

Sport Code Cheers Pros With Bright Promise of Profits

THE sporting goods trade code now is in effect but no pro, dealer or manufacturer who is in his right mind expects to have the code solve everything.

There is nothing in the code that substitutes for brains and effort. The boobs, the bleaters and the lazy muggs still will have a tough time getting by.

You can count on it, too, that there will be some curve-throwing under the code. When the code is inconvenient there will be expert efforts made to outsmart it. The NRA can't change human nature. However the NRA can police human nature and if the code is willfully and persistently violated there is that part about a \$500 rap and maybe a little time in cold storage for the violators. This prospect will have the folks showing their prayer-meeting manners.

It does look like the code gives the pros more recognition and a better break than they ever had before. Other small retailers have registered complaints against codes in their fields but the general tendency of the codes is to give the small operator an even chance.

In the pro field the code has a couple of slants that differ from the usual retailing code. The pros make the golf market and exercise the strongest influence on the purchasing habits of the golfing public. These factors were balanced against the expense of selling pros in their distant locations, with their smaller orders than the large down-town stores, and, at times, with credit risk. The pros got favorable consideration. The other distinctive point of the sporting goods code is the subsidy angle about which there was long and loud arguing before a decision was reached. In fields other than sporting goods, when a manufacturer slips a purchasing agent some extra dough the ultimate customer calls it bribery and yells "Copper." Difficulty of deciding whether a pro is mainly a merchant or purchasing agent and the advertising value of playing pros' advertising made the subsidy matter complex.

But it's all settled now and the boys can start to work under the new rules.

Comment from some of the principals in

the golf goods field is given on the probable effect of the new code on pro merchandising.

Code Curtails Shady Work

Julian Curtiss, Spalding's board chairman and dean of the golf manufacturers, says:

"I cannot better illustrate what the code is going to mean to the professionals of the country than to quote verbatim from Article 2 of the Golf Ball Manufacturers' Association and National Association of Golf Club Manufacturers part of the code:

"Section 1—No member of this division of the industry shall replace the original brand, name or trade mark on used golf balls which have been remade, rebuilt or renewed, or offer for sale used golf balls which have been remade, rebuilt or renewed, without marking on each ball and on the cartons and boxes in which they are packed, one of the following words: 'Remade,' 'Rebuilt,' or 'Renewed.'

"Section 2—No member of this division of the industry shall offer for sale as 'seconds,' 'defectives,' or of inferior quality golf balls which are in fact not defective or inferior in any material respect.

"Section 3—No member of this division of the industry shall sell golf balls unless said balls are branded with a name.

"Section 4—No member of this division of the industry shall guarantee merchandise, except as to freedom from defects, quality, quantity, grade or construction, or replace for any other cause, merchandise which has been used.

"In addition to the above, mark this from Section 5—*All merchandise shall be sold on the same terms of contract. No favorites, and no secret rebates shall be allowed.*

"Then let me quote Section 6—*No member of this division of the industry shall knowingly imitate the trade marks, trade names, recognized trade numbers, slogans or other marks of identification of competitors.*

"And to end with, all gifts of balls are absolutely ended. The professional as well

as the amateur has to buy every ball with which he plays.

"Manufacturers are allowed to employ a selected list of tournament professionals and pay them a fixed salary; in consideration of this salary the professionals are expected to travel, to play in tournaments and to generally promote and aid in increasing the popularity of golf. The manufacturers that employ such professionals are making a real contribution, for nothing is more advantageous than frequent tournaments, where men and women have the chance to see expert players in action. The money paid these professionals is in many cases more than used up in their traveling expenses from city to city.

"Everything in the future is out in the open. Every professional employed by us as a tournament player is widely known as such. Underhanded methods have no opportunity to last under the broad sections of the code.

"As the code becomes a law, it will do every professional in the land good to study its contents and realize what a wonderful and helpful document it is."

Pros in Code Spotlight

L. B. Icely, president of Wilson-Western Sporting Goods Co., interprets the code benefits to the pros in a way that gives the boys a broad view. He says:

"Recognition of the important strategic merchandising position of the professionals is an outstanding feature of the code.

"Revision of discounts to encourage and protect professional outlets and elimination of free goods and sharp discounts to retail buyers are highlights of professional benefits that were welcomed by manufacturers.

"There is no denying that the professionals' presentation of their case was largely responsible for eradicating some of the trade evils of long standing and admittedly serious effect. Such action materially benefits professional shop merchandising.

"Earnest attention given the professionals' case by the manufacturers during code preparation was a positive indication that the professionals now stand in a position of recognized strength and value. Manufacturers have been impressed by: (a) marked improvement in professional credit, and (b) realization by the professionals that the manufacturers must consider the general public interest and that of manufacturers' stockholders in establishing policies and plans. These two de-

velopments gave the manufacturers a heartier appreciation of an informed and considerate business judgment among the professionals. Consequently there were fair concessions made to the professionals during code planning that I doubt would have been granted three years ago.

"Fair code making called for assuring the professionals an equitable basis of competition; one that balances their strength in governing the trend of salable merchandise through all golf goods outlets by minimizing the professional problems in selling costs and efforts.

"As near as is humanly possible, the code, in my opinion, now puts golf goods merchandising on an even basis so far as the professionals and largest sporting goods or department stores are concerned. The variable factors are simply the items of ability and effort and no professional—or other dealer—can ask for a code that will prevent him from paying the penalty for his shortcomings.

Pro and Makers Both Benefit

"Price-wrecking and other destructive practices so prominent the past two years seem to be practically eliminated by the code. This of course is good news to the professionals but even better news to the substantial manufacturers. It is one phase of the code operation pointing out that the interests of the substantial manufacturers and the professionals are identical.

"Subsidy and free goods to professionals were strenuously debated details of the code although the amount involved in actual cash was one of the smallest items affected by the code. I have been satisfied that professionals' actual profits from concessions made to them when subsidy and free equipment changes were made will be tremendously larger than the sum involved in the two debatable details. I am confident that professional shop sales in 1934, through increased net profits, will substantiate my statement.

"It is my conclusion that the code puts the professionals in better competitive position than they ever have been before. As a matter of fact, every legitimate and sound retailer of golf goods is placed in an improved competitive status by the code."

Pro Advantages Great

E. E. Chapman, vice president of The L. A. Young Golf Co., gives his calm and studious opinion:

"I am sure the code will bring about a general standardization of prices and policies and elimination of 'distress' dumping, which is bound to react in favor of the professional.

"There is no question that the professional is the logical outlet for high quality merchandise, and it would appear to me that the code will eliminate 'distress' merchandise and particularly cheap numbers that manufacturers have built in the past at a loss to themselves to secure this type of business from the dealer. The professional has a decided advantage over the dealer in that he and his line of merchandise is more accessible to the golf player. It is only logical to believe that hardly anyone will bother to go downtown, drive around several blocks finding a place to park or pay 25c on a parking lot and go up to the fourth, fifth or sixth floor of a department store to purchase the same article at the same price he would pay en route from the locker-room to the first tee by way of the pro-shop.

"The elimination of consignment selling will be particularly beneficial. We all know it is very detrimental to the manufacturer, and I am firmly convinced of little or no advantage to the professional. It simply encourages in the professional a haphazard way of doing business and stimulates unnecessary buying and credit. I know of several professionals who have bought on a consignment basis and, foolishly thinking they had nothing invested, sold to every Tom, Dick and Harry on open account, only to wake up at the end of the year and find out that their accounts receivable were of little or no value. Even though they had nothing invested they actually owed the manufacturer for all the merchandise they had sold. Consignment stimulated an unhealthy and unfavorable condition throughout the industry.

"The elimination of petty subsidy, I believe, is beneficial to manufacturer, professional and consumer alike because it reduces the list of subsidized professionals to such a small number that the public will have no difficulty in knowing who is who and will establish a rating of playing professionals' value.

"I feel the type of subsidy now in effect; that is, \$1,500 per year minimum, if strictly adhered to, will greatly encourage all professionals to improve their positions. It is going to encourage those who are not on the subsidized list to work harder on their game, their merchandising activi-

ties, their credit standings, etc., in an attempt to get their name on the golden scroll and be listed among the favored few.

"To summarize, I might say that I am always in favor of standardization of practice which is bound to result in stability. The code, if it does nothing more, is bound to stabilize practices throughout the industry."

Strikes at Chiselers

Robert Crandall, president of the Burke Golf Co., points out that even a partial improvement in golf selling conditions will warrant cheers for the code. He says:

"The code as adopted by the Athletic Goods industry legislates definitely against unfair price discrimination, misleading advertising, and commercial bribery. Other provisions are against the mis-branding of goods, and unfair imitation of competitive trademarks. All these features have in the past few years had their bad effect upon the various phases of the golf business, and if they can be only partially eliminated everyone connected with the game will see a new and better deal.

"The merchant pro finds himself in a position to secure a substantially greater percentage of the golf equipment business than in seasons past. The chiseling operator who tried to merchandise on price alone found the going extremely tough, and many of these outlets have already passed out of the picture. The provisions of the code dealing with branding and advertising will guard materially against the over-distribution of equipment, which in the past has plagued maker and pro alike.

"Destructive competitive practices arising between manufacturers will be eliminated to a large extent, I believe, and the very fact that the manufacturers themselves will be helped out of their difficulties will work to the professionals' benefit. Economic interests of the pro and equipment maker are so tied up and interdependent that any influence beneficial to one will be helpful to the other.

"We are all hoping that the code idea, as it is being worked out under the National Recovery program, will react satisfactorily on business in a general way. Certainly the outlook for golf and for business generally is 100 per cent brighter than it was a year ago, and the success of codes in other industries will put money in the pockets of the consumer golfers.

"That's what we all have been waiting for."