

How the Pro Can Sell to the "Wholesale" Shopper

By SAMUEL RAUWORTH

CHEAPEST STUNT OF THE MONTH

In a Chicago district pro shop two characters who by some mistake were accepted as private club members were looking at a display of golf bags. One of them had a golf catalog in his hand.

The catalog carrier pointed to a bag, then to an illustration in the catalog. "It's the same bag," he said to the other fellow, then asked the price of the bag.

The assistant gave the price.

The two turned away and the catalog carrier said triumphantly to his companion: "It's a deal then; I'll get it for you wholesale."

The above item in August, 1951, GOLF-DOM has continued to interest me as I know it's a problem that confronts many professionals and is especially bad at clubs where the pro is doing everything he possibly can to serve and expecting to make a living on direct profits of his shop although many of his services to his members are given free.

The "buy it wholesale" lure is strong. Few of us are immune to it and even a professional who has been angered by members buying "wholesale" probably has been guilty of beating some other retailer out of a profit by "wholesale" purchases. It is a continuous menace to retailers and in some instances is given strong and inconsistent support by unions who make their own discount retail buying deals but whose members are in industries where there'd be violent protests if the consumers got discounts.

In the golf field the pros do have some defense in "pro only" merchandise but the consumer attitude and the distribution of consumers in golf make it necessary for the pros to go further than is possible with the excellent asset of exclusive lines.

The problem sometimes is delicate because, after you'd lost one sale to a "buy it wholesale" deal you don't want to have the customers afraid to come in your shop so you can sell him something else.

Possibly one of the main reasons for "wholesale" buying of club members is that they don't understand that the pro is paid only a nominal amount and for the extensive services he renders the club without charge it is an implied obligation of members to give him an opportunity to

make a legitimate retail profit on their requirements for golf. But there always are members who are eager for a bargain, forgetful or unmindful of correct practice of club members, or some who simply have to save.

Few golfers who buy "wholesale" after getting your advice and checking your merchandise are as obvious as the pair in the item above, but even the subtle ones can make you mad! You know that beefing about it or "crying" for the business as a matter of fair play is not very effective. Is there anything you can do about it?

Yes, there is. A sampling of consumer attitudes and a good look at discount merchandising indicates this course for effective action:

- 1) Accept the facts.
- 2) Compete on a non-price basis, as a general policy.
- 3) Be ready to compete on a price basis, when necessary.

How Customers Think

Before amplifying these points, let's look at the facts. What does the customer think, how widespread is discount buying, what is the attitude of manufacturers?

These interviews with consumers, presented here in the everyday language in which they were recorded, were made with only a minimum of guiding questions in the hope that the consumer would volunteer his own opinions, which in some cases he did.

Restaurant equipment sales manager: Can and did buy "wholesale." Thought he was getting goods at wholesaler's cost through a supplier of his firm. This supplier sold the firm a large volume of business goods, and to retain their goodwill, allowed employees to buy personal items at cost. Easy terms from a retailer would influence him little toward buying retail. Had predetermined brand preference before buying wholesale. Had no fair-dealing qualms about buying at less than retail price.

Beef buyer, packing house: Bought silverware recently at about 20% discount. Knew pattern, brand and prices before buying. Thought it would be better to buy clothing thru retailer because he

needed advice on style and wanted wide selection. Easy terms made no difference to him; would still buy wholesale.

Employee, oil company: Has never bought at discount. Type of product would determine whether he would buy wholesale. Easy terms would influence him to buy comparable goods from a retailer. Would like a wide assortment a good retailer might have. Store prestige and name would mean something to him. On buying a blind item, his belief in ability and sincerity of the retailer might influence him to forego possible savings in buying at a discount.

Employee in premium department, advertising agency: Bought items at a discount from premium goods houses for executives and employees. Said this service to employees raised morale considerably, and that before Christmas, 1950, over \$2,000 in merchandise was purchased. Keeping track of shipments, bookkeeping and collecting began to take so much time from regular work that the boss "cracked down". This economy move, however, was offset by the executives themselves; they kept her busy buying gifts for their own Christmas giving.

Shoe salesman: Bought shoes on employees' discount; bought radio parts wholesale through a radio mail order house. He said anyone could get this mail order discount catalog by writing for it. He would think twice before buying any merchandise requiring service (refrigerator, television set, laundry machine) — feels he would get better service from a retailer. Thought so-called wholesale was not truly at cost — must be some margin there. Would buy fashion goods from retailer because he wanted good fit and style.

Buyer, university bookstore: Had discount card which she had never used, but had bought (without needing a discount card) sterling silver at 25% to 30% off. Knows that "wholesale" is not true wholesale cost. Not likely to buy fashion goods wholesale. Says the university now discourages discount buying on basis of business ethics and because of cost of assuming retailer's functions. Bother of buying personal items at discount for university employees caused lots of extra bookkeeping at bookstore.

Discount House Business

Now, what about discount houses? A magazine devoted to the individual buyer, Consumer's Union, recently reported that there are 77 "discount houses" in New York City plus 33 wholesalers which permit their showrooms to be patronized by discount house customers. It was estimated that, excluding automobiles, discount houses in NYC do 10% of all retailing. Shoppers for the magazine found

2 discount houses in Baltimore, 1 in Boston, 12 in Chicago, 8 in Los Angeles. In Detroit, employees of large companies and members of teacher's associations could get discounts. There were no admitted discount houses in Milwaukee, but shoppers were offered 10% to 20% discount at regular retail outlets.

The kind of merchandise featured by discount houses tends toward the following characteristics:

Branded goods, readily identifiable by model number, not seasonal, little style risk, permitting high turnover. Examples: electrical appliances, radios, household equipment, sporting goods, jewelry and luggage. Soft goods are seldom featured because of difficulty in establishing comparable prices and because of problems of style, fitting and alterations.

Representative discounts run from 10% to 20%. For example, a \$59.50 Bulova watch for \$47.50, a \$329.75 Frigidaire for \$269.00, a \$39.95 Zenith radio for \$32.

How do they sell at a discount and still make a profit? A comparison of gross sales, mark-up and expenses could be presented, but the gist of the analysis is quick turnover. That they do make a profit may be inferred from the findings of the survey; of 26 discount houses in business in 1937, 19 were still thriving in 1949. Two of these discount houses have been in business since 1922.

What is the attitude of the manufacturers?

First, about Fair Trade Laws, remember that the National Retail Druggist Association is generally accepted as the power behind this legislation, not the drug manufacturers. The retailer is hobbled by organized efforts to prevent price cutting, for discount houses are not subject to Fair Trade Laws, and can cut prices. Furthermore, price cutting is no crime; it is rather like a tort or private injury, merely giving the right to a civil suit. The policing job is that of the manufacturer or distributor, not of the state. Too often, if the manufacturer has an account selling a lot of merchandise, he wants to look the other way when the matter of the account's business practices is brought up. After all, no one wants to shoot Santa Claus.

For instance, a manufacturer started suits against 10 dealers in 1948 after Pinkerton detectives bought 28 electric blankets at an average of 17% below retail. The manufacturer received an injunction but, later in the year, 8 of the original 10 were charged with violating the injunction. The most damaging point brought up in defense was that the same electric blankets could be bought at less than what the price-cutters charged if the buyer had an "in" at the manufac-

turer's supply corporation. The logical question is: if the manufacturer wanted to stop price cutting, why didn't he refuse to sell these dealers after the first violations were uncovered?

Now, back to the three steps the pro can take to meet this problem of discount buying.

1) **Accept the facts:** Discount buying is widespread and likely to continue. Commercial ethics, doing-the-right-thing-by-your-pro and live-and-let-live do not seem to influence many consumers to buy comparable merchandise at retail prices if they can get it at a discount. Manufacturers like to sell their goods, and they like retail outlets that sell a lot of their goods

2) **Compete on a non-price basis:** Joe Schmartzguy is not so sure of himself as he pretends, or else he wouldn't "shop" to get your advice. Notice the customers who answered

a) that they would hesitate to buy items having factors of style or fit at a discount. Buyers are afraid of getting unsuitable goods. Qualified advice is a service that's "pro only."

b) that a wide assortment would influence them. You have all makes and models; the wholesaler is likely to have but one or two makes . . . his advice on clubs is hardly impartial

c) that service from a retailer would influence them. One important service is having the clubs at a convenient place at the right time. How much more awkward will it be for the buyer to get the clubs wholesale? Can he get them as promptly?

Be sure that the buyer is not confusing your price for Shirlie Birdie Registered with discount house price for Shirlie Birdie Autograph. Your willingness to break a set of woods, allowing buyer to take the #1 and #3, or to accept trade-ins, are services the discount house cannot match.

3) **Be ready to compete on a price basis, when necessary.** There are price buyers in almost every club. Maybe you can get them only in late season during clearance sales when you are clearing out what you didn't sell. You usually can undersell the discount dealer then. You won't make the profit you should but you'll convert your stock into cash and have your accounts in good shape for doing your next season's buying.

It may pain you to have to cut prices for clearance but some of the wisest and most successful retailers have to do it.

But when you do have clearances try to tactfully get across to the player who bought "wholesale" that you have a better buy for him than the purchase he made.

By that time he'll probably be thinking the clubs he bought "wholesale" weren't what he needed or the bag he bought wholesale will look like it's years old, and he may wish that he'd come to you in the first place.

Private Club Slot Law Forecast for Kansas

A. L. Shultz, Topeka (Ks.) State Journal political writer, in his weekly political letter, in commenting on prohibition of slot machines in Kansas, said:

"Club directors * * * issued hasty emergency orders to reduce pay rolls, close dining rooms, ban free lunches and dinners, cancel commitments for lush donations to charities and civic agencies. * * * One by one sumptuary laws and yardstick moral codes have been shattered by new generations of liberal thinkers, as Kansas turned into the new century with philosophies that shocked the puritan pilgrims. So, as surely as comes the morning sunrise, rigid regulations denying privilege in private places are on the way out * * * Chances are strongly in favor of the Legislature providing a sensible law that will grant (slot machine) privilege to organized groups and at the same time keep the devices from public places and playing by minors. Safeguards such as surround the well-framed, generally respected and obeyed liquor control law will be necessary."

LOU'S A LICENSED PRO



Lou Galby, pro at the Mill River CC, Stratford, Conn., recently was re-elected for his fourth term as Connecticut PGA president. Lively Lou, a cheerful, canny and untiring propagandist for pro golf and a bright exhibit of successful pro businessman, has had his pro promotion work officially recognized by the state of Connecticut. Look at Lou's automobile license number.