

**THE
PROFIT - CENTERED
PRO SHOP**

CONCLUSION

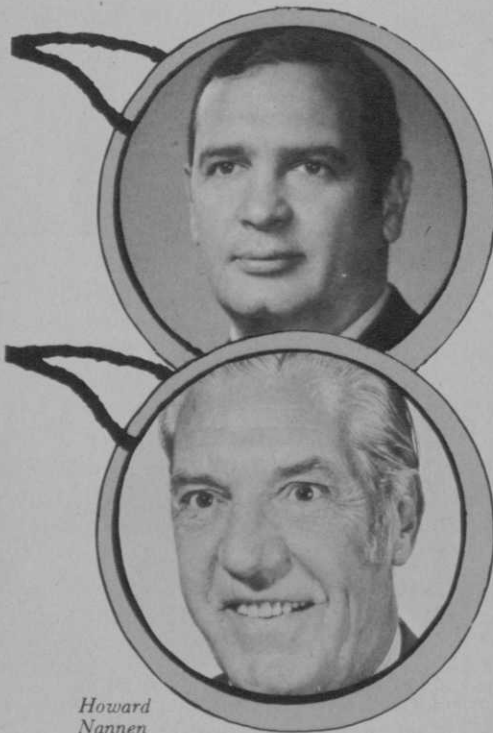
CONFRONTING CREDIT AND PROMOTION PROBLEMS

**GOLFDOM's panel of experts
focuses on two important aspects
of pro shop merchandising**

GOLFDOM asked 12 representatives from the golf industry for their views on current problems in the five major areas of pro shop merchandising—buying, ordering, credit, competition and promotion. In this concluding part, the panel discusses credit and its relation to proper merchandising techniques, record keeping and current supplier credit terms as well as what types of promotion are best suited for the pro shop and what types are the most effective.

The panel consisted of: Don E. Fischesser, formerly professional, Connorsville CC, Ind., now the Professional Golfers' Assn.'s special assistant for sectional affairs; Don Kay, professional, Heritage Village CC., Conn.; Warren Orlick, professional, Tam O'Shanter GC, Mich., and president PGA; Bob Thatcher, professional, Aronomink GC, Pa.; Jack Lust, vice president sales, DiFini Originals, Ltd.; Wally Phillips, national sales manager, Etonic Div., Charles Eaton Company; Richard Tarlow, treasurer, Brockton Footwear; L. Dean Cassell, vice president marketing, Golf Div., Acushnet Sales Company; Paul MacDonald, vice president, Dunlop Tire & Rubber

Paul MacDonald



Howard
Nannen

Corp.; Robert D. Rickey, vice president, MacGregor/Brunswick, and Ernie Sabayrac, president, Ernie Sabayrac Company.

GOLFDOM: Traditionally many professionals have had problems with their credit ratings, and perhaps the reason for this goes deeper than simply not paying their bills on time. What do you think is the main source of the problem?

Nannen: We think the golf professionals' credit ratings are excellent. There has been much improvement in the past 10 years. The Professional Golfers' Assn. business schools have played a vital role in the training of professionals and more and more youngsters entering the profession have a college education. These have helped make professionals better businessmen. Many professionals today have working arrangements with their local banks and many of them take advantage of anticipation discounts allowed by manufacturers.

Sabayrac: If a professional is having credit problems, he just isn't using the help available to him. He should find an accountant, who will go over



Don Kay



Don Fischesser



Jack Lust



Richard Tarlow

his books at least twice a year, set up a good bookkeeping system and establish a realistic budget to provide for salaries and the shop's expenses and overhead. If his problem is under-financing, he and his accountant should prepare a history of the shop's performance and potential and call on some local banker to talk about buying some working capital. If the problem is in actual sales volume, the answer could lie in the shop's management.

Thatcher: One of the main sources of credit problems is poor buying and inventory systems. A professional overloads on shirts from three or four different companies and doesn't find out until he tries to sell them that only one line is selling. He now has two styles not selling and only one source to pay three companies with. It doesn't take long to get into trouble by compounding this problem with many other lines carried in the shop. Professionals should deal with as few salesmen as possible and a minimum of lines. Another reason is lack of capital which hampers professionals. Professionals order heavily in the early part of the year, and all the bills come in just about the time he begins to sell the merchandise. Also, depend-

ing on the club's policies, he doesn't get paid until one or two months after sales are made. To make the professional a better credit customer, he needs to be educated in sound business procedures.

Rickey: Shops are underfinanced to underwrite the level of inventory now required in their shops, especially since soft goods have become such a large part of their sales. In addition, the professional is forced to operate a business that only produces traffic a maximum of six to eight months a year. He must also personally finance his accounts receivable until individual members, customers or in some cases, clubs, pay him.

Fischesser: The golf professional must not only run the shop, but also keep records by himself. Often he doesn't have the time to do his bookkeeping until after shop hours. As a result, he puts off his record keeping. This is not an excuse, but an explanation. There must be a simple bookkeeping system for golf shops. The PGA is working on this now.

Lust: Credit problems are compounded by the professionals' own soft approach in collecting outstanding receivables from their members. They

are caught in the dilemma of being "nice" to their members. They often let past due balances ride, knowing that in most cases the members are good for the money. In the process they wind up in a financial squeeze and lose their discount which adversely affects their credit ratings.

GOLFDOM: *Are the current terms offered by most manufacturers felt to be unrealistic for the type of business run by pros?*

Phillips: The credit terms are very realistic. Extending dates and discounts have been expanded as far as it is economically possible by the manufacturers. At the same time, manufacturers realize the importance of seasonal influences and have responded adequately.

Kay: Credit terms are quite reasonable. Many suppliers will extend credit due date until as late as June 10th on clothes bought in winter for spring selling. However in soft goods there is room for a higher discount for prompt payment.

MacDonald: The terms are adequate and reasonable considering the turnover of merchandise in pro shops. The professional, however, should be ex-

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tremely cautious when ordering certain types of merchandise or "specialty items." These might be quite slow moving during certain times of the year. We have found that the professional can invest a great deal of working capital in slow-moving items by not relating his purchases to a factual appraisal of future or current sales.

Orlick: Manufacturers could be more realistic by offering a higher discount. New members coming into the PGA are screened for credit. This seems to indicate that we are interested in maintaining good credit and that we are good for that discount.

GOLFDOM: *What could suppliers do to help a professional with his credit problems and thereby make him a better customer?*

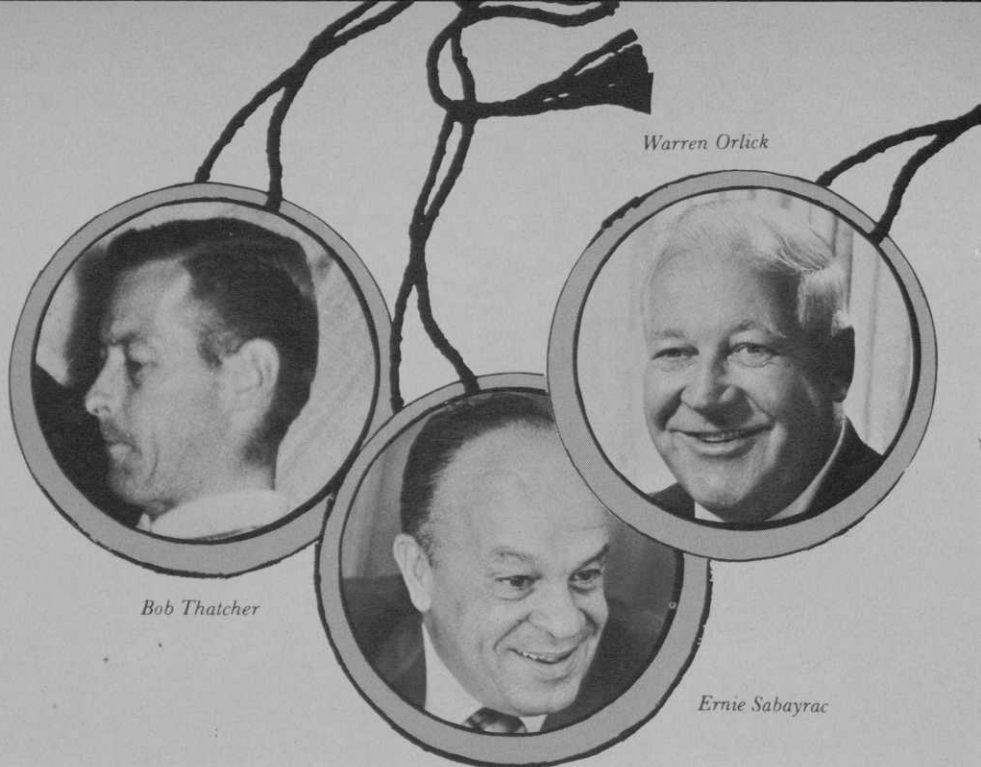
Cassell: A manufacturer should try to establish a personal approach to credit problems and a close involvement with accounts and professionals rather than rigid, mechanized credit policies which obscure the unique factors that distinguish one shop from another. The personal approach can salvage many good professionals by operating on procedures that are flexible and able to fit different situations.

Sabayrac: One way is to train the sales staff to act as advisors to golf professionals. If the professional habitually overstocks in areas where the salesman knows he'll get stuck, the professional should be advised it. The salesman shouldn't let the professional make mistakes that will result in profit loss.

Thatcher: I think that the club could help. In most cases the club feels the professional makes too much money, wears the best clothes and has an ideal life. With that kind of thinking, he is shoved over, paid an inadequate salary and given little support.

Phillips: Manufacturers have been lax in enforcing their credit terms. We have all made sincere efforts to help set up the professional in business and keep him there. Many times we have extended credit terms far beyond good business practices and often we don't receive adequate returns for this practice. This may make the professional a better customer, but not a better businessman.

Rickey: Because of competition, manufacturers have become more aggressive in their selling and promotion, which encourages the professional to overbuy. To encourage the professional to be a better businessman, we



Warren Orlick

Bob Thatcher

Ernie Sabayrac

have given him an extra discount on his future order. But only a limited number of professionals have taken advantage of this. However, with the present economic conditions, most companies are concerned about the age of their accounts receivable. For the first time in many years they are limiting the professional's purchases to his ability to pay, which in turn should reduce his tendency to overbuy any and all products.

Tarlow: Some manufacturers who realize that a particular stock may be slow-moving are realistic enough to sell open stock with special dating.

Lust: Credit terms must vary between hard goods, which have a one-season cycle, and soft goods, which have at least a two-third season cycle. Good businessmen know that extended terms also include hidden costs in addition to the cost of merchandise. Suppliers could and should educate professionals to the need of increased turnover to take advantage of the continuous fashion cycle, which creates year-round demand among spring, fall and Christmas sales thereby insuring a steady cash flow.

MacDonald: A supplier or manufacturer has a great deal of responsibility in counseling the professional as to what his purchases should be in relation to his shop turnover. Our salesmen should point out the advantages offered by various terms and dating programs and advise the professional on what type of merchandise should be ordered at certain times of the year. Proper counseling will result in a much better relationship between

the professional and the supplier/manufacturer.

Promotion

GOLFDOM: *With growing competition, professionals must strengthen their efforts in promotion and advertising. What are manufacturers offering as merchandising aids for pro shops?*

Cassell: The manufacturer is responsible for making the general public aware that only the pro shop offers expert advice, high quality and solid value. Manufacturers should make available to shops display and merchandising aids that give the shop a "professional" look.

Nannen: Most manufacturers provide a good portion of their golf clubs in display boxes for the professional who prefers this method of display. Manufacturers also provide reprints of some of their key ads for the professional to use in his shop.

Lust: Professionals are essentially soft sell operators and are not exceptionally promotion oriented. Manufacturers are offering reprints of national ads, counter displays, mail stuffers, photographs of nationally-known professionals who endorse their products. Most pro shops can use most of these materials.

Tarlow: As a group, manufacturers offer quite a variety of merchandising aids for pro shops. We have custom designed three different display units over the past 13 years and have come out with a variety of signs and posters, including small trademark



Wally Phillips



L. Dean Cassell



Robert D. Rickey

signs and four-color fashion posters. We bring the consumer to the pro shop by strong national advertising and we always say at the bottom of our ad, "For the complete line, see your golf professional."

Thatcher: Manufacturers are offering merchandising aids such as posters, promotion signs for bulletin boards and sales aids such as newsletters. Some have stands and racks, each point at selling their specific product and are of little use for other means. It would help if these items had more than one function. As a professional, I would like to have more displays which are well made and attractive even if they cost a little more.

Rickey: Very little material is offered the professional any longer because they simply do not use it in their type of merchandising. One professional expressed his feelings by saying, "You never see one of their signs on display in a good restaurant, but they are the center of attention in every neighborhood bar." As a result most companies have reinvested these dollars in other forms of promotion such as no-charge equipment for the professional's personal use.

Orlick: The type of advertisement Foot-Joy ran on behalf of the club professional typifies the merchandising aids offered by manufacturers.

Phillips: We offered a correspondence course on soft goods merchandising to the professionals and assistants and any other shop personnel the professional wanted to have take the course. This met with great reception. Also, many manufacturers

have spent considerable time and money to travel to numerous PGA section meetings and business schools to lecture to the professionals about business in general and to help them become better merchandisers. We continue to offer numerous point-of-sale materials, display cases and sales aids, besides.

MacDonald: We offer a whole list of merchandising aids. It is our experience that other aids are used only on a limited basis. We like to feel we presell our products through our various advertising programs. Traditionally, golf has been low-keyed because of the gentlemanly origin of the game and because golf shops only came into being as a convenience for members. Now, however, the situation has changed and golf is changing. With golfers demanding more services, it is essential that the professional operate the business side of his shop professionally. The professional must aggressively sell his customer. Yet we know from experience that most of our materials are regularly used by less than 25 per cent of the pro shops we serve. For whatever their reasons, the other 75 per cent is not taking advantage of modern selling techniques. We suggest that those professionals who are part of the 75 per cent determine whether they are falling behind in profits.

Kay: Charles A. Eaton Company offers a sales training program for assistants which is very helpful. Manufacturers also aid the professional a great deal with their ideas for gifts during the Christmas season.

GOLFDOM: What kind of support do professionals want from their suppliers in in-store displays, for example?

Phillips: Point-of-sale material, display cases and sales tools seem to be the kind of support professionals want and need from suppliers. Most of them utilize, in some way or other, various sales aids and tools, often at the direction of the local representative, and they continue to comment on the satisfactory results.

Sabayrac: Advice and counseling and providing the best quality merchandise are what the professional wants most from his suppliers. It isn't enough to sell merchandise to the professional and take the chance that he knows how to retail it. A personal interest in the shop's operation should be expressed by the manufacturer, and he should offer advice when needed. Signs and store displays ideas are often provided along with the merchandise shipments, but there's a need here for much improvement.

Rickey: The companies that have been in the industry over the years have probably offered every known successful in-store type of display to golf professionals, but none have been given good exposure. In fact, most professionals will not even use counter displays, and in many shops you will not see any form of advertising display.

Cassell: Sophisticated, visually powerful club and ball displays support the quality image of the shop. If the professional rearranges his shop, it can take on an exciting appearance and stimulate consumers to browse and buy. When the shop becomes stagnant and predictable, the sales potential lessens.

Orlick: Professionals want advertising in large metropolitan papers from their suppliers.

GOLFDOM: What about advertising the product in consumer magazines?

Kay: That kind of advertising helps the professional most. Many golfers want an item they see promoted in a well-publicized magazine.

Sabayrac: Fine consumer magazines are a great boon to golf pro shop sales. The ads are certainly noticed, and the colorful editorial spreads given to golf fashions and equipment trends have provided a great service.

Thatcher: Very helpful and is one of the main sources of membership interest in new styles. The more a prod-

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uct is advertised, the greater the demand.

Orlick: PGA Golf Equipment even had some effective advertising in Vogue Magazine.

Rickey: Our marketing research indicates that most professionals are not very sensitive to whether or not consumer advertising benefits them. The promotion we have had in recent years in which a coupon is included has proven that golfers are influenced by such advertising. We have also found that the consumer is attracted

more to ads that include semi-technical information. This again means that the professional must take the time to become knowledgeable about the products he sells in order to close a sale.

Cassell: The greatest boost a manufacturer can provide the professional is creating a far-reaching consumer demand for pro-line products. The advertising dollar should not be diluted but rather used as a powerful and continuing support of what the professional has to sell.

GOLFDOM: Are stuffers such as reprints or promotional flyers sent with bills helpful?

Sabayrac: Professionals are neglecting a potentially terrific means of selling merchandising to their members by not sending promotional flyers as stuffers with customer bills. We tried to get them to do this, but they were reluctant to take advantage of this idea.

Thatcher: Flyers put in club mailings are more bother to members and their cost doesn't justify the return. Newsletters have had more success in the past.

Phillips: It appears that stuffers and promotional flyers provided to the professional by the manufacturer are meeting with great reception by the professional. The manufacturer has once again tried to educate the professional to the fact that these methods are successful in retail business and there is no reason why it would not be successful if used properly by the pro.

Rickey: We haven't had much success in getting the professional to use reprints or flyers. The only time material of this kind is used is at Christmas. Professionals claim that they are too busy with other responsibilities. But most professionals do not take advantage of promotions such as Father's Day which is the second biggest market of the year in the apparel industry. However the PGA is undertaking educational programs to help professionals recognize these opportunities.

Orlick: Stuffers are not effective in my opinion. Club members receive too much of this from their clubs.

Cassell: Stuffers, and mailers are necessary from the supplier to continuously put the pro and his shop before the potential buying golfer.

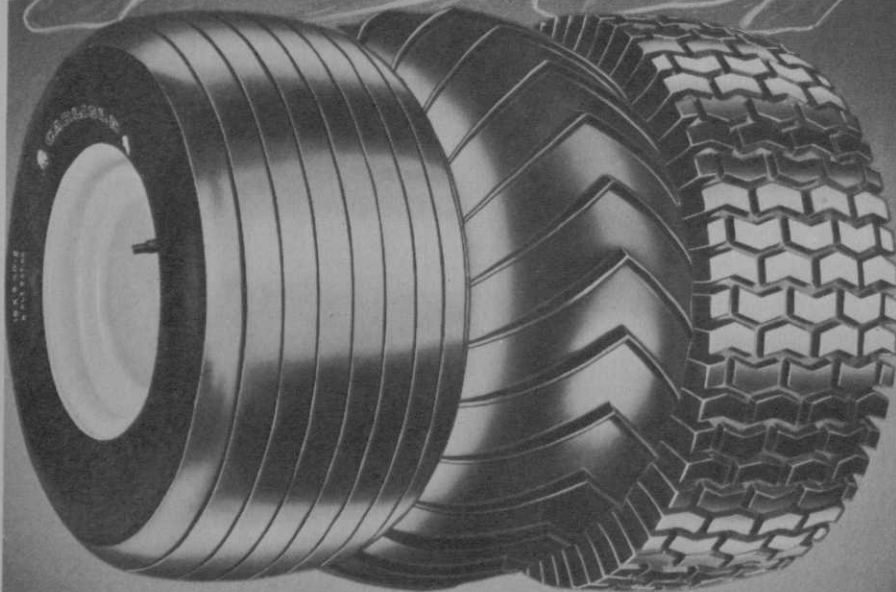
Kay: Reprints or promotional flyers sent out as stuffers with the customer's bill are a very good idea. I have heard of only one suppliers who does this, though.

Nannen: In some cases statement stuffers are provided to call specific items to the attention of the club members.

Tarlow: Our experience has not been a good one. I have the feeling that the problem is that too many golf professionals expect to get these stuffers for nothing. Department stores and specialty shops realize they cannot obtain good mailing pieces for nothing, and they are willing to pay because they know these pieces produce results. When more golf professionals realize this, more suppliers will develop strong programs providing varied mailing pieces. □



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