of this line.

In major household appliances (F-36), low initial markons, lack of competent supervisory personnel, complicated service and labor problems, and intense "off-price" competition have resulted in either half-hearted promotional efforts, complete de-emphasis, or, in many cases, a complete elimination of the line. Nevertheless, department stores still managed to hold 7.3 per cent of the total

market sales in 1953, despite a general lack of competitive interest shown by many stores.

Again, the same type of problems have beset department store management in respect to the proper merchandising of tires, batteries, auto accessories, etc. (G-38, 47);⁷ however, the pattern in this case seems to have been much more accentuated. In 1929, the contribution of this line to total department store volume was 4.5 per cent; by 1953, this line's relative contribution had decreased to 0.9 per cent. This was the largest single loss in contribution to total department store volume for the 1929-1953 period.

The two remaining lines in this group are not part of the department store market as defined. One of these, package liquors and wines (G-42), does not involve serious consideration by department stores regardless of increasing consumer expenditures. Too many governmental restrictions and local prejudices preclude the handling of this line in most sections of the country.

The remaining line not presently included as part of the department store market is that of candy, bake goods, groceries, and tobacco (G-41). Total market sales of these commodities are the largest in the economy, accounting for approximately \$60 billion in sales in 1953. Many of the classifications and sub-classifications in this line merit serious consideration by department store management as

⁷Includes relatively small sales of gasoline, oil, and lubricants.

fruitful areas for expansion. Although department store sales of groceries, candy, baked goods, etc. are an insignificant part of total market sales, sales of this line still accounted for 1.7 per cent of department store volume for 1953.

Regardless of the many disadvantages attendant upon handling major appliances, automobile accessories, and food lines, they are definitely adaptable to the department store type of operation when properly merchandised and promoted. The tremendous market potential in these lines must be tapped both intensively and extensively, in addition to the proper promotion of other lines, if department stores are to regain their former competitive position.

The fifth group consists of merchandise lines in which department stores have lost relative position and where the physical volume of market sales has increased but was not doubled. Summary data for the four lines in this group are shown below:

<u>Merchandise Line</u>	Per Cent Loss in Mkt. Position (1929-1953)	1953 Mkt. Sales as a Per Cent of 1929	
		<u>Mkt. Sales in</u> Current Dollars	<u>Physical</u> Volume
F-33,34, G-46 Hardware, power tools, garden supplies, implements, etc.	52.3 %	241 %	1.4 Times
F-35 Paint and wallpaper	41.1	200	1.2
E-28 Men's, boys' shoes, slippers	36.2	188	1.1
G-16 Underwear, slips, robes, negligees	6.9	317	1.8

The losses in hardware, tools, electrical and garden supplies (F-33, 34, G-46), and paint and wallpaper (F-35), are examples of both improper promotion and underdeveloped departments. Yet, these are merchandise areas where tremendous volume possibilities exist.

Sales of F-35, paint and wallpaper, are the smallest of any line within department stores; and, department store sales of paint and wallpaper are the smallest market share of any line in the department store market.

The loss in market position in men's and boys' shoes and slippers left department stores with only 9.1 per cent of this market's sales in 1953. The relative importance of men's and boys' shoes and slippers within department stores has decreased 55.0 per cent, and in 1953 department stores received only 0.9 per cent of their sales from this line. Unquestionably, aggressive chain store competition has played a large part in this loss of market position; however, generally poor locations within the store, mediocre department supervision, poor selections, and inadequate promotion of realistic price lines have also been important factors contributing to this loss.

Despite a 6.9 per cent loss in market position in underwear, slips, negligees, robes (C-16), department stores absorbed a 10 per cent increase in relative contribution from this line. In 1953, department stores received 4.4 per cent of their total business from this department which was the seventh largest in that year. Much the same type of analysis concerning losses in market position that can be made for Line C-16, above, can be made for blouses, skirts, and sportswear (D-20), infants' wear (D-22), and toys, sporting goods, etc. (G-39) of Group IV. Department stores are evidently overlooking their losses in relative market position in these merchandise areas

simply because their sales of these lines have been increasing at a greater than average rate.

In view of the tremendous increase in the physical volume of market sales in these lines and the decreasing share of these markets which department stores have been receiving, a complete reappraisal of all merchandising and promotional policies in regard to these lines seems advisable. It is evident that department stores should be doing a better job in all these traditionally strong departments.

The last group consists of only one merchandise line in which department stores lost position and where the physical volume of market sales decreased. In this line, silks, velvets, synthetics and woolens (A-1), department stores experienced a decrease of 33.5 per cent in competitive position in a line whose total market sales decreased from \$378.8 million in 1929 to \$311.8 million in 1953. In effect, department stores have absorbed a greater than average proportionate loss of the relative and absolute decreases in the total market sales of this line. This severe loss in position reflects itself in the decreasing importance of this line to department stores. For example: in 1929 department stores received 4.4 per cent of their total sales from this department, and in 1953 sales of this line in department stores represented only 0.9 per cent of their volume, a decrease of 79.0 per cent in relative contribution. The losses in the relative importance of this line can, in a great measure, be attributed to neglect and a general unwillingness to reorganize their buying appeals. To-

day, women purchasing piece goods are motivated to a far greater extent by a desire for exclusiveness or a "do-it-yourself" motif rather than the idea of saving money.

Summary.--

(1) Department stores improved their relative competitive position in 31 lines, maintained their position in one line, and lost relative position in the remaining 12 lines.

(2) Of the 37 merchandise lines which had an increase in physical sales volume from 1929 through 1953, department stores improved their relative competitive position in 25 of these lines, maintained their relative position in one line, and lost relative position in the remaining 11 lines. 35 of these 37 lines are fruitful areas for major department store expansion regardless of the changes in relative competitive position. The two exceptions are G-42, wines and liquors and G-43, restaurant and fountain.

(3) Department stores gained relative position in 6 of 7 merchandise lines where the physical volume of market sales decreased.

(4) Another aspect of this study of merchandise lines is the changing importance of the various merchandise lines within the stores themselves as measured by the changing relative contribution of each of these lines to department store volume. In this respect, the sales contribution of 17 lines decreased a total of 19.7 percentage points, the sales contribution of 26 lines increased by the same amount, and, there was no change in the remaining line which

was boys' wear, E-27.

(5) In 1953, Line D-19, women's, misses', and juniors' dresses, was the largest contributor to department store volume accounting for 6.4 per cent of their sales. The composition of the balance of department store sales for 1953 grouped according to their relative sales importance are as follows: 3 lines with relative sales contribution ranging from 5.2 to 5.7 per cent of sales; next, another 3 lines whose sales contributions ranged from 4.4 to 4.8 per cent; 5 lines with contributions ranging from 3.2 to 3.9 per cent; 8 lines with relative contributions ranging from 2.0 to 2.8 per cent; 14 lines with relative contributions ranging from 1.0 to 1.8 per cent; and the remaining 10 lines all had relative contributions totaling less than 1.0 per cent of sales.

(6) Of the 40 lines in the department store market, as defined in this study, department stores absorbed the largest share of any market in Line C-10, neckwear, scarfs, handkerchiefs, etc. Department stores, in 1953, accounted for 79.0 per cent of the total market sales of this line. In 2 lines, department stores absorbed 60 to 69 per cent of total market sales; in 3 lines from 50 to 59 per cent; in 9 lines from 40 to 49 per cent; in 5 lines from 30 to 39 per cent; in 6 lines from 20 to 29 per cent; and in 6 lines from 10 to 19 per cent. In the remaining 8 lines in the department store market, less than 10 per cent of total market sales were made in department stores. Department store sales in each of the 4 lines not in the department store

market accounted for less than 0.5 per cent of the total market sales of these commodities.

(7) The relationship between losses in relative position in individual lines and losses in relative contribution to total department store volume is more coincidental than direct, as many broad complex interrelationships enter the picture. Factors, such as the change of total market sales in the economy and the changing importance of the various lines within the stores themselves, all influence the final relationships.

CONCLUSIONS WITH RESPECT TO THE TYPE OF EXPANSIONS NEEDED

Geographic expansion by department stores has been and still is progressing rapidly.

Since a wide range of merchandise line assortments in depth has always been one of the chief cornerstones of department store success, the validity of merchandise line expansion as another principal avenue of approach is also unquestionable.

Continuing suburban dispersion and changing motivations, composition, and income levels of the population have changed consumer shopping habits. Nevertheless, the attractiveness of shopping downtown has remained important due to the wide selections and unparalleled choice available for shopping traffic. Also, many of the same limitations inherent in downtown shopping have begun to plague many suburban shopping centers where, as a rule, assortments are limited.

Thus, both geographic expansion and merchandise line expansion

are equally valid complementary avenues of approach for the future.

GENERAL VALUE OF THE STUDY

This study has been dealing with the changing competitive position of department stores by merchandise lines in hope of developing another principal avenue of approach for department store expansion.

One of the significant contributions of this study has been the combining into a single comparison all the various merchandise line classifications independently developed by the National Retail Dry Goods Association, the Federal Reserve Board, and the U. S. Department of Commerce. For the first time, a comprehensive merchandise line guide, coded and arranged in a readily comparable form, is available. This reference guide should permit a more effective use of existing statistics and standards presently used to evaluate the merchandising effectiveness of department stores.

Another contribution of this study has been the development of the concept of a department store market and the measurement of this "market." This "market" consists of the merchandise lines generally handled by department stores whose sales, in the benchmark year of 1948, represented at least 5.0 per cent of total market sales.

The major contribution of this study has been the development of the actual dollar sales of all the individual merchandise lines sold in department stores and the development of the total market sales of the same merchandise lines for the twenty-five year period from 1929 through 1953. The actual sales that were developed on both

a micro and a macro basis are pertinent criteria for evaluating the merchandising effectiveness of department stores both internally and externally. In addition, with these new data, department store management should be able to determine the most productive type of promotion and expansion policies to pursue.

The specific guideposts for volume and profit maximization through proper merchandise line expansion have been evolved by:

(1) The development of the total market sales of department store merchandise lines in the United States and their adjustment, where pertinent, by the retail price index. In this manner, the lines which had increases in their physical sales volume since 1929 were pinpointed as the most likely areas for department store expansion. (The validity of any such "blanket" merchandise line expansions would, of course, depend on local preferences and demands.)

(2) The development of the sales and the changing competitive position of the various merchandise lines carried by department stores and adaptable to the department store type of operation. The changes in market position, once developed, were contrasted to the:

- a. Increasing and decreasing physical sales volume of the same merchandise lines in the economy.
- b. Total contribution of each of these merchandise lines to total department store volume, and
- c. Total changes in relative contribution to department store volume by each of the merchandise lines carried.

The development of the changing relative contribution of the various merchandise lines to total department store volume for this twenty-five year period should prove useful in trend analysis for the executives charged with this phase of department store operation.

An additional contribution of this study was that of bringing together the thinking of department store executives about the kinds and types of expansions that had been undertaken in the past and that warranted for the future. The resulting opinions were presented and discussed in a comprehensive logical manner so that additional criteria for future expansions could be more productive.

While this investigation has been concerned specifically with department stores, the same principles and criteria for volume maximization are equally valid for all retailers. The proper application of the criteria evolved in this study should result in a better utilization of the resources on hand. It is obvious that a more efficient use of expansion capital means greater productivity per expansion dollar and more "value added" through retail store channels. Such increased productivity from an important segment of the economy should prove beneficial to the economy as a whole.

As a final consideration, the contributions of this study represent a significant addition to the existing fund of knowledge concerning consumer expenditure patterns for department store type merchandise and the underlying factors, both internal and external, prompting either geographical or merchandise line expansion. This is of great importance, not only to students and teachers of

retailing but to trade associations, interested government agencies, and practitioners in the field.

In conclusion, this study furnishes the means whereby department stores can examine critically their changing relative position in each of their merchandise lines and redirect their promotional efforts into both merchandise line and suburban expansion. Conceivably, such a combined approach could lead to a reversal or a halting of the declining competitive sales position of department stores in our retailing system.

Appendix A

Statement Regarding the Statistical Data Used in Compiling Merchandise Line Sales

As a first step, the departmental classifications developed by the Controllers' Congress of the N.R.D.G.A. were correlated to the revised departmental classifications used for the first time in 1953 in their M.O.R. statistics.¹ This breakdown was then compared to the data from the U. S. Department of Commerce and the Federal Reserve Board² and each correlated department was given a similar

¹This was published by the Controllers' Congress of the N.R.D.G.A. This publication incorporates the previous "Standard Merchandise Departments" pamphlet published by the same group in 1928. It should be pointed out that--"representatives of the Board of Governors of the Federal Reserve System have given their approval of the basic concepts and will ultimately adopt this same manual for use in the Federal Reserve System in collecting department store statistics."--from "Forward" in the "Manual." - The "Manual" contains the first major changes in departmental arrangements in more than 25 years. The Controllers' Congress found that this revision was in order to perpetuate and improve upon the M.O.R. statistics which this group publishes annually.--Further, other aspects of the revision were the presentation of a "new and better management tool--for wider use and application" --with the primary objective of increasing substantially the number of contributing stores and "to publish figures for a great many departments for which heretofore there has not been any information."

²See: Manual for Departmental Classifications of the Department Store and Directory for Departmental Classifications, The Board of Governors of the Federal Reserve System, Washington, D. C. This undated manual and directory was published to be used in conjunction with the "new standardized reporting form" introduced in the System in January, 1948 for gathering information on department store sales and stocks, by departments. (While all Federal Reserve Banks attempt to collect the detail shown on the new reporting forms, several banks collect, in addition, information for a few other departmental classifications. These departments appear in the "Manual" in the "X" (not reported separately) categories, p.1). The details reported therein are correlated in Appendix A, "Comparisons of Merchandise Line Breakdowns."

letter and numerical classification that would readily identify the specific contents within any department store lines.³

The lines were then broken down into seven major divisions lettered from A through G so as to conform as closely as possible to those generally used in department stores; these divisions were then subdivided into 49 departmental sections for investigative purposes. This finally culminated into 44 merchandise line categories.

Data from all sources were used to determine the "per cent" of total annual business contributed by each merchandise line to department store volume.⁴

³In some cases it was almost an impossibility to separate data; for example, the sub-classification of "Patterns" is given with 'Stationery and Books' (B-9) in the Department of Commerce figures and is represented in the N.R.D.G.A. figures with Piece Goods (A-4), and "Patterns" are tallied with "All Piece Goods and Domestics (X) not reported elsewhere" of the FRB figures.--The entire analysis and correlation is found in Appendix A, "Comparison of Merchandise Line Breakdowns" and can be used to check the specific content within any departmental groupings regardless of source.

⁴Not only was merchandise line information lacking for all the years covered in the study by any one source, but each major source developed their data from different samples. For example: as a typical illustration, the sample size upon which the M.O.R. statistics for 1951 was based by the Controllers' Congress of the N.R.D.G.A. comprised a total of 352 stores which did 3.961 billion dollars for that year (including leased department sales). The actual department store merchandise line data used was taken from their Table 1; the sample consisted of 269 department stores each having a sales volume of over \$1,000,000 with a total combined volume of 3.692 billion which comprised 32.4 per cent of total department store volume for that year. -- The number of reporting stores in the tables does not indicate the size of the samples from which each of the many figures contained in the departmental tables was selected since there are certain figures which were

The Bureau of Census data for 1929 and 1939 were the chief benchmarks of merchandise line sales for those years; those for 1948 were used as a check and adjustment factor for the Department Store Statistics of the Federal Reserve Board whose data formed the major determinant of merchandise line sales of these stores for the period from 1941 through 1953.⁵ The data for 1933, 1935, and 1940

⁴(continued)

necessarily limited in the auditing process because they were computed incorrectly. (1951, Departmental and Operating Results of Department and Specialty Stores, Controllers' Congress, N.R.D.G.A., N. Y., N.Y.)

As to the Federal Reserve Computations, in their 1952 reports they are based on reports from about 350 of the larger department stores located in various cities throughout the country. In 1952 sales by these stores accounted for about 50 per cent of the estimated total department store sales. However, not all stores reported data for all the departments shown; consequently, the sample for the individual department is not as comprehensive as that for the total. (Department Store Sales by Departments, 1952 (Released March, 1953) bulletin of the Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C.)

⁵Prior to 1941 complete reports from all Federal Reserve Districts were unavailable--Letter dated Oct. 28, 1954, from Guy E. Noyes, Assistant Director of the Division of Research and Statistics, of the Board of Governors of the Federal Reserve System, Washington, D.C. Hence there were no unified Federal Reserve Board figures on merchandise line sales statistics for department stores on a National basis. Therefore, in the years 1933, 1935, and 1940, the main basis for merchandise line percentage allocations were developed from the M.O.R. statistics, of the Controllers' Congress of the N.R.D.G.A. The Census data for 1929, 1939, and 1948 were used as benchmark years and the commodity analyses developed by the Bureau of Census for those years were the main basis for the merchandise line percentage allocation for those years. For all the other years from 1940 through 1953, the Federal Reserve System data was used as the main basis for merchandise line percentage allocations.

were developed from the M.O.R. statistics of the N.R.D.G.A. for these years.⁶

In all cases, the final percentage figure developed as representative of each merchandise line was usually the product of a combination of all three resources. The percentage figures thus developed for each merchandise line were then applied to the latest revised estimates of total department store sales (as developed by the U.S. Department of Commerce and published in the Survey of Current Business) in order to arrive at a dollar amount that would then be directly comparable to the total market sales of the same merchandise lines.⁷

Total consumer expenditures by commodity line were derived principally from the 1942, 1951, and 1954 National Income Supplements, Survey of Current Business. These, however, gave only broad coverage in many respects; in addition, many of the U. S. Department of Commerce commodity line classifications had to be "unscrambled" so that they would conform to the classifications generally found in

⁶In each case, the N.R.D.G.A. figures were also used to adjust and interpolate incomplete figures; they were also used in the integration of basement and upstairs store totals. See notes to Appendix Tables 1 and 2 for a more complete explanation.

⁷The entire procedure is explained along with the limiting factors in the notes to Appendix B, Tables 1, 2, and 3. Sources for total department store sales are in Chapter III, Table 7.

department stores.⁸ In such cases, a separate buildup of the total sales for each classification was carried out with the U. S. Department of Commerce totals being used to check the reasonableness and accuracy of the amounts thus developed. The "buildup" of these figures, where feasible, was accomplished by using the Census data of 1929, 1939, and 1948 for total commodity line sales. These were adjusted as described in the footnotes to Appendix Tables B-1 and B-2. The "buildup" in the interim years and those from 1948 through 1953 involved the use of the "Census of Manufactures" data, data found in the "Statistical Supplements" of the Survey of Current Business, the "Facts for Industry" series on selected manufactures, Department of Agriculture and Department of Labor Statistics, Trade Association Data, Trade Paper estimates, Tax Reports (furs, etc.) and Industry estimates.

Where manufacturing data alone was available, the amount of total retail sales for a particular merchandise line was developed by first discovering what proportion was sold as consumer goods, determining the normal channel of distribution, and adding the average gross margins of various middlemen involved. Admittedly

⁸See footnotes to Appendix Tables 1 and 2; for example: the category classified by the Department of Commerce as "Women's Accessories and Clothing" contains 18 department store merchandise lines wholly, and parts of two others.

there is a lag between manufacturers' sales in a particular year and retail sales of the commodity for that year; but these deviations that are involved in any averaging process were considered. Since this study is based on trend determination, it is believed that on the basis for which the statistics involved were used, they are quite adequate. In addition, the check with the Department of Commerce totals, which were used as bench marks for the total categories involved, showed a variation of less than one per cent for all years except 1953 which varied slightly more.

Appendix A. Figure II
Worksheet Used for Analysis of
Specific Merchandise Lines Used in the Study

UNITED STATES	
Stores analyzing mdse. line sales, total	
A-Piece goods & household textiles: 1	
1. Silks, velvets, synthetics, woolen ydgs	
2. Cotton yard goods	
3. Linens and towels	
4. Domestic, blankets, comforters, spreads	
B. SMALL WARES:	
5. Laces, ribbons, notions, needlework	
6. Toiletries, drugs, drug sundries	
7. Costume jewelry	
8. Silverware, clocks, fine jewelry, watches	
9. Books, magazines, stationery	
C. Women's-misses' ready-to-wear accessories:	
10. Neckwear, scarfs, handkerchiefs	
11. Handbags, small leather goods	
12. Millinery	
13. Women's, children's gloves	
14. Corsets and brassieres	
15. Women's, children's hosiery	
16. Underwear, slips, negligees, robes	
17. Women's, children's shoes	
D. Women's & misses' ready-to-wear apparel:	
18. Women's, Misses', Jrs.' coats & suits	
19. Women's, Misses', Juniors' dresses	
20. Blouses, skirts, sportswear	
21. Girls' and teen-age wear	
22. Infants wear (moved fr grp "C" above)	
23. Aprons, housedresses & uniforms	
24. Furs	
E. Men's and boys' wear:	
25. Men's clothing	
26. Men's furnishings, hats	
27. Boys' wear	
28. Men's, boys' shoes and slippers	
F. HOME FURNISHINGS:	
29. Furniture, beds, mattresses, springs	
30. Floor coverings	
31. Drapes, curtains, upholstery, lamps-shades	
32. China, glassware, housewares (inc. electric	
33. Lgt., elect. sup. (fr "G" Grp below) ¹	
34. Hardware (fr. "G" Grp below) ²	
35. Paint & Wallpaper (fr "G" Grp below)	
36. Major household appliances	
37. Radios, phono, television sets, records, etc	
G. MISCELLANEOUS	
38. Tires, batteries, and accessories ³	
39. Toys, games, sporting goods, cameras	
40. Luggage	
41. Candy, groceries, other foods	
42. Packaged liquors and wines	
43. Restaurant and fountain	
44. Heating, plumbing equipment & supplies ⁴	
45. Building materials ⁴	
46. Farm equipment, implements, machinery ²	
47. Gasoline and lubricants ³	
48. Other sales and receipts ⁵	
49. Other cost departments and service sales	

¹Details on specific content within merchandise lines are found in Appendix A-1.--
²Comparison of Merchandise Line Breakdowns."

³Numbers F-33, F-34 and G-46 combined; garden supplies, power tools, seeds, and shrubbery included with G-46.

⁴G-38 and G-47 combined.

⁵G-44 and G-45 combined.

⁶Used as balancing figure only.

Appendix A, Figure III

Questionnaire Form Used as Guide in Personal Interviews
with Department Store Executives

C O N F I D E N T I A L

NAME _____

TITLE _____

ORGANIZATION _____

LOCATION _____

What lines have been added, dropped, or expanded in the last 25 years? Why?

What lines do you feel should have been added, dropped or expanded during the same period? At present? Why?

What do you believe is the effect of "scrambled merchandising" on department store policy in so far as lines or depth of lines carried?

Do you believe that the present type of suburban is the one best means of growth? ... The type that has been taken place--is it along the proper lines? ... Is it sufficiently large, in your opinion, in so far as square foot area to properly represent most downtown stores? Or is this important?

How do you feel about the allocation of indirect expenses (net profit vs. contribution plan)? How are such allocations a factor in the choice of departmental lines to be carried--if at all? ... Do you feel that the allocation of expenses should be the same for all merchandise departments?

COMPARISON OF MERCHANDISE LINE BREAKDOWNS¹

Bureau of Census ⁴ (1929, 1948)	Federal Reserve Board ³ (1953)	N.R.D.G.A. (1953 Classification) ²
A. PIECE GOODS & HOUSEHOLD TEXTILES (4 items)	#10 - PIECE GOODS & HOUSEHOLD TEXTILES (2 subdivisions-6 items)	A. PIECE GOODS & HOUSEHOLD TEXTILES (includes yard goods (all fibres), linens & towels, domestics, blankets, patterns. 11-00 - Piece goods (combines 11 & 12)
Silks, velvets, & woolen yard goods (A-1) ⁵	11 - Silks, velvets, & synthetics (A-1)	11-11-21-31 (A-1) Silks, velvets, & rayons Primarily dress goods including celanese, acetate, & mixtures of all such fibres with cotton & wool or with metallic threads. 11-11-21-32 New synthetics Orlons, dacrons, nylons, including mixtures with other fibres & metallic threads.
	12 - Woolen yard goods (A-1)	11-11-22 (A-1) Woolens Including piece goods made primarily from animal fibres, including alpaca & mohair.

¹ Basement departments included with pertinent line breakdowns.

² Integrated with previous classifications of N.R.D.G.A.-Controllers Congress Figures of 1928. Numerical classification of lines included in this group are N.R.D.G.A. reference numbers.

³ Numerical designations at left of each Federal Reserve Board classification are the official reference numbers used in the F.R.B. "DIRECTORY FOR DEPARTMENTAL CLASSIFICATIONS."

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
Cotton yard goods (A-2)	#13 - Cotton yard goods (A-2)	11-12 - Cottons (A-2) Cotton materials including linings, corduroys & dress goods made of cotton- back velveteen, flanalette & denim. Also, linings of cotton & of rayon or other synthetic fibres & interlinings.
	(11-13 sub-total)	
With B-9 (Paper items) ("Patterns" in "Total Con- sumption Expenditures" are reported under "paper items" of classification "B" of Small Wares.)	IX - Piece goods & textiles not included reported separately (B-9)	12-00 - Patterns All brands of patterns & fashion books. (B-9)

⁴Developed from General Retail Schedule-Long Form, pp. 983-984, item 10; Sales (Net) by Commodities: Fifteenth Census of the United States, 1930-Distribution. Volume I-Retail Distribution-Part I. U. S. Dept. of Commerce, Bureau of the Census and p. 18.03, U. S. Census of Business, 1948, Volume II, Part 2, Retail Trade - General Statistics and Merchandise Line Sales Statistics.

⁵The code numbers used in the Bureau of Census Classifications were developed for easier comparison of the three chief sources of merchandise line information.
Merchandise line letter prefixes stand for the broad group classifications as follows:

A. PIECE GOODS	E. MEN'S & BOYS' WEAR
B. SMALL WARES	F. HOME FURNISHINGS
C. WOMEN'S & MISSES' READY-TO-WEAR
ACCESSORIES	G. MISCELLANEOUS
(includes Cost Depts.)
D. WOMEN'S & CHILDREN'S READY-TO-WEAR APPAREL	

These code numbers are used as the basic reference numbers throughout the text. They are found in parenthesis under the Bureau of Census classifications and compared with the F.R.B. and N.R.D.G.A. classifications from left to right; i.e.--(A-1) under the Bureau of Census classification is the same as items 11 and 12 of the Federal Reserve Board classification and items (11-11-21-31) and (11-11-22) of the N.R.D.G.A.

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
Linens and towels (A-3)	#14 - Linens (inc. towels) (A-3)	15-00 - Household textiles (A-3) 15-11-21-31 - Towels Towels, towelings, dishtowels, & washcloths. 15-11-21-32 - Linens Household & table linens, centerpieces; doiles; napkins; heat resistant pads; place sets & place mats of all materials; scarfs, tablecloths, including table linen by the yard. Plastic tablecloths.
Domestics Blankets Comforters Spreads (A-4)	15 - Domestics (muslins & sheetings) (A-4)	15-11-22 - Bedding & domestics(A-4) Pillowcases; sheets. Covers for blankets & comforters. Mattress covers & pads. Rubber sheeting. Bed pillows. Muslin & sheetings, cambric, canton flannel, canvas, duck & drill; cheese-cloth, cotton backing, diaper cloth, guaze, mosquito netting, tarlatan & ticking.
	18 - Blankets, comforters, & spreads (A-4)	15-12-23 - Blankets & comforters(A-4) Auto robes; blankets, afgans; camp, utility and sheet blankets; comforters; quilts, steamer rugs; throws. Bags & cases for blankets & comforters. 15-12-24 - Bedspreads & boudoir accessories.
	sub-total 14-18 Household textiles	

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
B. SMALL WARES	B. SMALL WARES	B. SMALL WARES (Laces, trimmings, embroideries, ribbons, notions, toilet articles, drug sundries, silverware, jewelry, watches, art needlework, books, magazines, stationery & other small ware items.)
Laces, ribbons, notions, needlework (B-5) Also includes parasols, umbrellas, & canes.	#21 - Laces, trimmings, embroideries & ribbons (B-5)	21-00 - Notions, laces, trimmings & ribbons. (B-5) 21-11-21 - Laces & trimmings Dress trimmings, embroideries, laces, fancy & beaded bindings & edges, braids, fringes, frogs, tulle, net, rhinestones, sequins, tassles, veilings & millinery trimmings. 21-11-22 - Ribbons Ribbons by the yard, made up bows and ribbon ornaments.
	23 - Notions (including closet accessories) (B-5)	21-12-23 - Notions (B-5) All notions except closet accessories; sewing notions, & findings (buttons & buckles, bindings, beltings, elastics, scissors, zippers). Hair accessories (nets, caps, curlers, & pins). Shoe accessories (cleaners, dressings, brushes, laces, racks, trees). Rubber aprons & gloves. Inexpensive foundation garments, bras & garters. Sanitary goods. Low-priced plastic raincoats & boots. Mothballs. 21-12-24 - Closet accessories Garment, laundry, shoe bags, etc.

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
<p>Toiletries, drugs, & drug sundries (B-6)</p>	<p>#24 - Includes all toilet articles & drug sundries (except prescriptive drugs) (B-6)</p>	<p>22-00 - Toilet articles & drug sun- dries. (B-6)</p> <p>22-11 - Toilet articles Bath preparations; cosmetics; tissues, dental preparations; deodorants; depilatories; hair preparations; perfumes, sachets; smelling salts, toilet water; shaving goods, toilet soaps. Brushes (hair, nail, & tooth), comb & brush sets; compacts (in- cluding refills); manicure goods; hand mirrors & dresser sets.</p> <p>22-12 - Drugs & drug sundries Non-prescriptive drugs. Packaged drugs (aspirin, headache powders, ointments, laxatives, etc.) Drug sundries; first aid goods, rubber goods, (sponges, bags, syringes, water bottles).</p>
<p>Costume jewelry (B-7)</p>	<p>25-C- Costume jewelry (B-7)</p>	<p>24-00 - Jewelry and silverware (B-7)</p> <p>24-11 - Costume jewelry (21) (all types of inexpensive jewelry) Smoking accessories-personal; cases, cutters, holders & lighters. Better compacts.</p>

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
Silverware, clocks, fine jewelry & watches (B-8)	#25-F - Fine jewelry & watches (B-8)	24-12 - Fine jewelry & watches Fine jewelry; watches & watch accessories; travel clocks. (B-8)
	25-S - Silverware & clocks (B-8)	24-22-(31-32) - Silverware & clocks (32-Silver plated; sterling; flatware & holloware; silver trimmed glass and pewter.) Silverware accessories--chests, flannel bags & polish. (B-8) 24-32 - Clocks (included in 24-22) Clocks, including electrical but excluding all kitchen clocks.
Needlework (included in (B-5) of this group--not a separate classification.)	27 - Art needlework (excluding artists' supplies) (B-5)	25-00 - Needlework (B-5) Art needlework & yarns; needlework materials; lamp shade frames & supplies; scarfs, stamped goods, tapestries, transfer patterns. Findings--bone rings, hoops, needles. Instruction books; beads & bag frames. Yarns & threads; cotton, nylon, angora & wool for crocheting, embroidery, knitting; quilting.

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
<p>Magazines, books & stationery (B-9) (includes patterns)</p>	<p>#28 - Books & stationery (also includes artists' materials) (B-9)</p>	<p>Books & stationery (26-(11-12-13) 26-11 Books (B-9) Books, magazines, & subscriptions; maps. 26-12 - (26-21-22) - Stationery & greeting cards. (21) Writing paper (personal); albums (photo & stamp); playing cards, accessories (pads, tallies, shufflers); pads, (address, guest, & phone). Paper novelties, bookends, briefcases; fountain pens, pencils & sets, desk accessories; personal filing equipment & school supplies. Portable typewriters, typewriter stationery & office supplies; cash-boxes, file cabinets, safes, typewriters & calculating machines. (22) Greeting cards & wrapping papers, ribbons, fancy seals for gift wrapping.</p>
<p>(prescriptions in (B-6)) (parasols, umbrellas & canes in (B-5))</p>	<p>2X - Small wares not reported separately. (prescriptions; umbrellas, parasols, & canes) (B-5) (B-6)</p>	<p>(prescriptions included in Cost Department Group 101-00)-(Misc.) (B-6) 31-00 - Umbrellas (Women's, Men's & children's) and canes (B-5)</p>

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
C. WOMEN'S & MISSES' READY-TO-WEAR ACCESSORIES	C. WOMEN'S & MISSES' READY-TO-WEAR ACCESSORIES	C. WOMEN'S & MISSES' READY-TO-WEAR ACCESSORIES
Neckwear, scarfs, & handkerchiefs (C-10)	31 - Neckwear & scarfs (C-10)	32-00 - Neckwear & accessories (comb. 32-11 & 32-12) (C-10) 32-11 - Neckwear & artificial flowers (21-22) (bows, collars, dickies, ties, etc., & scarfs (excluding fur), vestees, belts of all materials, & artificial flowers used as costume accessories. 32-12 Handkerchiefs (women's & children's) & handkerchief cases (C-10)
Handbags & small leather goods (C-11)	46 - Handbags & small leather goods (C-11)	33-00 - Handbags & small leather goods (combines 33-11 & 33-12) 33-11 - Handbags (of all materials) 33-12 - Small leather goods Billfolds, wallets, change purses, key cases, novelties, tie cases & monograms. (C-11)
Millinery (C-12)	34 - Millinery Women's & misses' trimmed & untrimmed millinery (C-12)	34-00 - Millinery (combines 34-11 & 34-12) 34-11 - Better millinery (based on store's own price division) 34-12 - Lower priced millinery (including millinery bar--usually of a casual character) 34-21 - Lower priced millinery (excluding millinery bar (based on store's own price division.(C-12)
Women's, children's gloves (C-13)	35 - Women's & children's gloves (C-13)	35-00 - Women's & children's gloves (incl. mittens) (C-13)

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
Corsets & brassieres (C-14)	#36 - Corsets & brassieres (C-14)	36-00 - Corsets & brassieres (combines 11-13) 36-11 - Corsets (C-14) Misses', women's, & juniors' foundation garments, girdles, garter belts. (sanitary goods sometimes sold with notions sold her also) 36-12 - Brassieres Women's, misses', and juniors'
Women's, children's hosiery (C-15)	37 - Hosiery Women's & children's (C-15)	37-00 - Hosiery (combines 11-12) 37-11 - Women's hosiery Anklets, bed socks, footlets, hosiery, knee warmers, skating socks, slipper socks, ski socks & underhose 37-12 - Children's hosiery Hosiery, anklets, all length socks & slipper socks (excluding infants' sizes.) (C-15)

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
Underwear, slips, negligees & robes (C-16)	#38-42 - Underwear, slips, & negligees (sub-total) (C-16)	38-00 Underwear, slips, & negligees (combines 11-12) (sub-total) (C-16)
	38 - Knit underwear Balbriggan gowns, briefs, chemise, drawers, petticoats, made of cotton, nylon, rayon, wool (C-16)	38-21 - Knit underwear (women's & misses') all fibres including nylon (C-16)
	39 - Bloomers Briefs, chemises, dance sets, p.j.'s, slips, etc. of flannelette, nylon, silk wear (C-16)	38-22 - Woven underwear (including nylon) (C-16)
	42 - Negligees, robes, & lounging apparel (C-16)	38-12 - Negligees & robes (C-16) Housecoats, brunch coats, lounging suits, bed jackets, sacques, shoulder- ettes of all materials.
Women's, children's shoes (C-17)	47 47W - Women's shoes (C-17)	39-00 - Women's & children's shoes (11-12) 39-11 - Women's better shoes (21-32-31) (C-17)
	47C - Children's shoes (C-17)	39-12 - Children's shoes including slippers, rubbers, & storm footwear. (C-17)
	3X - Those above not reported separately	
(note at right also applies in Bureau of Census)	(note) Infants' wear usually included in with foregoing major group but follows in D.	

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
D. WOMEN'S & CHILDREN'S OUTER APPAREL	D. WOMEN'S & CHILDREN'S OUTER APPAREL	D. WOMEN'S & CHILDREN'S OUTER APPAREL
Women's, misses', & juniors' coats & suits (C-18)	51 - Women's & misses' coats & suits 51C - Women's & misses' coats; also, (casual, dress, evening wraps & raincoats) (D-18)	41-00 - Coats & suits (11-13) 41-12-21 - Women's & misses' coats (D-19)
	51S - Women's & misses' suits (D-18)	41-22 - Women's & misses' suits (D-18)
	52 - Juniors' coats, suits & dresses, beachwear, (bathing suits, beach coats, halters, shorts, blouses, skirts, sweat- ers--sportswear-culottes, jackets, jerkins, jod- purs, jumpers, play clothes, riding apparel, ski clothes, slacks, slack suits, sun dresses, tennis clothes.) (D-18)	
Women's, misses', juniors' dresses (D-19)	53 - Women's & misses' dresses includes bridal shop (gowns, accessories, brides- maids, specialty-eve.gowns, & expensive dresses. Bud- get & maternity also. (D-19)	42-00 - Dresses 42-11 - Women's & misses' dresses. All types, formals, bridals (as well as junior formals & bridals.) (D-19)

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
Blouses, skirts, & sportswear (D-20)	#54 - Blouses, skirts & sportswear (D-20)	43-00 - Blouses & sportswear 43-11 - Women's & misses' blouses -33 (D-20) 43-11 - Women's & misses' active sports- wear, beachwear (bathing suits, beach coats, halters & shorts); riding apparel; ski wear; skating apparel; tennis clothes, culottes, walking shorts & dungarees but excluding merchandise sold in junior sportswear dept. 43-12. (D-20) 43-11-34 - Spectator sportsear Sportswear, separates, skirts, jackets, sweaters, slacks but exclud- ing merchandise sold in junior sports- wear department 43-12. 43-12 - Junior blouses & sportswear (D-20)
Girls' & teen age wear (D-21)	55 - Girls' wear All--including beachwear, blouses, coats, suits, sweaters, handbags, hats, robes, sportswear, underwear & uniforms.	44-00 - Girls' & infants' wear 44-11 (D-21) -21 - Girl Scout Department Uniforms & accessories -22 - Girls' wear Outerwear, accessories & under- wear items (sizes 7-14) (D-21) -23 - Teen age outerwear Coats, dresses, & sportswear of the teen age range.

Bureau of Census	Federal Reserve Board	M.R.D.G.A.
E. MEN'S & BOYS' WEAR	#60 - E. MEN'S & BOYS WEAR	E. MEN'S & BOYS' OUTER APPAREL & FURNISHINGS
Men's clothing (E-25)	61 - Men's clothing (E-25)	51-00 - Men's wear 51-11 - Men's ready made clothing -31 - Suits, dress trousers, slacks & sport coats. 51-11-32 - Men's ready made overcoats, topcoats, raincoats, surcoats, station wagon and suburban coats. 52-11-22 - Made to measure clothing (not produced in the stores' own workroom & carried as a retail inventory department. (includes uniforms) (E-25)
Men's furnishings & hats (E-26)	62 - Men's furnishings & hats (E-26)	51-12-23 - Men's furnishings (excluding hats, caps, & work clothing) Hosiery, underwear, sleepwear, robes, dress & sport shirts, jewelry, neckwear & accessories (E-26) 51-12-24 - Hats & caps All types of headwear, including sports headwear. (E-26)
Included in (E-26) (does not include work or safety shoes)	Included in (E-26) (does <u>not</u> include work or safety shoes)	51-12-25 - Men's work clothing Overalls & combination work garments, work trousers, work shirts, gloves, underwear, hosiery, special work or safety shoes, & other work type accessories. (E-26)

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
Boys' wear (E-27)	#66 - Boys' wear (E-27)	<p>52-00 - Boys' wear</p> <p>52-13 - Boys' clothing (excl. prep clothes) Boys' clothing, tailored suits, top-coats, overcoats, raincoats, station wagon coats, slacks, trousers, (generally in sizes from 7 upward but not incl. high school, prep or young men's sizes.)</p> <p>52-14 - Boys' furnishings (excl. prep furnishings) (E-27) Shirts, underwear, pajamas, hosiery in sizes from age 7. (jackets not considered; tailored hats, caps, furnishings, accessories, cowboy & other type play suits.</p> <p>52-15 - Clothing and furnishings as in 52-13-14, but in larger sizes including high, prep & young men.</p> <p>52-16 - Boy Scout Department Uniforms & accessories. (E-27)</p>

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
Men's, boys' shoes & slippers (E-28)	#67 - Men's, boys' shoes & slippers Includes Boy Scout and men's work, sport shoes, athletic footwear, beachwear, moccasins, riding boots, sandals, & ski boots. (E-28)	53-00 - Men's & boys' shoes (E-28) 53-11 - Men's shoes All men's footwear, except work shoes, work boots & safety shoes (if in work clothes dept.) 53-12 - Boys' shoes (E-28) All boys' footwear (including rubbers, etc.)
	6X - Those sales above not reporting separately	
F. HOME FURNISHINGS	F. HOME FURNISHINGS 71 - Furniture & bedding	F. HOME FURNISHINGS (includes beds, furniture, floor coverings, lamps, shades, curtains, china, glassware, houseware & major appliances, radios, television, musical instruments & other home furnishing items)
Bedding, mattresses, springs, (studio beds), bed stands, headboards (F-29)	71M - Mattresses, springs, & studio beds. (F-29)	61-00 - Furniture & beds 61-11 - Mattresses, springs, & studio beds plus hide-a-beds & separate legs for springs. (F-29)

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
Furniture; upholstered (and other furniture) (F-29)	#71R - Upholstered & other furniture (F-29)	61-12 61-21 - Upholstered furniture Chairs, benches, chaises lounges, settees, sofas, & similarly upholstered furniture except items in (61-11) (F-29) <hr/> 61-22 - Dining & bedroom furniture Usual dining & breakfast room furni- ture & bedroom upholstered furniture. (F-29) <hr/> 61-23 - Occasional furniture Breakfronts, bridge sets, bookcases, tables (other than dining), magazine racks, smoke stands, odd chairs (un- upholstered). (F-29) <hr/> 61-24 - Summer & metal furniture Including gliders, beach or garden umbrellas, sunroom & porch furniture; ferneries; wood, rattan, wicker & wrought iron porch, garden, & terrace furniture. (F-29)
Antique furniture in (F-29)	(antiques, china, glassware with #76 & (F-32)) (antiques, furniture with 71R (F-29))	61-25 - Antiques and accessories (F-29)

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
Floor coverings (F-30)	#7x - House furnishings not reported separately (oriental rugs; pictures, framing, & mirrors) (With- 74) (F-30)	62-00 - Oriental rugs Principally Persian & Chinese, irrespective of size. (F-30)
	73R - Domestic floor cover- ings Rugs & Carpets (F-30)	63-00 63-11-21 - Carpets & rugs Domestic carpets & rugs of all con- struction & fibres, but excluding summer floor coverings. Also, Numdahs & Druggets but excluding orientals. Bindings; mattings; door mats; carpet stair pads; linings or floor pads. (F-30)
	73L - Linoleum Rubber pads, mats (F-30)	63-11-22 - Summer floor coverings Primarily of rush, matting, sisal & similar fibres. (F-30) 63-12 - Hard surface floor coverings Inlaid rubber tiles, etc. (F-30)

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
<p>Draperies, curtains, upholstery, lamps & shades (F-31)</p> <p>(also includes pictures, frames, & mirrors where carried as inventory item) (does not include auto seat covers)</p>	<p>#74 - Draperies, curtains, upholstery, awnings & shades (venetian window blinds & window shades) (F-31)</p>	<p>64-00 - Curtains, draperies, lamps & shades (F-31)</p> <p>64-11-21-31 - Curtains & draperies</p> <p>All ready made curtains & draperies including portieres</p> <p>64-32 - Shades, blinds & hardware--venetian & bamboo blinds; window shades, flags; hassocks; decorative pillows; screens, awnings; hardware for hanging.</p> <p>64-11-22-33-34</p> <p>Decorator fabrics & slipcovers</p> <p>Piece goods of all materials used for making curtains, draperies, slipcovers, including linings & interlinings, trimmings, bindings, etc. & upholstery fabrics--plus all furniture covers, cloth & plastic ready-made. (auto seat covers (if not carried in auto accessories))</p>
<p>With (F-31) (Draperies, curtains, lamps-shades)</p> <p>Lighting, electrical supplies is included with F-33, F-34, & G-46 as one unit on final classification)</p>	<p>75 - Lamps & shades (plus candles) (F-32)</p>	<p>64-12 - Lamps (F-32)</p> <p>Lamps & shades--bed, boudoir, bridge, floor, hurricane, table, jr., novelty, & pottery lamps; vanity; candlesticks & lamp bases. Electrical accessories, lighting fixtures, lamp shades.</p>

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
China, glassware, housewares (includes small electrics & antique glassware. (F-32)	#76 - China & glassware (F-32) 79 - Gift shop Bric-a-brac, candles (fancy), ornamental brass & metalware, ceramics, smoking accessories, decorative flowers & other gift items (potted plants, figurines)	65-00 - China, glassware, & gift shop 65-11-21 - China (F-32) China & earthenware dishes, pottery, service plates, cake sets, etc. Domestic and imported tableware. 65-22 - Glassware Glassware & crystal. Table and ornamental glassware. 65-12 - Gift shop (See 79a for content)
Partially in (F-32) China, glassware, & other housewares & small electrics Also includes some of sub-classifications of (F-33 & F-34). Kitchen furniture (painted & unpainted) & kitchen utensils (F-32)	78 - Housewares (F-32) Bar accessories Bathroom accessories-cabinets Cleaning equipment Cutlery (F-32) Decorations-Christmas -artificial flowers for table decorations Electrical small wares (F-33) (continued-next page)	66-00 - Housewares & major appliances 66-11-21-31 - Small electrical appliances Grills, heating pads, heaters, waffle irons, electric kitchen clocks, chimes, fans, therapeutics. (F-32) 66-11-21-32 - Kitchen utensils & miscellaneous housewares (F-32) Pots & pans, cutlery, cooking dishes, gadgets & utensils. Laundry accessories, garbage cans, vegetable bins, cleaning equipment (carpet sweepers, brooms, brushes, dustpans, mops, polishes, soaps, waxes). Bathroom equipment (cabinet, fixtures, hampers, scales, shelves, shower & window curtains & sets, toilet seats). Electric light bulbs, fireplace accessories; paper cups, napkins, & towels; shelving & oilcloth. Picnic equipment & plastic dishes. Christmas decorations.

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
Hardware (F-34) (F-34, Hardware, includes F-33 and G-46 as one line--) (F-33 is lighting and electrical supplies & G-46 includes the consumer goods portion of farm equipment, implements, & supplies, etc. i.e. seeds, bulbs, nursery stock, flower shop items, plants, fertilizers, power mowers, etc.	#78 - Fireplace accessories Furniture (kitchen--metal, unpainted, wood) Small stepladders Garden equipment--plants, seeds, & tools including power (F-34) Hardware (flashlight & hardware items) (F-34) Receptacles (F-34) Thermometers (F-34) Utensils (F-32)	66-11-21-33 - Tools, hardware & garden equipment. (F-34) Saws, hammers, & small hardware; power tools; flashlights & batteries. Garden tools, lawn mowers, garden hose; fence wire and netting; fertilizers; flower pots; plants, bulbs, & seeds (sometimes carried in the flower shop) 66-11-21-33 - Kitchen & unpainted furniture. Cabinets, chair pads, chairs & tables (metal, unpainted, & wood), radiator enclosures, stands & small stepladders. Unpainted desks, chests, bookcases, racks, etc. Non-mechanical iceboxes.
Paint & wallpaper (F-35)	78 - Wallpaper, paint (F-35)	66-11-22 - Wallpaper & paint (F-35) plus tools & accessories
Major household appliances (F-36)	77 - Major household appliances (including cabinets) (F-36) (including sun lamps, vacuum cleaners, waxers, & disposal units	66-12 - Major household appliances 66-12-23-35 Refrigerators & air conditioners Refrigerators, freezers, etc. 66-12-23-36 Major kitchen appliances Dishwashers, stoves, sinks, washers, ironers, disposal units. 66-12-24 - Vacuum sweepers 66-12-25 - Sewing machines (F-36)

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
Pictures, frames & mirrors (included with F-31)	#7X - Pictures, frames, mirrors (with 74) (F-31)	67-00 - Pictures, frames, & mirrors (Picture frame section of this department to be operated on the retail inventory method.) (F-31)
Radios, phonographs, television sets, records, etc. (included in F-37)	82 82R - Radios, phonographs, & television (F-37)	68-00 - Radios, television, & records 68-11-21 - Radios & phonographs (excluding television combinations) (F-37) 68-22 - Television (including radio & phonograph combinations)
Musical instruments & accessories (included with F-37)	82S - Records, sheet music, pianos, instruments (F-37)	68-12 - Records & accessories Records, record cabinets & accessories, album & sheet music 69-00 - Pianos & musical instruments 69-11 - Pianos and organs 69-12 - Musical instruments (F-37)
G. MISCELLANEOUS DEPARTMENTS	G. MISCELLANEOUS DEPARTMENTS	G. MISCELLANEOUS DEPARTMENTS Includes but is not limited to flowers, automobile accessories, pets, toys, games, sporting goods, cameras, luggage, candy, fancy foods & groceries, fresh & smoked meats, liquor, tobacco, food--(all departments which cannot be classified into other major merchandise groups.
(See F-34 Hardware) (included with above)	(not reported separately) 9X - (See 78 F.R.B.) Flower Shop (F-34)	71-00 - Flower shop (F-34) Cut flowers, potted plants, bushes, seeds, & fertilizers.

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
Tires, batteries, & accessories (G-38) Gasoline & lubricants (G-47) (G-38 & G-47 combined as one unit)	#9X - Tires & automobile accessories (G-38) (and G-4 combined)	72-00 - Automobile accessories (G-38) Tires, seat covers, polishes, miscellaneous accessories, etc. (G-4)
Pet accessories (G-39)	92 - Pet accessories (see next page) (G-39)	73-00 - Pet accessories & pet shop 73-11 - Pet accessories (food & furnishings) 73-12 - Pet shop (G-39)
Toys & games (G-39)	91-92 Combined (G-39) Toys & games, masquerade costumes, etc., stuffed animals	74-00 - Toys, sporting goods, & cameras (G-39) 74-11-21 - Toys & games Including sleds, swings, masquerade costumes & children's games. 74-12-22 - Adult games & hobby shop Including model kits, adult hand-craft supplies, & artists' supplies.
Sporting goods, cameras, & photographic supplies (G-39) (includes motorcycles, bicycles, & accessories)	92 - Sporting goods & cameras (G-39)	72-12-23 - Sporting goods Game & sports equipment & accessories, skating & skiing equipment. 74-24 - Cameras (G-39) Cameras, photographic supplies, accessories, developing & printing; binocular, field, & opera glasses; barometers, thermometers, etc.

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
Luggage (G-40)	#93 - Luggage (dog carriers also) (G-40)	75-00 - Luggage Luggage, trunks, attache & brief cases, luggage covers, laundry shipping cases, hat & shoe boxes. (G-40)
Candy, groceries, & other foods (G-41)	96 - Candy (G-41)	76-00 - Candy Loose & packaged candy & nuts (G-41)
	9X - Groceries & meats (G-41)	77-00 - Foods & groceries 77-11 - Fancy foods 77-12 - Staple groceries & frozen foods 77-13 - Bakery goods 78-00 - Fresh & smoked meats (G-41)
Cigars, cigarettes, & smokers' supplies (now with G-41; was separate classification in 1929 Census)	9A - Tobacco Shop (G-41)	Smoke Shop (G-41) Tobacco, cigars & cigarettes, cases, pipes & pipe racks.
Packaged liquors & wines (G-42)	9X - Wines & liquors (G-42)	Liquor Shop (G-42)
Building materials (G-47) (wallboard, cement, iron, etc.) Heating, plumbing equipment & supplies (G-48) (G-47 & G-48 have been combined as one line)	NX - Partially with FRB #78 (G-47) (G-48), & NX	108 - Contract department (These in effect constitute wholesale sales) (G-47) Partially with (66-11-21-32 & 33) (G-48) (66-11-22)

Bureau of Census	Federal Reserve Board	N.R.D.G.A.
COST DEPARTMENTS (G) (G-48, Other sales & receipts, and G-49, Other cost departments, are combined into one line group.)	COST DEPARTMENTS (G)	COST DEPARTMENTS (G) In these, the retail method of inventory is not practical for the determination of sales. (Other accounting methods are needed.)
(Prescriptions included with B-6 Drugs, etc.)	#NX - with (B-6)	101-00 - Prescription department with (B-6)
Lending library (included with B-9, Books, magazines, & stationery)	(with #28 Books & stationery--(B-9)	102-00 - Lending (circulating) library (also B-9) (inc. w/books) (G-49)
Fur storage & repair	NX - (G-49)	103- Fur repairs & fur storage 103-11 - Fur repairs 103-12 - Fur storage (G-49)
Picture framing (included with G-49)	NX - (G-49)	Picture framing (G-49)
Beauty Salon and Barber Shop (G-49)	NX - Included in NX when not reported separately. (G-49)	62 - Beauty salon & children's barber shop 62-11 - Men's barber shop (G-49)
Restaurants & fountain (G-43)	NX - All other merchandise departments, clothing alterations, fur storage, hosiery repair, jewelry & watch repair, optical dept., paper engraving, photograph studio, restaurant, fountain, & bakery, rug repair & cleaning, linoleum & shoe repair.	106-00 - Soda fountain, luncheonette & restaurant (G-43) 106-11 - Soda fountain & luncheonette 106-12 - Restaurant (tables without counter)
"Repair & Service Operations" (those not listed separately) (G-49)		107-00 - Gift wrap service (G-49)

Appendix Table 1

Department Store Sales by Merchandise Lines, 1929-1953

Notes for Table 1: "Department Store Sales by Merchandise Lines"

¹Total department store sales taken from Chapter III, Table 7, source notes indicated. Over-all percentage of total sales developed from samples are multiplied times total department store sales for that year to get the total dollar amounts.

National averages which were obtained from the Bureau of Census (as no other workable weighting could be devised) by finding the predominating or "usual" percentage to represent the "usual" practice in the kind of store under review. Thus, the Bureau of Census averaged percentages in each geographic division (as reported in the individual state reports) and then an average of the divisional averages were developed to produce the national figures. Commodities reportedly sold in all states were listed as "consistently reported." If the commodity was listed as not being sold in one or more states it was listed as "variously reported" with the highest and lowest percentages reported shown which had to be averaged. (Source: Fifteenth Census of the United States, 1930, Distribution, Vol. I, pp. 958-9.

Reporting of commodity sales on a national basis is hazardous at best, both in estimating total merchandise line sales of department stores and total consumption expenditures of that same line by all outlets, and any general analyses is subject to many qualifications because of the disparity in retail practices in different sections of the country--even within apparently homogeneous groups such as those classified as department stores. Thus, estimates were necessarily involved in allocating a definite percentage for any particular merchandise line.

²For 1929, the amounts contributed to total department store sales by each merchandise line were developed by adding the individual commodity line sales of the two classes of department stores--those with food lines and those without.

³1933, 1935, 1940 were developed from Merchandising and Operating Results (M.O.R.) of Department Store Sales of the Controllers' Congress of the National Retail Dry Goods Association (N.R.D.G.A.) Figures for 1939 were developed from the U. S. Department of Commerce, Bureau of Census in conjunction with the M.O.R. figures. When the M.O.R. figures of the N.R.D.G.A. were used, the "typical" figures generally found in M.O.R. Table VII were derived from a sample consisting of all department and specialty stores doing \$500,000 and more per year.-- Department and specialty store sales were not separated until after 1946 by the N.R.D.G.A. As a result, all their "typical" figures were biased in favor of soft lines. This necessitated adjustment of the M.O.R. figures prior to 1940 to see that all the sales of merchandise lines were more realistically allocated.--

Notes for Table 1 (continued)

Basement store sales prior to 1940 were included with upstairs store totals. Where basement store sales were given by specific merchandise line, addition was all that was required. However, where basement merchandise line sales were given by major division only (i.e. Small Wares, Piece Goods, etc.), then allocation was achieved on the basis of the percentage contributed by each merchandise line within that division to upstairs store sales. From 1941 through 1953, with the exception of 1948, when the Census data formed the principal base, the percentages attributed to each merchandise line were taken chiefly from the Federal Reserve Board National Averages and adjusted by the M.O.R. figures of the Controllers' Congress of the N.R.D.G.A. (After 1946 the sample on which the M.O.R. Table VII, "All Stores - Typical Performance" (of departments) was based, excluded specialty store sales for the first time and included only the merchandise line sales of department stores doing at least \$1 million volume or more per year.)

Publication G.7.3.1., Department Store Sales by Departments of the Board of Governors of the Federal Reserve System, could not be used prior to 1941, as combined reports for all twelve Federal Reserve Districts were unavailable. Adjustment by N.R.D.G.A. figures were necessary along with direct estimates and interpolations, because totals for the major department groups included sales that could not be allocated to specific departments.

The sum of the subdivisions from any single source do not necessarily equal the total shown for each group.--Most F.R.B. reports, even though representing sales of the larger department stores, also do not necessarily report data for all departments shown; consequently, the sample for all the individual departments is not detailed in all cases.

⁴Numbers in merchandise line designations refer to N.R.D.G.A. numerical classification system; for further information see Appendix A, "Comparison of Merchandise Lines Breakdowns."

⁵Total amounts for F-34, 35 and G-38, 47 from 1950 through 1953, were set up in personal interviews with Mr. Bernard S. Horne, Treasurer and Research Director of Hornes, Pittsburgh, Pa., and Mr. Harold Seder, Merchandise Manager of Frank & Seder Co., also of Pittsburgh, May, 1955.

⁶G-48, "Other Sales and Receipts" has been used as a balancing figure.

Appendix Table 2

Total Market Sales of Department Store Merchandise Lines, 1929-1953

Notes for Table 2, "Total Consumption Expenditures of Department Store Merchandise Lines."

¹"Control Figures" for the basic amounts were taken principally from Supplements to the Survey of Current Business, of 1954, pp. 206-209, 1951, pp. 192-198; also used was the National Income Supplement of 1942. Various other "Supplements" were used because many commodities pertinent to department store breakdown comparisons were combined into larger groups after 1942 and 1951 and appeared as combined totals in the 1954 edition.

²In the 1954 National Income Supplement, line 11, Item II, 3a, "Women's and children's (n.d.c.) clothing and accessories--(except footwear)" includes all of merchandise lines A-1 and A-2, C-10 through C-16 and D-18 through D-24, G-40, and a portion of B-5. The actual buildup of these individual merchandise lines when totaled were within 0.4 per cent of U. S. Department of Commerce figures as given in the 1954 edition. 1948 Census of Business figures on commodity sales by establishments were used as a further check on totals of all the merchandise lines within the "Women's and children's clothing and accessories" groups.

³No previous precedent for piece goods breakdowns at the retail level exists and the entire process was complicated by an almost complete interweaving of industrial and consumer sales figures as shown by the following:

"Data relating to the distribution of apparel and other fabricated products usually are not reported separately from those made of cotton, wool, rayon, and other fabrics. Furthermore, many fabricated products are made of two or more kinds of fibers. Consequently, most of the data on distribution of products for ultimate consumers are not segregated to show those made of cotton, wool, silk, synthetics or a combination of these fibers or those going into specific channels. Wholesale distribution of textile products for ultimate consumers involves the services of manufacturers and of wholesalers."

"MANUFACTURERS.--Census data relating to the distribution of manufacturers' sales in 1939 indicate that goods amounting to about two-thirds of the total value of all finished apparel and household textiles combined were sold to retailers; 14 per cent to wholesalers and jobbers, 10 per cent through outlets owned and operated by the manufacturer, 7.5 per cent to industrial users, and small quantities to consumers at retail and for export." (Howell, L. D., Marketing & Manufacturing, T. M. 1062, Services and Margins for Textiles, U. S. Department of Agri-

Notes for Table 2 (continued)

culture, Sept., 1952, pp. 239-240.)

More specifically, Lines A-1 and A-2 were developed from Census of Manufacturers' data for 1929, 1933, 1935, 1939, and 1947 and other years from the 1953 Statistical Supplement, Survey of Current Business. (The actual value of production for A-1 and A-2 is given in the Facts for Industry series (principally M15C and M15H) of the Bureau of the Census, Industry Division, U. S. Department of Commerce. The distribution of manufacturers' sales and margins, as shown in T.M.1062, Table 103, pp. 242 and 243 and Table 105, p. 250, for 1939 and 1948 were used for allocating the proper wholesale margins for each line according to its channel of distribution. The retail gross margins for these two lines were taken from the annual M.O.R. figures of the N.R.D.G.A. Controllers' Congress, "Department Store Statistics."

The method used where the total market sales of any merchandise line was unavailable was to determine the total production going to retailers; this was multiplied times the average wholesale price at the factory level; the wholesalers' gross margin was then added to this product to arrive at the price paid by retailers. Then, the average retail gross margin for each category (as shown by the M.O.R. figures for the pertinent years) was added to determine the total sales figure for that line in the economy.

⁴Lines A-3, A-4, B-5, and F-31 were developed from line 31, Item V.5, 1954 Supplement, "Semi-durable House Furnishings" (n.d.c. (consists mainly of textile house furnishing (no miscellaneous personal services related to clothing) including piece goods allocated to house furnishings use). Among other products covered in this broad commodity group in the Supplement are lamp shades, brooms, and brushes. Total dollar sales of Lines A-3 and A-4, which were independently arrived at, were subtracted from total expenditures from this commodity line.

Also subtracted from the total amount in this broad group was 10 per cent which was added to the total developed for Line B-5 of this study. This was to take care of the art needlework, brooms, and brushes, etc. which are generally included as classifications in department store sales of Line B-5. This 10 per cent estimate was arrived at in consultation with Mr. Edward O. Bassett, Statistician for the Office of Business Economics, U. S. Department of Commerce, in April, 1955.

After subtracting the amounts developed for Lines A-3, A-4, and B-5 from Department of Commerce total sales figures, the balance was placed in with Line F-31 of this study. Line F-31 includes lamps, shades, upholstery, draperies, curtains, etc.

Notes for Table 2 (continued)

⁵Balance of B-5 (Laces, ribbons, notions, and art needlework, etc.) and C-10 through C-16, and D-18 through D-24 were developed as indicated in Note 3. Estimates for the sales of all these lines were developed with the assistance of the Research Department of Fairchild Publications, Inc., New York City, N. Y. Final figures were determined with the aid of their letter received in June, 1955.

⁶Line 43, Group VI, #1, drug preparations and sundries (n.d.c.).¹

⁷From: Line 16, Group II, Item 7, jewelry and watches (n.d.c.). Costume jewelry totals were developed separately by estimates from the Census of Business, Retail Trade of 1929, 1939, and 1948. Also used were the "Facts" reports issued by Fairchild Publications, Inc., and the Census of Manufacturers' data for 1933, 1935, 1937, 1939, and 1947. (Products by Kind, Quantity, and Value for the United States.) Totals developed for costume jewelry were then subtracted from the amount in Line 16 of the Supplement to arrive at the amount for B-8 of this study.

From: Line 8, Group II, Item 1 (Shoes and other footwear): allocation between B-17, Women's and children's shoes and E-28, Men's and boys' shoes, were developed from estimates made by the Census of Manufacturers, F.F.I. reports, Bureau of Census, Retail Trade, and Footwear News Fact Book, Fairchild Publications, N.Y.C.

⁸From Facts, Women's Wear Daily - "Market Data" on accessories- (dated 4-6-51). This gives total sales of costume jewelry, gloves, handbags and purses, neckwear, handkerchiefs, scarfs, etc. This data was used to adjust final sales for each. Sales for other years from source in footnote 1.

⁹Includes sales of women's, misses', juniors' daytime and house-dresses sold at "dozen" price (below \$35.00 wholesale)--Other dresses whose wholesale price was above \$35.00 are included with D-19, Women's, misses', and juniors' dresses. Intermediate years were developed from benchmark years of 1939 and 1947. These were adjusted within over-all control figures found in National Income Supplement of 1954.

¹⁰Intermediate years of 1942-1950 based on United States Treasury Department retail excise tax collections (Research Department, Fairchild Publications, 1950-Market Data on Furs.)

¹This and all the source notes which follow through 27 are taken from pages 206-209 of the National Income Supplement-Survey of Current Business for 1954, unless otherwise designated.

Notes for Table 2 (continued)

- ¹¹From: Line 12, Group II, Item 3B, Men's and boys' clothing, accessories (except footwear)--Breakdowns into merchandise lines F-25, F-26, and F-27 were accomplished with estimates from F.F.I. reports on men's and boys' apparel and Daily News Record, Market Data, Facts on Furnishings. Also used was the annual "Fact Book" of Men's Wear Magazine to develop the totals for Sportswear, men's clothing, and uniforms--Total sales for Line F-26, "Men's furnishings and Hats" exceed the amount commonly accepted as normal for this category, while sales of F-25, "Men's clothing" are smaller. These totals were adjusted to conform more closely with many department store practices in placing men's work clothing, sportswear, sport clothing and slacks with furnishings groups rather than with clothing. However, the total sales of group E, "Men's and Boys' Clothing," etc. are the same as found in the 1954 Supplement for the various years.
- ¹²From: Line 27, V.I. (Furniture d.c.). This includes bedding, mattresses, springs, hollywood headboards, sofa beds, convertibles, etc. as developed from F.F.I. reports on "Household Furniture and Bedding Products." The 1929 and 1948 Census estimates were used as benchmark years.
- Amounts estimated for merchandise Line F-29 of this study (Furniture, beds, mattresses, and springs) were subtracted from Line 30, V, 4 of the Supplement. This commodity group as listed in the Supplement consists of "Other durable housefurnishings" such as floorcoverings, bedding, picture frames, mirrors, art products, and portable lamps; writing equipment, microscopes, drafting and surveying instruments. All these had to be placed in the proper department store market categories; also, hand, power and garden tools of this category were placed with the combined line of "F-33,34, G-46" of this study.
- ¹³From: page 192, V, 2 of 1951 Edition of National Income Supplement --from 1929 through 1950-; 1951-1953 estimated; floor coverings were included in Line 30, V, 4 of 1954 Supplement.
- ¹⁴From: Line 31, V, 5, "Other semi-durable housefurnishings,"--See Item 4 above for specific inclusions. Amounts estimated for pictures, frames, and mirrors were subtracted from Line 30, V, 4 and added to Line F-31 of this study to correspond more closely with department store classifications. (See 12 above.)
- ¹⁵From: Line 32, V, 6, Cleaning and polishing preparations and miscellaneous household paper products (n.d.c.); also, included

Notes for Table 2 (continued)

in this study Line F-32 are "small electrics." Sales of small electrics are found on page 192 of the 1942 Supplement and on Line V, 4 of the 1951 Supplement, and combined in the 1954 Supplement into Line 28, V. 2 (kitchen and other household appliances). Amounts for the intermediate years between 1942 and 1953 were developed from the 1947 Census of Manufacturers, the 1948 Census of Business, and the F.F.I. Report. These sales estimates were then subtracted from Line 28, V. 2 of the 1954 Supplement. Line 29, V. 3, china, glassware, tableware, and utensils, was added to the total of small electrics to make up the total sales for Line F-32 of this study.

¹⁶Includes balance of Line 30, V. 4, (1954)- after floor coverings, bedding, pictures, frames & mirrors, and art products were subtracted. Items remaining in this group include portable lamps and clocks, drafting and surveying instruments, and hand, power, and garden tools; this also includes Line 83, IX. 7, 1954 Supplement, "Flowers, seeds, and potted plants." (Tools, which includes garden tools and supplies as well, were listed as a separate category through the 1951 Supplement; in 1954, this was included with the totals given on line 30, V.4.)

¹⁷1929 figures from United States Census of Business. Other years sales were developed from Bureau of Census reports on "Trade Sales" for paint, varnish, and lacquer, etc. Also used was the 1953 Statistical Supplement-Survey of Current Business, p. 129, and F.F.I. reports on paint, varnish, and lacquer.

70 per cent of trade sales were estimated as eventually going to consumers, and 30 per cent to painters and contractors. 20 per cent of the amounts sold to painters and contractors were again estimated to go for consumer use. Thus, a total estimate of 76 per cent of trade sales were deemed consumer expenditures.

Because only the value of production at the factory level was available in most instances, markons of 10 per cent for wholesalers (all kinds) and 40 per cent for retailers were added to arrive at the total retail sales figures. (Source for estimates: Mr. Wm. Hendrickson, Pittsburgh Paint & Glass Co., and Mr. Alton L. Porter (Auditor), Dean and Barry Paint Co., and Mr. Martin Gold of Fry & Yenkin, all firms in Columbus, Ohio). Amounts thus developed were subtracted from Line 22, IV, 1 of the 1954 Supplement. This line in the Supplement includes space rental value covering heating and plumbing facilities, water heaters, lighting fixtures, kitchen cabinets, linoleum, storm windows and doors, window screens, screen doors, and window blinds or shades, but excludes other furnishings, equipment, and related services such as furniture, stoves, ranges, refrigerators, repairs of furniture and appliances, fuel, electricity, etc.

Notes for Table 2 (continued)

- ¹⁸From: line 28, V.2. (1954 Supplement) less small electrics (see note 15.)
- ¹⁹From: line 81, IX, 5 (1954 Supplement).
- ²⁰From: line 62, VIII, 6 and Line 64, VIII, d - combined (1954 Supplement).
- ²¹From: lines 79 and 80, IX, Items 3 and 4. (1954 Supplement).
- ²²Through 1950-, p. 196-197, 1951 National Income Supplement. Estimates for 1951-53 subtracted from Line 10, 11, 3- "Clothing & Accessories" of 1954 Supplement. Estimates for 1951 and 1952 from p. 973, America's Needs and Resources, Twentieth Century Fund, N. Y. (1955); 1953 was estimated in consultation with trade executives.
- ²³From: lines 2 and 5, Items 1 and 5, 1954 Supplement.
- ²⁴Taken from note 1, page 208, 1954 Supplement. Only lines 2 and 5 (Group I, 1 and 5) were included for total candy, grocery, and tobacco expenditures.
- ²⁵From: line 3, I, 2. (Purchased meals and beverages)-(1954). This is overstated as many meals served from dining and buffet cars, schools, and school fraternities, institutions, clubs, and industrial lunchrooms, etc. would not be included in consumer expenditures.
- ²⁶From: line 22, IV, I.-(1954). "Space Rent"--this includes expenditures for heating and plumbing facilities, water heaters, lighting fixtures, kitchen cabinets, linoleum, storm windows and doors, window screens, screen doors, blinds & shades, but excludes other furnishings, equipment and services--(such as furniture, stoves, ranges, etc.-included elsewhere)-It was hazardous at best to separate lighting fixtures which belongs in line "F-33,34, G-46" of this study, and linoleum which belongs in line F-30. However, it was felt that it was still adequate for over-all purposes of comparison in trend determination.
- Line 23, IV, 2 (1954) was not included in the market sales of this line in order to be certain to exclude many "industrial

Notes for Table 2 (continued)

goods" sales. Such sales are made to plumbers, small contractors, etc.; as a result, this estimate is a conservative one in nature. (Sales of F-35, Paint and Wallpaper, were subtracted from this total.)

²⁷ Only the total sales of service items which were deemed applicable to department store operations were included here for purposes of comparison; this includes line 14, II, 5- (cleaning, dyeing, pressing, alteration, storage and repair of garments including furs (in shops) not elsewhere classified; and line 17, II, 8, (1954) which pertains to watch, clock, and jewelry repairs, and line 82, IX, 7, Radio and TV repairs, etc.

Appendix Table 3

Annual Percentage Contribution to Total Department Store Sales by Departments, 1929-1953

Appendix C

PRIMARY SOURCES OF INFORMATION

Department Store Executives: (Note: Information was obtained through personal interviews except where otherwise designated. Conferences with the listed executives took approximately one-half to a full working day.)

Barris, Jerome; Clayton Branch Store Manager; Famous Barr Co.; Clayton, Missouri. (August 28, 1955)

Burke, M. E.; General Manager; Uhler Department Store; Marion, Ohio. (July 14, 1955)

Card, E. H.; Assistant to the President; Scruggs, Vandervoort, Barney; St. Louis, Missouri. (July 27, 1955)

Cooke, John; President; John Cooke & Co.; Mansfield, Ohio. (July 15, 1955)

Craig, Harold; Secretary; Craig Bros. Co.; Washington Courthouse, Ohio. (July 13, 1955)

Cummins, Ray; General Merchandise Manager; F. & R. Lazarus Co.; Columbus, Ohio. (July 16, 1955)

Higgins, Wesley P.; Vice-President; Woodward & Lothrop; Washington, D. C. (September 29, 1955)

Henschel, Leo L.; Director of Shoes for outlying stores; Famous Barr Co.; St. Louis, Missouri. (August 28, 1955)

Horne, Bernard S.; Treasurer; Joseph Horne & Co.; Pittsburgh, Pa. (May 18, 1955)

Jacobs, Joseph; Credit Manager; Boston Store; Columbus, Ohio. (July 13, 1955)

Judson, Henry R.; Sales Promotion Manager; Moorhouse Fashions (Allied Stores); Columbus, Ohio. (July 13, 1955)

Kaufmann, Oliver M.; Vice-President and Treasurer; Kaufmann's; Pittsburgh, Pa.; (May 3, 1955)

Margules, Harry L.; Controller; Gimbels, Pittsburgh, Pa.
(October 11, 1955)

Michaels, William; Buyer, Better Shoes; Famous Barr Co.; St. Louis,
Mo. (June 16, 1955)

Peterson, Gordon N.; Manager; J. C. Penney Co. (North High Street
Store); Columbus, Ohio. (July 18, 1955)

Schachne, Maurice; General Manager ; M. Schachne & Sons;
Peter; Merchandise Manager ; Chillicothe, Ohio
Richard; Merchandise Manager; (July 12, 1955)

Seder, Harold; Treasurer and Divisional Merchandise Manager;
Frank & Seder Co.; Pittsburgh, Pa. (September 20, 1955)

Straub, Ralph H.; General Merchandise Manager; Stix Baer & Fuller;
St. Louis, Missouri. (July 28, 1955)

Strauss, Leonard; Vice-President and General Merchandise Manager;
Famous Barr Co. (May Co.); St. Louis, Missouri. (July 27, 1955)

Sugarman, S. J.; General Merchandise Manager; Kaufmann's, Pittsburgh,
Pa. (September 17, 1955)

Government, Quasi-governmental, University, and Independent
Research Organizations: (Note: Information was obtained
through personal correspondence except where otherwise
designated.)

Baker, Margaret H.; Division of Research; Graduate School of
Business Administration, Harvard University; Boston, Mass.

Bassett, Edward O.; Statistician; Office of Business Economics,
Department of Commerce; Washington, D. C. (Personal Conference
March 31, 1955; personal correspondence also)

Brady, Dorothy S.; Division of Prices & Cost of Living; U. S. Bureau
of Labor Statistics, Department of Commerce; Washington, D. C.

Chambers, Earl R.; Senior Research Assistant; Federal Reserve Bank;
Cleveland, Ohio.

Denison, Edward O.; Assistant Director; Office of Business Economics,
Department of Commerce; Washington, D. C.

Dewhurst, J. Frederick; Executive Director; Twentieth Century Fund;
New York, N. Y.

Grose, Lawrence; National Income Division; Office of Business Economics, U. S. Department of Commerce; Washington, D. C.

Hospetler, L. M.; Director of Research; Federal Reserve Bank; Cleveland, Ohio.

Judd, Clarence; Research Director; Fairchild Publications; New York City, N. Y.

Noyes, Guy E.; Assistant Director; Division of Research and Statistics; Board of Governors, Federal Reserve System; Washington, D. C.

Paradiso, Louis J.; Chief Statistician; Assistant Director; Office of Business Economics, U. S. Department of Commerce; Washington, D. C. (Personal conference March 31, 1955)

Smith, Mabel; Business Structure Division; Office of Business Economics, U. S. Department of Commerce; Washington, D. C.

BIBLIOGRAPHY

- BECKMAN, THEODORE N., and BARTELS, ROBERT, Credits and Collections in Theory and Practice. New York: McGraw-Hill Book Company, 1949.
- RICE, HUBERT E., "Shopping Opportunities in Suburban Shopping Centers," Miami Business Review, School of Business Administration, Miami University, Oxford, Ohio, Dec., 1953.
- "Branch Stores in the New York Area," The New York Retailer, March, 1952, p. 10.
- BROWN, PAUL L., and DAVIDSON, WILLIAM R., Retailing, Principles and Practices. New York: Ronald Press, 1953.
- BURNS, ARTHUR F., The Instability of Consumer Spending. New York: The National Bureau of Economics Research, 32nd Annual Report, 1952, p. 9.
- BUTLER, RALPH S., and SWINNEY, JOHN B., Marketing and Merchandising. New York: Alexander Hamilton Institute, 1918, pp. 222-232.
- Censuses of Business, Bureau of the Census, Department of Commerce, Washington, D. C., 1929, 1933, 1935, 1939, 1947, 1948 and Current on Retail Trade, Expenditures, Commodity Sales and Analysis, Service Trades, Merchandise Lines Sales, and by Kinds of Establishments; and Censuses of Manufacturers (1947) for ascertaining Merchandise Line Sales.
- COPELAND, MELVIN F., Principles of Merchandising, Chapter III. New York: McGraw-Hill Book Company, 1925.
- "Current Population Reports," Consumer Income, Bureau of the Census, Oct., 1955, Series p-60, No. 19.
- DAVIDSON, WILLIAM R., Use, Productivity, and Allocation of Space Resources in Department Stores. (Unpublished Doctoral Dissertation, The Ohio State University, 1951). p. 6.
- DAVIS, RALPH C., The Fundamentals of Top Management. New York: Harper & Bros., 1951, p. 20.
- "Department Stores' Share of Market," Women's Wear Daily, Sept. 23, 1954.
- Departmental Merchandising and Operating Results of Department and Specialty Stores, National Retail Dry Goods Assn., New York, N. Y., 1954.

BIBLIOGRAPHY (continued)

DOLVA, WENZIL K., and BECKLEY, DONALD K., The Retailer. New York: Prentice-Hall, Inc., 1950.

EMMET, BORIS, Department Stores (1919-30). Stanford, California: Stanford University Press.

EMMET, BORIS, and JEUCK, JOHN E., Catalogues and Counters. Chicago, Ill.: University of Chicago Press, 1950, p. 426.

ENTENBERG, ROBERT D., "Current Retail Problems," Georgia Business, Jan., 1952, p. 3.

Fifteenth Census of the United States, 1930-Distribution, Vol. 1, Retail Distribution, U. S. Government Printing Office, p. 4.

FILENE, EDWARD A., The Model Stock Plan. New York: McGraw-Hill Book Company, 1930, Chapters I, V, VI.

"How the Los Angeles Branch Picture Has Grown," Women's Wear Daily, Aug. 27, 1952, p. 58.

MAYFIELD, FRANK M., The Department Store Story. New York: Fairchild Publications, 1949.

MAYNARD, H. H., and BECKMAN, THEODORE N., Principles of Marketing, 5th ed. New York: The Ronald Press, 1952.

MAZUR, PAUL M., Principles of Organization Applied to Modern Retailing. New York: Harper & Bros., 1927, p. 6.

McNAIR, MALCOLM P., "Three Years in a Rut," Stores, June, 1954, p. 37.

Monthly Labor Review, U. S. Department of Labor, Feb., 1948, p. 22.

New York State Commerce Review, N. Y. State Department of Commerce, Albany, N. Y., Vol. 9, No. 8, Aug., 1955.

Operating Results of Department and Specialty Stores, 1953, Harvard University Bureau of Business Research, Boston, (annual), June, 1954, pp. 1-4.

PARADISO, LOUIS J., "The Recent Pattern of Consumption," The Survey of Current Business, April, 1954, p. 5.

PARADISO, LOUIS J., and HIRT, FRANCIS L., "Growth Trends in the Economy," Survey, Jan., 1953, p. 5.

BIBLIOGRAPHY (continued)

PARADISO, LOUIS J., and WINSTON, CLEMENT, "Consumer Expenditure-Income Patterns," Survey of Current Business, U. S. Department of Commerce, Office of Business Economics, Sept., 1955, p. 23.

Retailing Daily, Nov. 11, 1954, p. 5.

SCHWARTZ, CHARLES F., and GRAHAM, ROBERT E., Jr., "Personal Income by States, 1929-54," Survey of Current Business, Sept., 1955, pp. 12-18.

Standard Expense Accounting Manual for Department and Specialty Stores, National Retail Dry Goods Assn., New York, 1948.

TAFT, WILLIAM NELSON, "1918-1928- The Most Important Decade in the History of the Retail Business," Retail Ledger, First May Issue, 1928, Vol. 20, No. 9, p. 1.

WEISS, E. B., Selling To and Through the New Department Store. New York: Funk & Wagnalls, 1948.

Manual for Departmental Classifications of the Department Store and Directory for Departmental Classifications, The Board of Governors of the Federal Reserve System, Washington, D. C.

"Department Store Sales by Departments, 1952," (Released March, 1953), Bulletin of the Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D. C.

AUTOBIOGRAPHY

I, Robert David Entenberg, was born in Angers, France, December 16, 1914. I arrived in the United States, a derivative citizen, at the age of five. My secondary school education was obtained at the Hartford Public High School in Hartford, Conn. From 1932 to 1942, I was assistant and department manager for the Shoe Corporation of America in department stores throughout the East. In 1942, I was employed by the U. S. Army Signal Corps. From February, 1943 to March, 1946, I was on active duty with the U. S. Army Signal Corps as a non-commissioned officer. In 1946, I resumed my undergraduate training at Washington University in St. Louis, Missouri, where I received my Bachelor of Science in Business Administration and the degree of Master of Business Administration in 1951. While in residence at Washington University, I was employed by the May Department Stores Company. In September, 1951, I was appointed Assistant Professor of Marketing and Economics, and Chairman of the Retailing Department in the College of Business Administration of the University of Georgia in Athens. In June, 1953, I enrolled in the Graduate School of The Ohio State University and received an appointment as an Assistant in the Department of Business Organization of that university. Since September, 1954, while completing the degree requirements for the Doctor of Philosophy, I have been Associate Professor of Retailing, in charge of merchandising and research, in the School of Retailing of the University of Pittsburgh.