

**Gokhale Institute of Politics
and Economics, Poona 4.**

RETAILING THE PUBLIC

by

LAWRENCE E. NEAL

Joint Managing Director of Daniel Neal & Sons Ltd

With a Foreword by

F. J. MARQUIS, M.A., B.Sc., J.P.

*President, Incorporated Association of Retail Distributors
Joint Managing Director, Lewis's Ltd*

LONDON
GEORGE ALLEN & UNWIN LTD
MUSEUM STREET

SOME PRESS OPINIONS

“ Mr. Neal takes us behind the scenes and reveals an intricacy in the detail of organisation which will surprise even the most intelligent. ”—*Morning Post*

“ The most brilliant and closely reasoned book on shopkeeping yet published. ”—*Daily Mail*

“ The argument is logical and crystal clear . . . a model presentation. ”—*Daily Telegraph*

“ The importance of this survey is obvious ; and its conclusions have here been set down with clarity and efficiency. ”—*Evening Standard*

“ Clear, informed, incisive in analysis and forceful in argument ; should be read not merely by retailers and economists but also by politicians, by publicists, by social reformers, by consumers and all others who desire to contribute to the new economic world which is in the making. ”—*Economist*

(For Biographical Note
see other Flap)

Dhananjayrao Gadgil Library



GIPE-PUNE-009915

RETAILING AND THE PUBLIC

RETAILING AND THE PUBLIC

BY

LAWRENCE E. NEAL

Joint Managing Director of Daniel Neal & Sons Ltd

WITH A FOREWORD BY

F. J. MARQUIS, M.A., B.Sc., J.P.

*President, Incorporated Association of Retail Distributors ;
Joint Managing Director, Lewis's Ltd, Liverpool
Manchester, Birmingham, Leeds and Glasgow*

LONDON
GEORGE ALLEN & UNWIN LTD
MUSEUM STREET

FIRST PUBLISHED, OCTOBER, 1932
SECOND IMPRESSION, FEBRUARY, 1933

X512:8.3

G3

9915

All rights reserved

PRINTED IN GREAT BRITAIN BY THE ABERDEEN UNIVERSITY PRESS LTD.

CONTENTS

	PAGE
FOREWORD, BY F. J. MARQUIS, M.A., B.Sc., J.P.	vii
INTRODUCTION	xiii

PART I

SECTION I

SURVEY OF RETAILING ORGANISATIONS

CHAPTER

I. PRELIMINARY	1
II. THE SMALL INDEPENDENT SHOP	5
III. THE SPECIALITY SHOP	10
IV. THE DEPARTMENTAL STORE	14
V. THE MULTIPLE SHOP	27
VI. THE CO-OPERATIVE MOVEMENT	39
VII. THE "FIXED-PRICE" CHAIN STORE	48
VIII. THE CHARACTERISTICS OF MULTIPLE ORGANISATIONS	54
IX. CLUB TRADING	59
X. MAIL ORDER BUSINESS	62

SECTION 2

THE DEPARTMENTAL STORE IN ACTION

XI. THE BUILDING	66
XII. THE ORGANISATION	79
XIII. BUDGETARY CONTROL OF MERCHANDISING	89
XIV. BUDGETARY CONTROL OF EXPENSES	103

PART II

TO-DAY AND TO-MORROW

XV. AN OBJECTIVE ANALYSIS OF RETAILING	127
XVI. FUTURE TRENDS	150

FOREWORD

By F. J. MARQUIS, M.A., B.Sc., J.P.

*President, Incorporated Association of Retail Distributors ;
Joint Managing Director, Lewis's Ltd, Liverpool,
Manchester, Birmingham, Leeds and Glasgow*

THIS book is significant. It arises from the new generation. Whilst the desire to teach is inherent in the mind of man, it is not usual for those who teach to be also people who "do." The weakness of much of the economic writing that has been poured forth during all the commercial and industrial disturbances of the last twenty years arises from the fact that it has come from the pens of men who have had little of the devastating experience of practical business. The discussions that gave rise to this book took place among young men whom the schools and universities of this country have had a hand in moulding: but they have been through the further process of education which comes from occupying positions of control in business life. With minds trained in the processes of accurate thought, they have looked on the world of business and found it sadly confusing—and from the confusion they have seen economic waste springing up, as indeed it does all over the place. That clear sight is one of their assets: another is their comparative youth. They are young enough to see visions of orderliness and reasonableness in human relations: they have faith enough to dare to paint some outline at least of a picture of reconstruction. They have fashioned their hope of the future through the furnace of hard discussion. One night they were kind

enough to invite me to attend one of their meetings under the disguise that I might help them. I left in a state of wonderment. They seemed to me to have abandoned all allegiance to the political ideas of the past and to have a new world in view. It was vastly encouraging to find men who might have looked forward with some contentment to harvesting profits from businesses which older generations had founded—and founded well—recognising that this post-war period was demanding of them something more courageous than the traversing of well-marked roads.

I urge this book and its motives on the attention of those inclined to pessimism regarding the future. The industrial life of England is safe in the hands of a generation that dares to question its inheritance and has the enterprise to seek, in this severely practical way, to survey and then to rebuild British Commerce. And the subject they have chosen is auspicious. They have resisted the temptation to survey and rebuild the policy of the Bank of England or the large-scale industries of this country: they have come to earth and dealt with shop-keeping. A generation ago such a subject would have been too small for such intelligence, and yet it is a trade of major importance. No other industry so closely touches the common life of the people. It gives direct employment to more people than any other single trade. Over one-half of the national income is concerned with it. The gigantic figure of £1,750,000,000 passed through it in the year 1930, during which time the attention of politicians was riveted on the Imports and Exports of the country which totalled respectively £1,040,000,000 and £570,000,000.

No other industry so widely affects the public as does this work of retailing, and in none other is there such a wide range of scale. In half a million shops men and women are struggling to earn a living by meeting and anticipating public wants. They are collectively determining the prices people pay for the necessities of life. They represent the public : in the long run they are the masters of the manufacturers and producers : they give the orders for goods : they are the final court of judgment on the artistic and utilitarian capacity of each of the producers of consumable stores. And again I repeat, there are 500,000 of them. It is a disturbing thought even for the most democratic of minds to contemplate. Manufacturers certainly will welcome the motive that prompts this book, for if shop-keeping could be systematised, if the individual preferences and prejudices of the retailers could somehow be canalised, then there would be some hope of production being organised on some less wasteful and more scientific lines.

This is a problem that concerns the public and the statesman. The latter has recently been disturbed by the level of retail prices. He has, generally speaking, fallen into the error of comparing the fall that has taken place in commodity prices and in retail prices, and, with a rather unaccountable failure to realise that the labour that enters so largely in turning raw materials into finished articles of wear has not fallen by any large percentage, he has concluded that retailers were making unduly large profits. Alas, such is not the case : if it were, then preventive machinery, such as the Consumers' Council, could be effective. The truth is that the gap in

prices, such as it is, brings profit to no one. The public is largely responsible, and that through thoughtlessness and ignorance of the facts. This book may help to bring enlightenment. It makes clear to those who will read it how widespread are the services that are involved in retailing. The complexity of the organisation of a large department store—in which the authors are obviously much more widely experienced than in the more elementary form of distributing—is a source of wide public interest.

But when the public stops to consider the cost of the services it buys, it may well be alarmed. These everyday facts of "terms of credit," of the services of transport organisations for carrying goods home, of the immense varieties of colour and styles which all shops are expected to stock, of the great variety in prices designed to meet every sort of pocket: these are factors in retailing which under the forces of competition are growing rapidly, and in the opinion of some of us are making the cost of distribution much too high. It may reasonably be questioned whether, if the public recognised the cost of these "services," they would not, in their wisdom, decide to have less of them and exchange them for lower prices. The retailer's proper function is to concentrate public demand on the smallest range of colours, styles, sizes, etc., that will give the public the best value from the manufacturing organisations that make these things. To do this work he needs the understanding support of those whom he serves. It may also be that the reading of this book will make intelligent people of all classes wonder whether the free play of unrestricted

competition is a national asset. I approach the subject without political consideration—but if, as I believe, the economic salvation of this country is coming along the lines of scientific planning of commercial services, then there is something to make us think in the statement the author makes that there is now one shop to every twenty houses in urban areas.

I am not sure what sort of public this book will reach. Obviously those engaged in large-scale distributing will welcome it, and find stimulus from the depth of its thoughtfulness. But I wish the public would read it, and particularly I wish that women would consider the questions it raises. For women are the great dictators of the distributing trade: they hold its future in control—and they can do such a vast amount to help it and to help the economy of the family budget. Shopping is a necessity to most people, but to women—I think to most women—it represents a great pleasure. It may be that the reading of this book will persuade them to begin the era of national economic planning. To take the smallest example, if they would decide to plan their shopping hours, the cost of retailing could be quite appreciably reduced. If those who could shop in the morning would do so: if the peaks and the valleys of shopping could be levelled somewhat, the large army of shop assistants would lead much happier lives, the services the public received would be much more efficient—and the cost of it could be reduced. The intelligent use of spending power would be infinitely more effective than restrictive legislation in bringing down cost.

This problem of retailing has never been recognised as

the vital factor that it is in national life. The standard of living of the mass of the people depends upon it. If it is carried on as a national service, it consciously seeks to give the best for the lowest price : it strives to bring all the luxuries of beauty in design and taste within the reach of the maximum number of people. By concentration of demand it enables manufacturers to produce cheaply—and in the volume of the production to ignore the cost of improvements in style, cut or colouring.

By such means it has been possible to effect the change, that can justly be described as a revolution, in the standard of dress and of home comforts of the working classes. This has been the sociological justification of the large-scale retailer during this generation. The work is not finished. To-day we are apt to wonder whether the general standard of living has become too high. How can it be too high ? Surely the desire to possess beautiful homes and pleasant-looking clothes is a great national asset : it is a stimulus to effort—and since the forces of production for the moment have outstepped the effective demand for them, it is wise of us to give some further consideration to our home trade, and particularly to the aspect of it with which this book deals in a manner at once scientific in its analysis and stimulating in its constructive vision.

INTRODUCTION

It is fast becoming a commonplace that the problem which confronts twentieth-century industry is the problem of distribution, but the initial difficulty is that even the general configuration of the country to be traversed is so little known. Undoubtedly retailing occupies the largest territory, and yet it can be safely stated that even to-day there is an entire lack of an adequate chart or map for retailing. Accordingly, these pages are an attempt to effect some preliminary survey of the ground, to sketch in certain salient features, and to indicate possible lines of further approach. The work is, in fact, a direct product of discussions which have been taking place for two years past among a small group who are themselves wholly engaged in retailing. In the first instance, therefore, they were frankly concerned to take stock of their own position. Nor is it perhaps unnatural that a younger generation which has come into commerce since the war and has spent some years, during a period of changing scene and tempo, in mastering the intricacies of that section of the trade to which each individually has been attached, should feel a need in the difficult circumstances of the 1930's for getting a more general idea of their bearings.

But as the subject is already one of considerable public moment, further enquiry soon enlarged the horizon ; and the group came to feel that it might not be out of place to attempt a more ambitious contribution. Possibly, for instance, an account of this kind could do something to

promote a parallel quickening of interest among other retailers in the larger issues of their function? Could it also help to create in the minds of the outside public (including those engaged in Productive Industry) an awareness of the complexities involved and of the severely limiting factors in any readjustment of distribution to the likely needs of the immediate future? And as the belief inevitably grew that readjustment must come, did not the very limitations and complexities in themselves constitute a definite and urgent challenge to action?

The book falls conveniently into two parts. In the earlier part, Section 1, which has been handled somewhat separately both in its drafting and in its method of approach, contains a bird's-eye view of the general lie of the land, so as to provide a rapid survey of the recent historical growth of retailing and an assessment of its various present forms. This is followed in Section 2 by a more detailed and descriptive picture of the actual workings of a departmental store. Attention has been concentrated for the most part on the orderly marshalling of these activities; but it is important that there should also be some appreciation of the shifting kaleidoscope and the hazards of the market-place. The rough and tumble will remain for the individual trader, however careful the foresight and however good the organisation.

Part 2 attempts a more critical and searching analysis of the whole pattern of retailing, leading up to the final chapter, which is frankly a piece of experimental forecasting.

As the work proceeded, therefore, there has been a change in the angle of approach away from the subjective

view which had stimulated the initial enquiry into the workings of one's own job, and on to a consciously objective analysis of the situation ; this in turn giving place to a yet more constructive attitude and finally to an attempted new synthesis. Possibly it may not escape attention that this process has been accompanied by a mental evolution, which during the course of the enquiry has been tending to lay more and more stress on the need to consider retailing not just as a more or less haphazard agglomeration of shopkeepers—however efficient the pick of them might prove to be on an individual showing—but as fundamentally the organisation, parallel with production, of the necessary supply services for a nation's daily wants and needs.

The first plea, therefore, is that Production and Distribution should be considered as complementary halves to each other ; and the second is that we should cease to pour new wine into old bottles. Freedom for enterprise and innovation is all too difficult within the framework of an economic structure that is becoming over much of its area outdated and outworn. Indeed, the restrictive grip of such a structure can be more severe even than that of any set of regulations : for circumstance is raised on a pedestal ; and the potentialities of a whole generation are in danger of being frustrated and becoming of little account.

Both for his personal help and by reason of his wealth of experience a very great debt is owed to Mr. F. Chitham, the Chairman of the Incorporated Association of Retail Distributors. His friendly challenge at the start set us on the road : while his practical advice and guidance thereafter have been a source of very real encouragement

in a work that has admittedly been arduous because it has had to be carried on solely in spare time. This last point may perhaps be legitimately advanced to excuse some of its known shortcomings.

To the Secretary of the same body, Mr. E. J. B. Lloyd, who has been constantly in attendance, no less thanks are due. As a friendly critic throughout his contribution is naturally a very large and distinctive one.

The group itself has been drawn from those actively and responsibly engaged in retailing both in London and the provinces. It comprises Mr. R. G. Alexander, Mr. F. R. Barker, Mr. D. Catesby, Mr. R. Cohen, Mr. C. W. Denham, Mr. D. B. Morgan. Their unfailing helpfulness has made the task of chairmanship a very real pleasure; and the absence of any further acknowledgments to them individually should therefore only serve to emphasise that this work is a joint effort, and that any significance which it may possess is derived from the co-operative spirit which has animated it.

LAWRENCE E. NEAL