

THE FEASIBILITY OF A DEPARTMENTAL
MERCHANDISING SUPERVISOR IN A
SMALL CHAIN

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"The Food Distribution program at Michigan State University is under the sponsorship of the National Association of Food Chains."

THE FEASIBILITY OF A
DEPARTMENTAL MERCHANDISING SUPERVISOR
IN A SMALL CHAIN

By

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A THESIS

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CHAPTER I

INTRODUCTION

Management of retail food distribution organizations is constantly looking for new ways in which to increase sales and cut expenses. By adding sales with little or no added expenses, the companies obtain larger profits.

The increase in competition in the food industry during the last few years has increased the need for greater emphasis on merchandising. Since merchandising is applying force to goods to get them to the point of sale, it is performed by buying, delivering and displaying merchandise in the store. But there are many ways that these functions can be performed. Today, the term merchandising has come to mean the selling and display of goods. The company that draws the largest number of people to their stores and the displays that move the largest amount of merchandise is advertising and merchandising effectively. As competition increases, these functions become more important. For this thesis advertising and merchandising are the two elements of sales promotion. Advertising strives to get the customers into the stores and merchandising strives to sell customers goods after entering the store.

The writer believes that since competition is increasing and since the seller's market is now the buyer's market, a study of this nature would be beneficial for the food industry in general and small chains in particular.

Purpose of the Study

The primary purpose of this study is to show the need for departmental merchandising supervisors in the operations of small chains that do not use their services.

Secondary purposes are (1) to show the importance of elements of sales promotion, especially advertising and displays, (2) to show the importance of the functions of the departmental merchandising supervisor, and (3) to show the use of this position by small chains today.

Such a study would show management the great value that the departmental merchandising supervisor adds to the organization.

This study can also be of assistance to those aspiring to a career in food retailing as the position of supervisor is often the first step up the ladder after successful store management.

Need for the Study

The increase in competition has caused a need for more efficient merchandising in the food stores. To obtain this efficient merchandising, management of food chains is turning from the use of over-all store supervisors to departmental merchandising supervisors. They feel that by specialization among departments, a more thorough merchandising job can be performed and sales increased.

On the other hand, besides increasing sales, profits can be gained by decreasing expenses. Greatest efficiency in operations can only be attained when the whole organization works as a team. Co-ordination is the key to efficient operations. "In the buying department of a meat department as in all others, good co-ordination is the keynote to successful operations. This applies not only to the buying and merchandising departments, but also to the receiving, warehousing, shipping, transportation and office personnel."¹ Because of his association almost daily with the office and store personnel, the departmental merchandising supervisor is the key man of the organization in striving to obtain this co-ordination, thus decreasing costs.

The writer feels that due to the importance of efficient merchandising and co-ordination in the food industry today, there is a definite need for this study.

Method of Research

The information found in this thesis was obtained from both primary and secondary data.

The writer conducted a survey by questionnaire which was designed to obtain the needed information from the small

¹Thomas Flanders, "Buying and Receiving," Meat Merchandising and Operations, National Association of Food Chains, April, 1955, p. 5.

chain companies. Of the fifty companies contacted, twenty-six returned the needed information.

Many speakers of the food industry addressing the food distribution students during the year have contributed valuable information for this study.

The secondary data was obtained from many books, periodicals and bulletins written about the food industry.

The writer also took a course in Retail Advertising and Sales Promotion to help in gaining needed information for this thesis.

Ideas obtained in courses taken in the Food Distribution Curriculum at Michigan State University were very helpful in recognizing and developing many of the topics necessary for this study.

Scope of the Study

This study is not striving to give a complete outline of the functions of supervisors and merchandisers and of sales promotion devices. A description of some of the important ones needed, would be sufficient to see the importance of the departmental merchandising supervisor's position.

The term "small chain" is defined as a retail food organization with not less than eight stores and not more than sixty.

By departmental merchandising supervisor is meant a person who goes from store to store checking on the displays,

prices and general follow-up on advertisements and promotions in his specific department. His position should be differentiated from an over-all store supervisor or district manager, who checks on all the operations of the whole store. The department manager differs by staying in one store and having authority for running this single department. The departmental merchandising supervisor oversees the actions of the department manager.

This thesis will not discuss procurement of merchandise, even though this is a part of merchandising. It is designed around the functions of the departmental merchandising supervisor, which are primarily concerned with selling of merchandise. Since advertising and merchandising are elements of sales promotion, the information which the merchandising supervisor should know will be presented.

Plan of Presentation

As the departmental merchandising supervisor is primarily concerned with increasing sales, the writer thought that the importance of the main elements of sales promotion should first be discussed.

After seeing the need for advertising and merchandising, a discussion of the main functions performed by the departmental merchandising supervisor will follow. These functions are divided into supervision and merchandising functions for clearer understanding. Since the merchandiser

often is also a supervisor, a discussion of the requirements of good supervision will be needed.

A description of the functions that the merchandising supervisor performs will show the importance of this position in the operation of the small food chains.

Finally, the writer will show the utilization of advertising, displays, departmental merchandising supervisors and their functions by the small chains as found from results of his questionnaire.

PART I

Elements of Sales Promotion

CHAPTER II

ADVERTISING - AN ELEMENT OF SALES PROMOTION

Definition and Necessity of Advertising

At one time or another, almost every author and every teacher in the field of advertising has formulated a definition of the word "advertising" that expresses his own interpretation of the term. Some have derived their definitions from the two Latin words of which the word advertise is compounded; ad, meaning to or toward and vertere, meaning to turn. They define advertising as the act or the business of turning people toward a product, a service or a store.

In order to eliminate confusion and establish a definition, the writer will use the definition given by the Definitions Committee of the American Marketing Association which states: "Advertising is any paid-for form of non-personal presentation of the facts about goods, services or ideas to a group."¹

Advertising is different from publicity because it is paid-for. Advertising is different from salesmanship because it is non-personal and presented to a group rather than an individual. Displays present the goods themselves, while advertising tells facts about the goods.

¹Charles Edwards and William Howard, Retail Advertising and Sales Promotion (Englewood Cliffs, New Jersey: Prentice-Hall, Incorporated, 1943), p. 2.

Probably the best way to see the necessity of advertising is to show the advantages that advertising gives the retailer. The need can also be shown by the amount of advertising used by the food industry. The main advantages provided by advertising, as stated by Jane Rowen and Eloise Blankerty, are:

1. Advertising can build sales by bringing people to the merchandise. Good layout, display and salesmanship not only can produce volume sales of advertised items, but also can utilize the traffic developed by advertising in making sales of impulse goods, or related or suggested merchandise and of higher price lines.
2. Advertising can increase a store's reputation or prestige. It is the voice of the store. It helps to develop good-will and to foster loyalty.
3. Advertising can attract new customers among newcomers to a community, among those dissatisfied with other stores, and among those interested in bargains and new merchandise.
4. Advertising can help win customers from competitors.
5. Advertising can introduce new merchandise and show new uses for familiar products.
6. Advertising can be a source of news about the store, news which is of interest to established, as well as potential customers.
7. Advertising can help key items or branded goods to sell steadily and can build a novelty item, or a new item into a fast seller.
8. Advertising can increase stock turnover.
9. Advertising can make a public and popular event out of a store opening and create widespread interest in special store events.
10. Advertising can increase volume during slow months.

11. Advertising can help make shopping fun by appealing to customer's interest in excitement, novelty and surprise.
12. Advertising can be an integral part of a simple but fundamental program of public or human relations.
13. Advertising in newspapers, on the radio, by mail and through various other media enables a retailer to place his message before hundreds, thousands and even millions of people in a very short time. It is a lightning-like means² of communication with large groups of people.

These are the advantages of advertising and are also reasons for the need for advertising.

Food retailers have made use of advertising for many years. The trend has been toward the use of more advertising in recent years because of the prosperous economy and increase in food consumption in the United States. The increase in food consumption is explained by the larger size families and the larger percentage of each dollar that is being spent for food.

Limitations of Advertising

Business men have become so aware that it pays to advertise that some of them attribute too much power to advertising. Some business men feel that advertising will sell anything. This is not true as can be shown by the following limitations of advertising:

²Jane Rowen and Eloise Blankerty, Profitable Retail Advertising (New York: Ronald Press Company, 1951), p17-18

1. Advertising cannot create a market when conditions are unfavorable.
2. It cannot create immediate profitable sales for all items advertised, or succeed by sporadic and infrequent use.
3. It cannot sell merchandise that people do not want or cannot afford.
4. It cannot turn cats and dogs into profitable sellers.
5. It cannot sell goods in volume without the backing of display and personal selling.
6. It cannot cure buying mistakes or overcome poor management.
7. It cannot successfully defy truth and public intelligence by misrepresentation.
8. It cannot develop public confidence overnight or wipe out a poor reputation in a day.³

Of all these limitations of advertising probably the one that is most often ignored in the food industry is the backing of every division of the store. An interesting truthful advertisement can bring people into the store to examine the goods, but advertising cannot close the sale unless it receives wholehearted co-operation from the other selling agencies at the store's disposal. This means attractive displays, a well informed and intelligent store personnel and prompt, courteous service is necessary if the advertisement is to obtain maximum success. More could be done in the food industry to fulfill these necessities.

³Flanders, op. cit., p. 3.

Formulating the Advertising Appropriation

Of the several different methods that stores might utilize to determine the amounts which they should appropriate for advertising, the two most widely used methods are (1) the percentage-of-sales method and (2) the objective-and-task method.

Some stores decide to spend a certain percentage of sales, either planned or past, for advertising. Although this method is relatively an easy method of deriving the dollar appropriation and keeps the advertising appropriation within the amount that a store can afford to spend, it fails to give due consideration to the amount of money that the store needs to spend in order to achieve the planned sales and good-will.

The objective-and-task method of determining the advertising appropriation is more widely used than the percentage-of-sales. Under this method, the long-range sales and good will objective of the store or chain is defined and next the decision is made regarding the specific task to be undertaken during the year. This method takes into consideration both what the company needs and can afford to spend for advertising.

In deciding how much a store needs to spend for advertising, management must study carefully the following factors:

1. Age of the stores.
2. Policies of the stores.
3. Size of the stores.
4. Location of the stores.
5. Size of the trading area.
6. Competition.
7. Rates and circulation of media.
8. Business conditions.
9. Success stores are having in attracting customers.
10. Past experience.⁴

Newly opened stores must spend larger sums for publicity than older, well-established stores. A store that is located in a shopping center or centrally located will not have to advertise as much as one in out-of-the-way locations. Advertising is usually curtailed during periods of recession. Business conditions are a factor in considering what a company needs to spend for advertising.

The amount that a company can afford for advertising is determined by the maximum sales volume anticipated. The advertising budget should be large enough to bring to the company the greatest total net profit. This amount is the point of most-profit-productive appropriation.

What factors need to be studied to determine the long-range objective of the company? Mr. A. W. Zelomek, the

⁴Edwards and Howard, op. cit., p. 6.

president and economist of the International Statistical Bureau, stated that retailers should study consumers.

Since distribution deals directly with the consumers, it's analysis may properly begin with changes in the number and position of consumers and in the ways in which they live and spend their income.⁵

Other general business indicators that reflect business conditions are also studied in determining the long range objective. These indicators show if greater prosperity or depression is probable in the near future.

Need for Advertising Plan

To accomplish the greatest success, the advertisement should be planned well in advance. An advertisement plan is a forecast for a season, quarter, month or week of the advertisements that the company intends to employ to attract business. Many retailers use the terms sales plan or sales promotion plan instead of advertising plan. An advertising plan allows sufficient time for advance preparation of advertising. In too many instances, layout, copy and art work are hastily prepared and rushed to the newspaper at the last minute causing wasteful advertising.

A plan makes adequate provision for the seasonable nature of various lines of merchandise. By checking the past

⁵A. W. Zelomek, "New Opportunities for Distribution," Journal of Retailing, Volume XXV, Summer, 1949, p. 49.

records on sales, the advertising planners can see that reasonable items, as well as yearly ones, sell in definite patterns. Mr. Karl Moore, director of the Retail Division of the Bureau of Advertising made the following statement regarding this subject:

Effective newspaper advertising is made possible by an adequate budget properly determined, then planned and controlled seasonably to feature the right items, at the right time and at the right price. A store can achieve rare proficiency in advertising planning and timing by adhering to a simple philosophy governing the selection of merchandise for promotion. Each year, there is a marked seasonal pattern both of total sales and sales in individual departments. Year after year, these various seasonal sales patterns tend to reproduce themselves with striking fidelity. Seasonal departmental sales patterns indicate when people want to buy various lines of merchandise and therefore, when it should be most profitable to advertise those lines of merchandise. Stated more simply, this advertising philosophy becomes, "Fish hardest when the fish are biting."⁶

Sales records can tell management what items are selling but it cannot tell how the goods are being merchandised in the stores. What about the items that were not seen by customers? What about items that were presented in a poor display? What about new items? The demand for these items may be just as great as the fast sellers, indicated by sales records, but other factors have held down their sales. Sales records can be used as an indicator, especially of departments

⁶Karl Moore, "Against Sluggers: Bigger and Better Weapons," Journal of Retailing, Volume XXVI, Spring, 1950, p. 63.

to emphasize, but they should not be the sole factor used in planning advertisements. Because of advertising waste incurred from hastily prepared advertisements, management should plan carefully and well in advance, all advertisements.

Advertising Media

Before listing the various media available for the use of the retailer in delivering his message to the consumer, a discussion of what the retailer wants in the medium is necessary. A medium is "anything that carried the advertiser's message from the one who originates it to the one who sees or hears it."⁷ The retailer is striving to find the medium that will reach the greatest number of his customers or potential customers at the most economical price. Retailers, in general, have found that newspapers have served this purpose the best in the past years. "Advertisers spend more in newspapers than in any other medium; two-thirds of the annual advertising revenue of newspapers comes from local advertisers, mostly retailers."⁸

A list of the types of media, divided as to external or internal use, will follow:

⁷Arthur Brewster, H. Poliner and R. Ingraham, Introduction to Advertising (New York: McGraw-Hill Book Company, Inc., 1947), p. 265.

⁸Ibid., p. 265.

External Advertising Media

A. Periodical advertising media:

1. Newspapers
2. Shopping publications:
 - (a) Merchant-owned
 - (b) Independent
3. Miscellaneous periodicals:
 - (a) Local and community publications
 - (b) College and school yearbooks
 - (c) Directories
 - (d) Theater programs
 - (e) National Magazines

B. Direct advertising media:

1. Direct mail:
 - (a) Letters
 - (b) Envelope enclosures:
 - (1) Circulars
 - (2) Stuffers
 - (3) Folders
 - (c) Postcards and mailing cards
 - (d) Self-mailing folders
 - (e) Broad sides
 - (f) Booklets and catalogues
2. Miscellaneous direct media:
 - (a) Dodgers and handbills
 - (b) Reruns of advertisements
 - (c) Package inserts
 - (d) Wrapping supplies; merchandise labels
 - (e) Gift novelties
 - (f) Telegrams
 - (g) Special delivery letters
 - (h) Store publications
3. The Telephone

C. Sign (or mass) advertising media:

1. Outdoor signs:
 - (a) Posters
 - (b) Painted bulletins
 - (c) Electric signs
2. Cards:
 - (a) Car cards
 - (b) Station posters
 - (c) Bus cards
3. Miscellaneous signs:
 - (a) Taxicab signs
 - (b) Truck signs and posters

- (c) Theater curtains, slides
- (d) Movie shorts
- (e) Street banners
- (f) Sky writing
- (g) Kites and balloons

D. Broadcast advertising media:

- 1. Radio:
 - (a) Direct or "live" broadcasts
 - (b) Electrical transcriptions
 - (c) Phonograph records
- 2. Miscellaneous broadcast advertising media:
 - (a) Portable loudspeaker systems
- 3. Television

Internal Advertising Media

A. Periodical advertising media:

- 1. Periodical advertisements and reproductions:
 - (a) Tear sheets, proofs, and blow-ups of store's advertisements
 - (b) Tear sheets, proofs, and blow-ups of manufacturer's advertisements

B. Direct advertising media:

- 1. "Give-aways" and handouts:
 - (a) Handbills
 - (b) Store publications
 - (c) Manufacturers' literature
 - (d) Gift novelties
- 2. Merchandise attachments:
 - (a) Tags
 - (b) Labels
 - (c) Booklets and folders
- 3. Packages
- 4. Miscellaneous direct media:
 - (a) Saleschecks, etc.
 - (b) Catalogues

C. Sign and pictorial advertising media:

- 1. Sign advertising media:
 - (a) Signs: counter, elevator, etc.
 - (b) Posters
 - (c) Bulletin boards
 - (d) Miscellaneous sign media

2. Pictorial advertising media:
 - (a) Enlarged photos of:
 - (1) Department's merchandise
 - (2) Other departments' merchandise
 - (3) Other departments
 - (b) Store motion pictures

D. Broadcast advertising media:

1. Public-address systems
2. Special "hook-ups" with outside studios⁹

The retailer has this wide choice of media through which to send his message. He should know all the advantages and limitations of every media before selecting his media. A study of his customers can tell him which media would reach his customers. The merchandising supervisor can assist in choosing the appropriate media by interviewing and observing the customers in the stores.

Need for Stressing Individual Characteristics

If all stores had the same type of customers, same central locations, same size parking lots and courteous efficient service, then advertising and selling would be easier. But each store has individual characteristics that distinguish it from all other stores. Each store has its own selling problems. Because these individual characteristics are the reasons for customers patronizing a particular store, they should be emphasized either in the outside advertising media or the internal. Probably the internal

⁹Edwards and Howard, op. cit., p. 6.

advertisements could more easily tell of the individual characteristics of the store, while external advertisements could tell of the family characteristics.

Need for Merchandising Supervisor to Help
Advertising Department

The departmental merchandising supervisor's assistance is very important to the advertising department. The advertising men, because of their duties, very seldom have time to associate in the stores with the customers. On the other hand, this is one of the requirements of most departmental merchandising supervisors. One of the requirements of good advertising is that it has the customer point-of-view. The merchandiser, communicating with the advertising men, provide this essential information.

The merchandising supervisor often is responsible, along with other members of the organization, for the formulating of the advertising appropriation. Because of his knowledge of customers desires and merchandise, management believes that the merchandising supervisor can offer very valuable suggestions. Because of his connection with advertising, the merchandising supervisor should know:

1. The limitations of advertising.
2. The different types of media available and the advantages and disadvantages of each.
3. The importance of emphasizing individual store characteristics.

4. The importance of determining in advance the advertising plan.¹⁰

With a thorough knowledge of these elements of advertising, the merchandising supervisor can help the company obtain more successful promotions.

The merchandising supervisor, as stated earlier, is the key man in co-ordinating activities in the stores with plans in the office. Co-ordination in obtaining promotion success is very important according to L. A. Wagenheim of Food Fair Stores, Incorporated:

Since the counterman of former years has become the vanishing American, because of today's change to self-service. . . the burden rests upon us in sales promotion to sell more merchandise to more people. It is not enough to shout sale in an ad to get results in store sales and store profits. Today, you must have a planned event . . . I mean a complete tie-in right down the line from the buyer to the ad men to the cashier who rings up the final sale. The importance of co-ordinating everyone's efforts toward the sales objective we've set up should not be minimized. By planning every step of a promotion and clearly instructing each person on his part in it, we set the stage for a successful profitable event.¹¹

Mr. Wagenheim seems to substantiate the importance of advance planning and co-ordination of all sales promotion activities.

¹⁰Edwards and Howard, op. cit., p. 6.

¹¹L. A. Wagenheim, "Increased Profits Through Better Sales Promotion," Advertising and Sales Promotion Clinic, National Association of Food Chains, January, 1953, p. 26.



CHAPTER III

MERCHANDISING - AN ELEMENT OF SALES PROMOTION

Definition and Elements of Merchandising

Merchandising is any force applied to merchandise to move it toward the point of sale. Therefore, it includes all the buying and selling functions. The personnel connected with the merchandising function--buyers, sales promotion managers, merchandising supervisors, advertising managers and sales clerks or store personnel, are all responsible for having and selling merchandise to customers. They all work together striving to have the right merchandise, at the right time and price, in the right place, with the right quality and quantity, so that the customers desires can be fulfilled.

This thesis will not discuss the buying functions because it is designed around the functions of the departmental merchandising supervisor, whose primary concern is selling the merchandise. The buying function is very important in obtaining success in every promotion. The buyer must have enough merchandise purchased to fulfill the demands of the customers. Many sales are lost because of poor buying or poor ordering in the food industry today. "Out-of-stock conditions continue to be one of the serious problems facing

the food industry today."¹ The merchandising supervisor can assist in poor store ordering, but the buyers rarely receive purchasing assistance from the merchandising supervisor.

Personal selling and displays are the two main elements of merchandising. Because most of the food distribution centers are self-service establishments, displays are used more widely than personal selling in the food industry. Many food retailers feel that customers resent clerks suggesting items to buy. It depends upon the type of customers shopping in the store.

What is Effective Merchandising

Effective merchandising is knowing what the customers for each store and each department want and fulfilling these wants as adequately as possible. This means the retailer should be able to know the answer to the word "right" in the following essentials of merchandising:

1. Have the right merchandise.
2. At the right time.
3. At the right price.
4. In the right quantity.
5. At the right quality.
6. At the right place.

¹Robert Beaulieu, "How Champagne Avoids Out-of-Stock," Progressive Grocer, February, 1956, p. 63.

The importance of these elements has increased tremendously since 1920. With the great increase in cars in this country has come more freedom and less store loyalty among customers. "There is far less store loyalty among customers than there was years ago. If you don't have what a customer wants, or you don't give her the service she likes, she can go many places, even to other cities or towns."² Thus, the necessity of the food dealer in fulfilling the wishes of his customers.

The right merchandise is the merchandise that is required to fill the demands of the people in the community or area. The retailer should strive to have the right merchandise in all departments of the store. Some people buy one classification of their goods, like produce, from one store and the other items from a competitor. This is an example of having the right merchandise in one department, but not in the whole store.

The right time means giving due regard to seasonal items, special events and promotional plans. Timeliness is very important in obtaining maximum success of sales promotion. "You can't do business with an empty wagon,"³ stated George Kline. By this he means, be prepared for a holiday season by starting the first of November in planning a

²Gladys Miller, "Don't Sell Lamps--Sell Lighting," The Profitable Merchandising of Home Furnishings, National Dry Goods Association, March, 1956, p. 36.

³George Kline, "Now's the Time to Plan Your Christmas Promotions," Progressive Grocer, November, 1955, p. 78.

Christmas promotion. The retailer that has planned and prepared his promotions will not be caught with an empty shelf or an empty wagon.

The right quantity of merchandise is the amount that is sufficient to meet customers demands with little surplus remaining. This right amount will enable the retailer to get every possible sale and yet won't leave capital tied up in excess inventories.

The right quality of goods are those goods that meet the quality standards demanded by each store's customers. Sometimes two separate qualities of merchandise are needed if the store's customers standards of quality are mixed.

The right price is that price established by the company while being competitive as governed by local conditions.

The right place to show the goods is where people will have easy access to them and turnover will be the greatest. Many food items, due to their poor placement in the stores, do not reach their potential in sales.

Another factor to be considered in effective merchandising is the method of displaying the goods to the customer. These methods of presentation or types of displays obtain their greatest success only after careful analysis of the desires of the customers.

Types of Displays in the Food Industry

Mr. Walter Baumhogger in an address delivered to the Sales Executive Club of New York, stated:

Regardless of what kind of store it is, display is as important as any other one thing, and more important than most other things in consummating the sale to a customer. Display consists of many things. First there is the appearance of the merchandise itself. Then, there is the location on the counter. Then there is the manner in which it is displayed on the counter. Then there is the location of that counter in the store. Then there is the matter of the other kinds of merchandise (When I say "counter," I mean any kind of store equipment on which merchandise is sold--counter, showcases, shelving, racks, platforms, etc.). There are counters, tables, window displays, group displays and other displays.⁴

From this statement by Mr. Baumhogger on types of displays and from observing displays in many food stores, the writer arrived at the following list of the types of displays used in the food industry.

The main types of display used in the food distribution centers are:

A. Regarding location:

1. Check-out displays
2. End of gondola displays
3. Shelf displays
4. Table displays
5. Window displays
6. Parking lot displays

⁴Harry Simmons, Successful Sales Promotion (New York: Prentice-Hall, Incorporated, 1951), p. 166.

B. Regarding number and type of items:

1. Single item display
2. Related items of same department
3. Related items of different departments
4. Group of unrelated items

C. Regarding presentation:

1. Dump displays
2. Stacked displays
3. Mass displays
4. Demonstration displays

This is a list of the types of displays most widely used in the food industry at the present time. One display could have three names, or be of three types. An example would be a mass display of a single item located at the end of a gondola.

Displays Regarding Position

The checkout displays are widely used in the food industry. These displays are placed on the front of each checkout counter to serve as last minute suggestions to customers. Best results can be obtained by displaying high demand, fast-moving merchandise at this location. One limitation of checkout displays is that it often crowds the checker and leaves her little room for movement. A well placed display can remedy this situation. Many retailers, realizing the importance of this location in the store, often display too many items at the checkout counter and

thereby, give a crowded impression to customers. Care should be used in selecting the right items and the right number of items to be displayed at this location.

The end of gondola display is another type of display found in many retail food stores. Because of the importance of the space at the end of each aisle, and the need for more space in food stores, and the quick turnover of advertised "specials," retailers have solved these three problems by using the end of aisles for displaying merchandise. There is enough space to stock large amounts of merchandise without constant restocking of high turnover items by using these areas. Customers can easily find the advertised merchandise placed at the end of the aisles.

Shelf displays are those displays which are merchandised in the regular day-to-day position on the shelf or in the case. If advertised items are displayed on the shelf, then most merchandisers attach a small "as advertised" or "special" sign to the merchandise to attract the customer's attention. Many retailers are beginning to use shelf extenders to display their advertised items.

Shelf extenders are used to:

1. Add to the massiveness of some displays.
2. Show additional varieties or lines.
3. Feature companion-item suggestions.⁵

⁵"Shelf Extenders Are Tops," Chain Store Age, June, 1956, p. 70.

These extendors can facilitate in the problem of restocking of advertised merchandise.

Great care should be taken to see that all items, not only the advertised ones, are well stocked and adequately displayed. Mr. Rogers Brown, of the Kroger Company, emphasized the merchandising of all items in a recent address to the students of Food Distribution at Michigan State University. A survey conducted by Kroger showed that only one out of every six customers buy the advertised merchandise. The remaining five buy other items, so all merchandise should be well displayed for greatest success.

Table displays are widely used in the food industry. The advantages of this type of display are that the table can be located almost anywhere in the store and customers have easy access to the merchandise. Merchandise displayed on the middle shelves that are about waist high sell more merchandise than at high or low levels. Table displays take advantage of customer convenience.

Window displays are not too widely used in the industry. Some retailers believe that the windows in front of the store offer great merchandising advantages. Others feel that the windows should be used for signs and posters. The retailers that build mass displays next to the windows feel that customers, who are passersby, can be attracted by neat window displays. Many impulse items are displayed at this location. Some retailers feel that nothing should be placed

on or in front of the windows. These feel that the customer will be impressed by looking through the window at the whole store interior.

Parking lot displays are increasing in use, because of the large number of items needed to be stocked in the food stores and because of the lack of space in the stores. Retailers, because of these crowded conditions in their stores, often display bulky merchandise, such as watermelons on their parking lots. These displays, like window displays, can be seen by passersby without entering the store and often lead to more customers and added sales. The big disadvantage to this display is that the merchandise must be transferred to an enclosure during hours when the store is closed. This creates a need for building the display daily.

Displays Regarding Number and Type of Items

Displays may also be classified according to the number and type of items merchandised. The merchandiser should consider all factors, such as individual characteristics of the community, the customers and the store before determining what type of display to use. Many customers depend less on shopping lists today and more on food market displays to remind them of the products they need, while others stay with the lists. Many people who use the lists have a certain resentment to displays.

Single item display is a showing of one item of merchandise. When no attempt is made to group items in a display or show related items next to the display, then a merchandiser is using a single item display. Some retailers do not build a separate display, but merchandise advertised items in their regular position on the shelf or in the case. These are single item displays, as are all the non-advertised goods found on the shelf in their day-to-day location.

Related item displays are those where all related items are placed together or next to each other. They represent a silent form of suggestion selling. This type of display often is favorable to the customer because it facilitates her shopping. It is very valuable to the modern food retailer who must rely upon almost all his suggestion selling from display, since the food markets are self-service. These related items may be goods of only one department or of several departments. The promotion plan and type of merchandise being displayed will decide this problem. For example, a display of steaks for a promotion can be supplemented with a display of meat tenderizer. Meat tenderizer is a grocery item, while steaks are a meat department item. A promotion plan emphasizing fresh salads ordinarily would display only related produce merchandise.

Group displays are displays of a number of unrelated items together. This display is undertaken to impress on the customer the idea that the store is prepared to fill

almost any conceivable merchandise need. It serves the purpose of both a prestige and sales promotion display.

Displays Regarding Presentation

Names can be given to displays by the way they are presented to the customers. Although stacked displays are the most widely used type according to this classification, dump, mass and demonstration displays are also extensively used in the food distributing centers.

Stacked displays are those displays which present the goods neatly arranged so that a tidy appearance is shown. These displays do not try to impress the customers by massiveness. They try to take advantage of the labels and color on packages, as a sales stimulant. The labels are all turned in the same direction to give consistency.

Dump displays are used by many retailers in the food industry. The term "dump" is self-explanatory. The advocates of this type of display are convinced that customers are afraid to mess up a neat display. The limitation of this display is that it often reflects "sloppiness" or laziness on the part of the retailer. The individual stores' customers will determine if this type of display will be successful or not.

The demonstration display is receiving extensive use in the food markets in the last few years. The demonstrator has samples of food that she gives to customers as they circulate in or around the store. The particular advantage to

this type of display is that it appeals to the senses of taste and smell, and the desire of people to get something for nothing. Retailers feel many customers can not resist purchasing the item after tasting and smelling the product. One limitation to this type of display is the fact that people feel obligated to buy the goods after receiving a sample. Many people will refuse the sample because of this attitude. Too many of these demonstrations at one time can be a detriment, rather than a benefit, because of causing crowds of non-purchasing children and because of the aforementioned resentment.

There is a wide variety of types of displays for the food merchandiser to use. He should study the customers and their shopping habits to determine which will be the most successful. He should not use too many displays at one time because this could cause the loss of display value. The merchandiser who varies the types of displays probably will have the greatest success, because of presenting something different. He should use the same principles as advertising layout construction in setting up his displays. They are:

1. Principle of unity
2. Principle of coherence
3. Principle of balance
4. Principle of movement
5. Principle of emphasis⁶

⁶Edwards and Howard, op. cit., p. 6.

Unity is obtained by merchandising articles that logically go together or will be used together. Coherence is obtained by the effective use of all the elements of a display--the merchandise, posters, tables, et cetera. Balance is obtained by correct arrangement of the merchandise. Movement is gotten by displaying merchandise so that it will increase the flow of traffic through the whole store. Emphasis is obtained by using displays of contrasting sizes and colors of merchandise. These principles should be applied to judge displays as well as advertisements.

Need for Displays in Food Distribution Centers

Competition in the food industry demands the use of displays. Because of federal, state and local laws, especially those against discrimination, all retailers can buy and sell merchandise at approximately the same price. Nothing can stop other retailers from presenting quality merchandise and convenience to the people. How does a retailer make his store different from other stores? The answer lies in merchandising. Merchandising can make the retailer different from his competitors.

A large share of the sales in the food industry are made of staple items which carry a low mark-up. To stimulate customers to buy impulse items which carry a higher mark-up, displays are needed. Displays are used to obtain balanced selling so that a high average mark-up can be obtained.

Cutting the price on a standard article in order to attract customers to the store is one of the best known methods of sales promotion. Some retailers follow a policy of having "weekly specials" consisting of nationally advertised brands marked down for the week.⁷

This marked-down price is virtually what the article costs at wholesale. If only this item were sold the retailer would not obtain his needed mark-up. Other items should be displayed near the "special" items. By selling both the high mark-up and "special" items, the retailer obtains balanced selling.

Another important reason for displays, which is often over-looked, is that it helps to move surplus goods for the farmers. Therefore, display use is beneficial to the economy as well as to the customers and retailers. A recent National Association of Food Chains bulletin stated:

What is it that offers unlimited promotional opportunities, can be translated into "plus" sales, offers our customers unusually good values, is available in quantity and makes friends for our company, too? The answer to the question is any food item featured under the Agricultural Program of the National Association of Food Chains. We can be sure that we have a merchandising "natural" to work with --something that's bound to produce extra sales and pull customers into the store. It's serious business for the farmers of our country--good business for us. What's more, it is a part of a co-operative effort with farmers to help move large supplies of farm crops to market.⁸

⁷Walter Haywood, The Retail Handbook (New York: McGraw-Hill Book Company, Incorporated, 1924), p. 220.

⁸"N.A.F.C. Agricultural Program Offers Merchandising Natural," National Association of Food Chains Bulletin, 1955, p. 1.

Displays are also helpful to the customers. They make it easy for the customers to buy advertised items. Items are easily found by customers and the employees stocking tasks are made easier by displays.

Displays are needed to follow-up on advertisements. After attracting the customers to the store by advertisements, displays should be used so that the customer can easily find the items. Customers will have a feeling of resentment toward a company advertising "specials" and then not having the merchandise available.

Displays are also needed to help build a reputation for the store. The promotional value is only one advantage of displays. They also offer a prestige or institutional value.

The use of displays is needed also because of the following advantages they offer:

1. Makes the store bright and attractive.
2. Gives each department a chance to show its merchandise to advantage.
3. Enables the store to change its "face" with changing seasons.
4. Can institutionalize the entire store as well as individual departments.⁹

Intelligent use of interior displays, set off by bright, well chosen colors, can do a great deal to make the store cheerful and inviting. There is a growing recognition of this fact on the part of forward-looking merchants.¹⁰

⁹Edwards and Howard, op. cit., p. 6.

¹⁰Ibid.

All of these reasons seem to point out the necessity of displays in the food stores today. Management has come to expect the use of displays as necessary for maximum success.

Who is Responsible for Displays

To have a successful sales promotion, all store personnel should take an interest in displaying the merchandise so that maximum sales can be realized.

The construction and layout personnel are indirectly responsible for display success depending upon how the building and departments are arranged. If the store is laid out for customer convenience, then displays will be more successful than if poor layout is used.

Often a customer's decision to enter a particular chain food store can depend on the quick, initial impression that she gets from the stores exterior. An attractive out-side appearance can immediately make her want to come in, --an unattractive one can send her to the nearest competitor.¹¹

Thus, the layout personnel are responsible for display success in an indirect way.

The sales promotion planners and buyers are responsible for sales and display success. The planners must promote the right items and the buyers must have an adequate supply to fulfill customer demands.

¹¹"The Outside View on the Inside Sale," Chain Store Age, October, 1955, p. 119.

Probably the department manager, store manager and merchandising supervisors are the ones who are most responsible for successful store displays. These men work in the stores and mingle with customers so that they can discover the desires and dislikes of many customers. They build their displays according to their interpretation of customer desires.

The merchandising supervisor has prime responsibility for the success of displays. His responsibility is not only to management, but also to the customers and the employees. "If the customer is not satisfied, the supervisor has failed."¹² The supervisor is responsible to the people who work in the store. He can obtain success only through store personnel. Mr. Willard Campbell, Assistant General Merchandising Manager of Schuman's Incorporated, made the following statement on what the merchandising supervisor and the store personnel ought to know:

We must all know the facts about our stores operations:

- (a) What are the most important departments in our store each month from the stand point of:
 - 1. Sales volume.
 - 2. Profits.
- (b) A day-to-day knowledge as to which items are selling best in what department.

¹²Cletus Berning, Jr., "Retail Food Chain Store Supervisor" (unpublished Master's thesis, Michigan State University, 1953), p. 17.

- (c) When you know what your most profitable departments are and what items in those profitable departments sell fastest, develop policy of placing major promotional effort behind those profitable items.
- (d) Remember that a majority of your year-around best selling items will be best sellers during the November-December Christmas season.
- (e) Recognize importance of proper timing of promotions-- lump your promotional efforts just prior to seasonal selling peaks--not after peak demand.
- (f) Get "all the juice out of your hot items and best selling orange." There is a tendency to stop promoting best sellers before sales have approached customer saturation point.¹³

The merchandising supervisor should know these points and discuss them with the store personnel so they can offer suggestions as to significant trends.

If the merchandiser fulfills his obligations to the customer and the store employees, he will be fulfilling his responsibility to the company.

Limited Use of Personal Selling

The number of self-service departments and stores in the food industry is constantly increasing. Because of this, the checker has come to be the only contact with the customers in many food stores. Since the checker is the only

¹³ Willard Campbell, "The Merchandiser's Views on Sales Promotion and Display," Using Your Promotional Tools More Successfully, National Retail Dry Goods Association, 1949, p. 11.

contact with customers, she is the only possible source of personal selling, unless hostesses are employed strictly for this function. The personal selling of checkers has been mostly limited to suggesting or reminding customers of the special items of the week, if they do not have them in their carts. Most of the food companies require that their checkers read all advertisements, so that they will know the items advertised and the prices.

Many companies strive to get the checkers and other personnel to sell not goods, but themselves as friends to the customers. If they can sell their personality to a customer and become a true friend, then the customer enjoys coming to the store because she meets her friend. This is another one of the individual store characteristics mentioned earlier, which can add immensely to the success of a store. The store manager or supervisor should discuss and encourage the selling of personalities for greater success.

The Growing Use of Automatic Merchandising

Will automatic merchandising, heralded as the dream of the future, revolutionize retail distribution with all its costs and wastes? Will there ever come a day when, as some enthusiasts seem to believe, sales-people no longer need to serve the customer with what she wants to buy, or checkers no longer need to add up her purchases and collect her money? The answers lie in the future.

The dollar volume of sales by automatic machines is growing yearly in type and number of items being merchandised. Harvard Business Review lists the following products and services being merchandised by automatic machines in 1953:¹⁴

Products

Books	Hosiery	Perfume
Combs	Hygienic Supplies	Photos
Crackers	Ice	Popcorn
Doughnuts	Milk	Postcards
Fruit	Nuts	Razor blades
Hand lotion	Paper Cups	Sandwiches
Handkerchiefs	Pencils	Soap
	Tissues	Towels

Services

Checking Lockers	Scales	Typewriters
Clothes Dryers	Shavers	Voice Recorders
Insurance (trip accident)	Shoe Shines	Washing Machines
Ironers	Toilet locks	

This list has grown even larger in the last three years.

Many food stores have increased the number of automatic machines for merchandising in their companies. The Grand Union Company is planning to place a number of these machines on their parking lots to obtain extra sales. Other companies use these machines on the side of their stores to obtain sales during hours when the store is closed. The ever-increasing labor costs have added to the greater use of vending machines in the food industry, along with the desire for extra sales.

¹⁴Wilbur England, "Automatic Merchandising," Harvard Business Review, November-December, 1953, p. 87.

Many people have had the experience with automatic vending machines of faulty operation and loss of money. This has caused a resentful attitude by these people toward the machines and they do not desire this type of merchandising. Because of these attitudes being prevalent among a large number of people, complete merchandising by automation in the food stores cannot be expected for many years. But the retailer should study his situation and see if the use of automatic vending machines might not add extra sales during times when the store is closed.

Merchandising is concerned with trying to get the goods to the people. Displays, personal selling and automatic machines are three ways of selling to customers. The right type of merchandising will be those that the customers desire. By fulfilling the customers wishes for each store and each department, the retailer can obtain maximum success.

PART II

Functions of the Departmental Merchandising Supervisor

CHAPTER IV

THE SUPERVISION FUNCTIONS

Introduction

This part of the thesis is designed to discuss the functions that are performed by the merchandising supervisor in the food industry. The functions are divided into two classifications--supervision and merchandising. The merchandising functions are those tasks needed to be performed to sell merchandise, while the supervision functions are those that strive to develop and guide the store personnel. The main objective of supervision is to gain teamwork and efficient operation. The main goal of the merchandising functions is to sell more goods.

Need for Supervision

Supervision is over-seeing and guiding the actions of subordinates. "The term 'supervision' relates to anyone who is responsible for getting work done through people."¹ The store managers and department managers are supervisors as are the departmental merchandising supervisors. These men are needed to guide and co-ordinate the actions of subordinate employees toward the goals of the business. If the

¹Robert Herron, "Developing Leaders," How to Build a Distinctive Selling Personality (Cleveland: Super Market Institute, May, 1954), p. 59.

store personnel do not know what or how they are to function, then they can not do their best work for the company. Some authority is needed to direct their actions. A father and mother are needed to direct the child, a foreman is needed to direct production and a supervisor is needed to direct store personnel. Without direction, people would do only what was good for themselves. The supervisor is also needed to curtail little disagreements between employees.

Finally, a supervisor is needed to serve as a leader. Because of the nature of people, there is a tendency in most individuals to look to others for guidance and leadership. A child's actions and words are often derived from the actions and words of the parents. Since people will follow a leader, a supervisor is needed so that they will copy the ideas and actions of a company leader rather than an informal one.

Types of Supervision

There are two methods used to get people to work-- the boss method and the leadership method. The first operates by the supervisor ordering employees to do tasks, usually in a rough tone of voice. This supervisor does not work with his employees, but just functions as a director of jobs. The employees are looked upon as "tools" or "slaves" needed for the operation of the company.

The boss method of supervising has been mostly replaced by the leadership method at the present, but some

supervisors still function as bosses rather than leaders. Leaders plan tasks with the employees and help with the actual work. This method of supervision operates under the principle that people will be more productive if they like the supervisor and the company. This method creates a friendly attitude between the supervisor and his subordinates.

Functions of a Supervisor

Because of the great advantages of leadership over the boss method of supervision, the former will be given as a function of supervision. While leading and guiding the actions of his subordinates, the supervisor performs the following functions:

1. Sells himself as a leader to his subordinates.
2. Plans for needed manpower.
3. Trains and develops his subordinates.
4. Counsels employees.
5. Provides opportunities for participation.
6. Creates an attitude of confidence in the company and himself.
7. Gives fair treatment to each individual.
8. Attempts to match men and jobs.
9. Develops reserves in his employees.
10. Rates employees periodically.
11. Sets standards of performance.

Supervision responsibility can vary from one company to another, so no all-inclusive list of the functions of

supervision can be given. These are some of the main functions of supervisors in the food chains.

The supervisor must sell himself to his subordinates, who are the department manager and department employees and in some cases, the store manager.

Selling in its best known form is often summarized as "arousing attention," "creating a desire," and "closing the sale."

However, there is another form of selling, the kind of "selling" we use in directing personnel in order to obtain a smoother operation and finer results. We use "selling" here because experience has shown that real co-operation, so highly essential to the efficient functioning of an organization, cannot be demanded. . . it must be won.²

Mr. Phippeny, the head of the meat department for Vons Grocery Company, goes on to explain that the best way to accomplish this form of selling is to tell the employees what is to be done and why, how and when it is to be done. The big factor that many supervisors ignore is telling the employees why something is being done.

In directing personnel you must convince everyone involved of the validity of "why." When you achieve this, you also create a desire to act, and top results will only be obtained when the desire to act exists.³

The supervisor should always be conscious that he is functioning as a leader while performing other functions of supervision. Good leadership is not attained easily, but requires constant effort by the person trying to lead

²Roy Phippeny, "This is Your Life--Selling," National Association of Food Chain Bulletins, March 1956, p. 1.

³Ibid., p. 1.

individuals. Good leadership strives to create team effort by guidance.

The supervisor must plan for needed manpower. A good supervisor realizes the fact that changes are constantly taking place in an organization as evidenced by the retiring of employees, aging of employees and floating away of personnel. Realizing that this same team cannot remain static, the supervisor plans for personnel that will be needed in the future. With the great expansion of the food industry, as evidenced by more departments and larger stores, more men are needed daily. The supervisor can and should plan for this needed manpower.

One of the main functions of any departmental merchandising supervisor is to train and develop his subordinates. The main subordinate the supervisor is responsible for developing is the department manager. There are many types and methods of training being used in the food industry, as stated by Mr. Ferguson, the Personnel Director of American Stores:

Currently, we in American are using ten separate training programs, all designed to play a progressive part in helping to develop managerial ability. Six of these courses are generally regarded as skill instructions and provide the necessary technical know-how. The four remaining courses we call the leadership series, consisting of Grocery Manager Training, Meat Manager Training, Job Relations Training and Supervisory Leadership.⁴

⁴William Ferguson, "Effective Training and Development of People," National Association of Food Chains Bulletin, October, 1954, p. 2.

The effectiveness of these courses will depend upon the people and standards involved. Many believe that both formalized courses and on-the-job training are needed for best success. Both methods have great limitations. On-the-job training usually does not offer the individual as good training as formalized courses. The personnel work and perform their job tasks while being trained on the job.

Formalized training courses offer the individual the best training, but management does not receive any immediate benefits for wages paid the employee while training. Mr. Robert Sampson says:

Top-line executives seeking to develop the abilities of the men under them are in a real dilemma. The way out of the dilemma, it seems to me, is to put qualified staff men in a new role--that of catalytic agents, so to speak, for executive development on the job.⁵

The departmental supervisors function as these agents, training the department managers and employees for executive positions while they work on their jobs. They notice the mistakes made and counsel and advise them on the right way of performing the task.

The company policy and the individual characteristics of the organization will determine which method of training is most effective for the organization. The supervisor must remember that the training he provides should be in both

⁵Robert Sampson, "Train Executives While They Work," Harvard Business Review, November-December, 1953, p. 43-44.

technical skills and leadership. The best way to develop these skills in others is by being a good leader.

Counseling employees is another function that is often performed by supervisors to help develop individuals. The supervisor, who takes a personal interest in each man's welfare and progress, will be more able to know the desires and wishes of each subordinate. He can visualize the job the individual will be most capable of performing with proper guidance. By advising and counseling, he will create a feeling of recognition and importance in the minds of the employees which leads to better attitudes and productivity.

The supervisor, while directing the activities of individuals, should provide an opportunity for the individuals to express their feelings or ideas. In many food chains, this opportunity is provided by use of departmental meetings by the company. If a company doesn't use departmental meetings, the supervisor can provide the opportunity for employee ideas during periods of counseling. Many times the employees have ideas which are of great value to the supervisor and the company. Therefore, the supervisor should function as a conference leader or an interviewer with his subordinates.

The supervisor should give fair, unbiased treatment to all his subordinates. When a person is given fair treatment all the time, a feeling of confidence is created. The relationship between the supervisor and his men

should be one of a coach and his team. He should strive to attain confidence in himself because only then will the employees give their best. Because the supervisor represents the company to many employees, confidence in him means confidence in the company.

Complete confidence by all employees can be attained only by being fair to all men. Lack of knowledge sometimes causes a feeling of unjust treatment by employees. The supervisor should be able to recognize this situation and give the employee a complete and thorough explanation. The result, after such an explanation, usually is added confidence and trust in the supervisor.

Because of the importance of proper induction of all new employees, the supervisor either personally or through the department manager, insists on its performance. Proper induction can create a feeling of belonging in the employee. "More can be done to make or mar the new employee's future in the first days than in weeks at any other time."⁶ Unless the supervisor insists on proper induction, this important function will often be ignored.

When employees are to be hired, the personnel department or store managers try to select men who will be satisfied in the job available. Often an error is made in this

⁶George Hasley, Handbook of Personnel Management (New York: Harper and Brothers Company, 1946), p. 109.

selection. Another task of the supervisor is to follow-up on this match of men and jobs, because often employees are not satisfied with their job tasks.

Just like the manager of a baseball team develops players to substitute in other positions, so should the supervisor develop depth in his department. Due to sickness, death, or quits, often a function in the department is vacated. By planning for these shortages, the department supervisor can have capable men trained to fill these functions. This is another function of a good leader.

Because the supervisor is in close contact with the employees, he should be able to periodically rate each employee for improvement. The supervisor can tell higher management about prospective executive personnel. He is the logical person to perform this function, because he associates both in the office and the stores.

Adequate communications are needed if team effort is to be obtained. The supervisor definitely functions as a communicator. "In order to infuse your personnel with your distinctive selling personality, you must keep them well enough informed to spark them into enthusiastic and progressive action on your behalf."⁷ The supervisor should get his points across to the store personnel so they can take over the next step when Mrs. Consumer enters the store.

⁷Charles Martin, "Communications--the Shortest Distance Between Top Management and the Customer," How to Build A Distinctive Selling Personality (Cleveland: Super Market Institute, May, 1954), p. 63.

The supervisor should realize the importance of good store personnel and strive to develop in them a personality that is beneficial to the company. Mr. Bill Nigut stated:

The big difference between any two super markets, it would seem to me, lies in the personnel. Personal selling supposedly disappeared with the service counter, but I do not believe that is true. The customer is also supposed to have come more in contact with employees in the old-fashion counter store, but that is not true, either, at least it is not according to my experience. In the modern super market, with a minimum of 30 or more people necessary to operate the store, the average customer has the opportunity to be exposed to as many as 16 employees while doing her weekend shopping. Unfortunately, no more than four or five are trained to make her visit to the store a pleasant one.⁸

The writer agrees with Mr. Nigut about his points on personnel and believes that the supervisor should stress the importance of a selling personality to his subordinates.

Qualities Needed for Supervision or Leadership

To perform the aforementioned functions, the supervisor should possess certain qualifications. To list the exact qualities necessary to be a supervisor would be impossible because "supervisory jobs seem to vary considerably in terms of personal characteristics required for success."⁹

⁸ Bill Nigut, "It Happened to Me," How to Meet the Competitive Challenge (Cleveland: Super Market Institute, May, 1952), p. 116.

⁹ The Development of Executive Talent (New York: American Management Association, 1953), p. 300.

This means that a careful job analysis of each supervisory job is needed in order to insure the most successful selection process.

Mr. C. L. Arnold, Personnel Director of Krogers, in a recent address to the students in the Food Distribution Curriculum at Michigan State University, stated that there are many words that can be used to describe the qualities needed for leadership, but that they all add up to the possession of three skills--conceptual skills, technical skills and human skills. It is important that top management has conceptual skills so they can conceive the functioning of the whole organization and can reasonably forecast future trends. In this position, the other two skills are minor.

The personnelmen should possess human skills, because of their work with people. The human skills are all the qualities which cause a person to get along with people. The conceptual and technical skills are minor in this position.

The supervisor should possess both the technical skills and the human skills. He must have the qualities to get along with people and also have knowledge and qualities needed to perform the technical aspect of the business. A merchandising supervisor would need to possess the human skills of leaders and the technical skills of merchandising.

The food industry has advanced with gigantic steps since the turn of the century. Competition has caused the retailer to try new techniques and devices, because in this

business a retailer cannot remain static. Management has made great advances both technically and mechanically, but only recently has attention been given to the most promising single source of productivity--the human will to work. Effective supervision will stress human relations with employees. The merchandising supervisor should not concentrate all his effort on merchandising, but should give equal emphasis to his best working and selling element--the human being.

CHAPTER V

THE MERCHANDISING FUNCTIONS

Introduction

The departmental merchandising supervisor is responsible for merchandising goods as well as supervising personnel. He fulfills a number of his merchandising functions through the work of the department manager and other store employees. Because merchandising is accomplished through other individuals, the merchandising and supervision functions are both performed by one act. It is hard to distinguish between the two duties when discussing a function like communications. This function is an element of both supervision and merchandising. The writer feels that the distinction should be drawn between duties performed with the prime purpose of developing and guiding the individual employees, and duties performed to display and sell the right merchandise. These duties needed to be performed to move more goods will be called the merchandising functions. One of the objectives of developing employees, it must be remembered, is to help increase sales.

Functions of Merchandising

Since customers must be persuaded to shop in the store and goods need to be shown in the stores to sell, a store cannot operate efficiently without advertising and

merchandising. "In the most efficiently organized and operated stores, these three functions: (a) merchandising, (b) advertising, and (c) selling are blended together into a well-organized, smoothly co-ordinated, delicately balanced team."¹ The over-all function of the merchandiser is to attain co-ordination of activities between these three departments in the organization. The co-ordination of activities planned in the central office and performed in the individual stores can best be attained by the personnel who work both in the office and the stores. The departmental merchandising supervisor usually spends some time in the central office and most of his time in different stores, so he is the key man striving to attain co-ordination of activities.

Because the merchandising supervisor "rubs elbows with" the customers almost daily, he usually assists in the planning of the publicity budget. Retailers should know the customers views on acceptance of certain items, readership or listenership to certain media and other pertinent information in drawing-up the publicity budget. Because of his association with customers the merchandiser usually functions as a member of the planning committee. Many executives feel that the merchandiser should assist in planning advertisements

¹ Using Your Promotion Tools More Successfully,
National Retail Dry Goods Association, 1949, p. 10.

each week because he possesses the customer point of view. One drawback to having these men assist in planning advertisements is often they want to crowd the advertisement and use little white space.

The people who have made advertising a profession would like to see more planning, better organization, better arrangement, lighter type faces, fewer black reverses, and more white space, with bigger illustrations, and better selling copy. . . in fact, generally, a more professional job, with greater dignity than now apparent in the average retail food advertisements.

But those people on the firing line, the retail food promoters themselves, have and generally still do, take the other stand. Hit it hard--Make it Black--Set it up Big--Crowd it in, we have no space in our stores for white space.²

Mr. Bauman, when referring to retail food promoters, had the merchandising men in mind as opposed to the professional advertising men. Most promotions in the food industry are planned by merchandisers, buyers and advertisers.

The merchandiser is also a planner of displays. After helping plan the items to advertise, he is responsible for the follow-up on these advertisements. He must build displays so that customers can find the merchandise in the stores. Mr. Irving Axelrod of Weingarten, Incorporated, showed the importance of building displays to follow-up on advertisements when he stated:

I would like to talk with you a few moments about the original Siamese Twins. Yes, I'm talking about the Sales Siamese Twins:--namely, Store Displays and Advertising. They are as companionable, interlocked

²Val Bauman, National Association of Food Chains Advertising and Sales Promotion Clinic, National Association of Food Chains, 1953, p. 7-8.

and as dependent on one another as they can possibly be, and no ultimate sales program can ever be as effective with either of them as with both of these factors. One hardly lives without the other, and if one survives alone, it is only a bitter struggle.³

This planning of displays involves making decisions on how much merchandise is needed, where it should be placed and what price should be attached. This must be decided after the planning of the items to advertise. The merchandising supervisor often studies manufacturers literature to get ideas on displaying merchandise and to help decide on which items to use for tie-in promotions. Over the years, Super Market Merchandising Magazine has been compiling a record of every note-worthy promotion that has come to its attention. "Some of the results of that work now appears in a printed book, called '1000 and One Super Promotion Ideas.'"⁴ Many merchandisers use this as a source of ideas for display. He can obtain merchandising information by reading current trade papers, National Association of Food Chain Bulletins and periodicals.

The merchandising supervisor, besides training the store employees to improve their human skills, must also train them in efficiently performing the technical skills of merchandising. He tries to train the department manager to be able

³Irving Axelrod, N.A.F.C. Advertising and Sales Promotion Clinic, National Association of Food Chains, 1953, p.18.

⁴M. M. Zimmerman, The Super Market (New York: Mc-Graw-Hill Book Company, 1955), p. 264.

to adequately fulfill his position in the company. He shows them how to arrange merchandise and perform other tasks, such as, ordering accurately and building neat displays. He builds leadership in department managers by working through them in handling the department rank and file employees. This is one of the most important functions of the departmental merchandiser.

Another one of the main functions of the merchandiser is to be a communicator between the office and the stores. Many of the retailers think that oral communications is the most effective and since the merchandiser works in both the stores and the office, he can be a very important link in direct communications. If the upward communication channel is effective, many valuable points of information can be received from rank and file employees.

The departmental merchandiser is responsible for the function of research. Most of this research is conducted either by personal interview or observation methods. By watching both the store employees and the store customer, the merchandiser can often discover errors that are being made. Research is nothing more than trying to find out today how to do things better tomorrow, through systematic gathering, recording and analysis of facts. "Good research is an ingredient essential to business health."⁵ By

⁵William Applebaum, Co-operative Marketing Research in the Food Distribution Industry (Chicago: Super Market Institute, 1955), p. 7.

analyzing customer habits and actions, the merchandiser can determine which items people buy and when they buy them. This information is very helpful in timing advertisements to meet the customer desires. The merchandiser should also analyze his store personnel by observing their treatment of customers and efficiency in work. Often he can save the company financial expenses by changing an inefficient work process. Research is one of the most important functions performed by the merchandising supervisor.

Department stores hire comparison shoppers whose jobs consist of studying and analyzing the competing stores. Many of the food companies use the departmental merchandisers to perform this function. This job consists of going into the competitors stores and studying their displays, prices, and quality of merchandise. They often notice if any of their customers are buying any of these specials. A study of these competitors can serve as a means of obtaining valuable information. It can often save a retailer from making the same mistake as his competitor. There are many consumer research studies being taken every year to help the retailer to be more able to give the consumer what she wants. An analysis of reports of these studies could add valuable information toward meeting the customers demands.

The merchandiser is also responsible for analyzing departmental expenses to see if they are reasonable or too high. The supervisor must discover and eliminate waste

expense within his department. He should make the department manager conscious of expenses and their detriment to the company. These expenses must be kept at a minimum for efficient operation and adequate customer service if maximum profit is to be attained. The use of a departmental merchandiser to check the expenses of each department is very essential in the food industry today because the net profit for the industry in 1955 was less than one per cent of sales.

In many food chains the departmental merchandising supervisor and department managers are responsible for the allocation of space for each item. These men review turnover records to determine the right amount of space to be allotted for each item. Seasonable items are studied in advance so that they can change the space allocation before peak demand. Shelf space is not allotted on turnover alone, but other factors are considered. Around three-fourths of the items carried in the modern super market sell less than twenty-four cans a week. If a strict turnover ratio determined the shelf space, then about one-fourth of the items would receive the major portion of space. Another significant difference is found when one item sells in one store and not in another. Space allocation will differ accordingly for each store. As mentioned earlier, the location of the item greatly influences turnover. The merchandising supervisor should analyze all these factors in determining the space allocation for every item in the department.

Some food chain managements feel that the departmental merchandiser should have some part in determining acceptance or rejection of new items. These advocates think that the merchandisers will more likely know what the customers will buy than the buyers and office personnel. Because merchandisers work in the stores and study customers habits and try to find out their desires, they are in a better position to speak from the customers point of view. The following questions should be considered before accepting or rejecting new items:

1. Is it of suitable type for my department or store?
2. Does it have popular appeal
 - (a) to the emotions?
 - (b) to reason?
3. Will it duplicate goods in my present stock or which I have already ordered?
4. Will my customers be able and willing to buy it at the price?
5. Is it a good value at this price?
6. Does it provide a satisfactory profit?
7. Is it properly packaged?
8. Is it worthy of special promotion and have I a promotion plan for it backed by the manufacturer?⁶

The merchandiser in many food companies functions as a supervisor of physical inventories. It is important that

⁶R. Walters, John Wingate, and J. Weiner, Retail Merchandising (Cincinnati: South-Western Publishing Company, 1951), p. 184.

the counting and tabulating of physical inventories be done correctly, because of the great expense involved. Some companies use auditors, while others use store personnel to take physical inventories. No human being is errorless, so a check can sometimes serve very valuable. The merchandiser supervises physical inventories so that he can check on the accuracy.

Studying Never Ends for the Merchandiser

If the merchandiser is going to obtain maximum success in his position, he should continue studying economic conditions, merchandising gimmicks and devices, customer desires, et cetera. These factors are not static, but change constantly.

Although the merchandisers ability to predict or forecast the future is not as important as his technical and human abilities, nevertheless, he should study the indicators of business conditions and be aware of forthcoming changes. During prosperity, people will buy more luxuries and higher priced food then during a recession or depression. The merchandiser must merchandise according to the business conditions.

Merchandising gimmicks, tools and machines may change completely within a year. If the merchandiser wants to obtain maximum success, he must keep up with his competitors or better yet, stay ahead of them. By visiting competitor's stores and reading current industry literature and by other sources, the merchandiser can keep up with this dynamic industry.

Study should be given to the habits and desires of customers, because if the retailer does not fulfill their needs then success cannot be obtained. The consumers are the life blood of the retailers. Without them, no one could succeed. The customers that buy in each department in the store have many different reasons for patronizing a certain store or department. The reason may be convenience, price, service, a friendly clerk or many others. The motives for patronizing a store do not remain static. The merchandiser cannot make changes in service, quality, et cetera, for a few customers. He must cater to the desires of the majority.

Mr. R. O. Eastman, a specialist in investigating markets, figures that a retailer, large or small, should know about those whom he sells and the field in which he sells:

1. From what sections and from classes does he derive most of his patronage?
2. What does the town think of his store--as to prices--as to dependability--as to service--as to courtesy--of the salespeople?
3. Is his policy making friends or enemies--attracting trade or driving it away?
4. To what extent are his advertisements read? To what extent are they believed?
5. What departments are most popular and why? What departments least popular?
6. Are his displays making as good an impression as those of his competitors?
7. Is his stock arranged as conveniently as his competitors? Do people have an idea that things are "easy to find" or "hard to find" in his store?

8. How many people are there "knocking" his store because of some particular personal grievance?
9. How many are there "boosting" his store because of some particular personal satisfaction?
10. With how many and what kinds of people is his store first choice--the place where they begin their shopping? With how many is it the second choice or a last resort??

The merchandiser should study consumers and try to determine the answers to the above questions. Only then will he be able to fulfill their desires. The merchandiser should study people and try to determine their motives for purchasing.

Qualities Necessary for Merchandising Supervision

Since the functions that the merchandising supervisor performs have been outlined, the problem for management is to determine who has the qualifications for this position.

Many retailers think that to be able to do an adequate job of departmental merchandising, a person must have had some actual experience working in that department. The length of time needed to be spent working in the stores to gain this experience will vary according to each individual's ability to learn.

The person chosen by management to supervise must be reasonably intelligent. He must have adequate knowledge of

⁷Robert Ramsay, Constructive Merchandising (New York: D. Appleton and Company, 1926), p. 148.

the merchandising functions, techniques and promotion gimmicks. He should also know enough psychology so he will be able to determine why people behave the way they do. Only by being able to recognize these desires and actions in people can he satisfy the departments' customers.

Because the merchandiser functions as a trainer, he should have teaching ability so that his ideas can be clearly communicated to the employees.

Along with this teaching ability, the merchandiser should have the right attitude toward the company and his subordinates. He must remember that he is just one small assistant in the big organization and that he should function as an assistant to his subordinates rather than a boss.

The person chosen to be merchandiser should have a thorough knowledge of company policies, union contracts and other information needed to solve the daily problems that arise. He should also have a thorough knowledge of federal, state and local laws. Some communities have outlawed the use of kites as sales promotion devices and unless the merchandiser knows this, he can cause his company a law suit.

To do an adequate job the merchandising supervisor must be satisfied with his job. "The man who can so identify himself with his company that his greatest satisfaction stems from his work will be the best bet for executive training."⁸

⁸Robert Wald and Roy Doty, "The Top Executive--A First-hand Profile," Harvard Business Review, July-August, 1954, p. 45.

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Mr. Wald and Mr. Doty did a comprehensive study of the background and present characteristics of a group of highly successful corporation officers and these are the qualities that proved prevalent for executives:

1. Executive has experienced a happy home life in his earlier years, conducive to the development of security and self-confidence.
2. He is extremely interested in and feels very much attached to his present family unit.
3. The educational level completed by the typical executive is far above the average of the general population.
4. He takes full advantage of varied educational opportunities.
5. He is an active participant in and leader of social organizations during childhood and throughout his career.
6. He is interested in religion as a force toward developing high moral and ethical standards.
7. He has experienced and continues to experience good health.
8. He is interested in people.
9. He possesses very superior mental and analytical ability.
10. He is serious and conscientious in his approach to work.
11. He is forceful and intense, actively seeking new work to be done and new methods of doing it.
12. He is objective in facing his personal problems.
13. He is ambitious and able to identify his ambitions with those of the company.⁹

⁹Ibid., p. 53.

This list of qualities found in present day executives provides an adequate check list for determining the selection of a man for merchandising supervision in the food industry.

PART III

Utilization of Advertising, Merchandising and Departmental
Merchandising Supervisors by the Small Chains

CHAPTER VI

UTILIZATION OF ADVERTISING IN SMALL CHAINS

Use of Advertising by Small Chains

There are so many food outlets across the country and within each division of the country that advertising is necessary for success today. A retailer must tell the customers about the merchandise he has to sell and other characteristics that will influence people to visit his store. The retailers questioned by the writer realized the great importance of advertising. They thought that advertising is the most important element of sales promotion as shown by Figure I and Figure II:

FIGURE I

ELEMENTS OF SALES PROMOTION USED

Elements	Use (Replies)
Advertising.	26
Displays.	25
Demonstrations.	21
Tie-in Promotions.	21
Other--Stamps	2

FIGURE II

IMPORTANCE OF ELEMENTS OF SALES PROMOTION

Elements	1st	2nd	3rd	4th	5th
Advertising	21	5	0	0	0
Displays	5	18	2	0	0
Demonstrations	0	1	10	10	0
Tie-in Promotions	0	0	11	9	1
Other--Stamps	0	1	0	0	1

Of the twenty-six small chains questioned, all of them use some form of advertising to draw people to their stores or to sell their store as the place to buy food. Merchandising was considered as a very important element of sales promotion as twenty-five of them use displays. When the writer asked these chains to rank these elements in order of importance, advertising was considered the most important as shown by Figure II. The reason for this is because no matter how effectively you merchandise the goods, no profit or sales can be made unless people come into the stores. Twenty years ago, the small grocery stores could get along with as few as fifty shoppers a week, but "the modern super market has to count on at least 2,000 or 3,000 customers, and there are many which actually require up to 15,000 customers a week to make a profit."¹ The increased expenses of wages and overhead have caused the need for greater volume as does the increase size of the store which calls for larger investments.

Type of Advertising Used by Small Chains

Advertising falls into two classifications depending upon its purpose--Institutional and Promotional. The approximate percentage of the total advertising budget of the twenty-six chains is shown by Figure III.

¹ Zimmerman, op. cit., p. 53.

FIGURE III
PROMOTIONAL ADVERTISING

Per Cent					Number of Replies
100	.	.	.	.	1
95	.	.	.	.	2
90	.	.	.	.	1
85	.	.	.	.	2
80	.	.	.	.	2
75	.	.	.	.	7
70	.	.	.	.	1
65	.	.	.	.	0
60	.	.	.	.	0
55	.	.	.	.	1
50	.	.	.	.	1
Below 50	.	.	.	.	8

Of the twenty-six companies questioned only one used all of their advertising budget for promotional needs. The reciprocal of the percentage shown in Figure III will give the approximate percentage of the advertising budget used for institutional purposes. In general, most of the companies use over half of their advertising budget for promotional advertisements.

Promotional advertisements are used with the main purpose of selling specific merchandise and creating traffic in the stores.

Institutional advertisements are used with the main purpose of selling the store as the best place to buy food items. Institutional advertising is very important to the retailer. In this type of advertisement, the specific characteristics of the store or chain should be told to the customers. Institutional advertising tries to get new customers to replace those lost for various reasons.

Types of Advertising Media Used by Small Chains

To determine the types of advertising media being used by the small food chains, the writer asked the respondents to check the types used. The list is composed of many methods of advertising by retailers and is shown in Figure IV.

FIGURE IV
TYPES OF ADVERTISING MEDIA USED

Type of Advertising Media	Use (Replies)
Daily newspapers	25
Weekly newspapers	17
Letters (direct mail)	12
Postal cards	6
Circulars, leaflets, booklets	16
Spot broadcasts on radio	21
Spot broadcasts on television	12
Billboards	6
Illuminated store signs	9
Display signs in stores	14
Signs on delivery trucks	11
Car cards	2
Handbills	6
Novelty advertising	7
Motion picture theater advertising	4
Classified advertisements	4
Other	7

To determine how much each media of advertising was being used, the writer asked the respondents to give the approximate percentage of the complete publicity budget for each method. The results are shown in Figure V.

FIGURE V
PER CENT OF THE PUBLICITY BUDGET

Type of Advertising Media	Largest %	Smallest %	Average %	Base Number
Daily newspapers	95	14.0	66.6	20
Weekly newspapers	40	5.0	18.2	15
Letters (direct mail)	5	1.0	2.1	8
Postal cards	15	1.0	5.6	4
Circulars, leaflets, booklets	10	.5	4.2	12
Spot broadcasts on radio	33	2.0	8.3	16
Spot broadcasts on television	24	2.0	8.9	10
Billboards	5	.25	2.1	3
Illuminated store signs	5	.75	2.4	6
Display signs in stores	10	.50	3.5	9
Signs on delivery trucks	4	.50	1.5	6
Car cards	0	0	0	0
Handbills	37	1.0	14.3	3
Novelty advertising	5	.50	1.7	5
Motion picture theater advertising	1	.50	.7	2
Classified advertise- ments	1	0	1.0	1
Other	5	1.0	3.1	6

Many of the respondents checked the types of media used by their chains, but failed to give the approximate per cent of the publicity budget. To get a clear picture of Figure V the base number column should be checked to see how many of the respondents stated the approximate percentage of their publicity budget.

Newspapers are still the most widely used advertising media by retailers because of the number of advantages offered by newspapers. They give the retailer low cost per reader, extensive market coverage, quick response,

flexibility and speed. Newspapers offer the retailers more advantages than any other medium.

The results of the survey show that radio and circulars are important advertising mediums to the food retailer.

Fourteen of the twenty-six chains use display signs in their stores as a follow-up on advertised items.

From the survey results, car cards, motion picture theater advertising and postal cards are not widely used by the small food chains. The reason for poor use of these methods of advertising is because of the high cost per viewer and the inadequacy of the audience reached.

From this survey, one can see that retailers feel that advertising is necessary for their success. Advertising should be used by the retailer both to sell goods and to sell the people on the advantages of the chain or store. The best way to accomplish both in the same advertisement is to strive to make the advertisement reflect the personality of the store. For example, by using white space, a retailer can reflect the wide aisles in the stores. Because of its necessity and importance, advertising should be studied and prepared with considerable care.

CHAPTER VII

UTILIZATION OF MERCHANDISING BY SMALL CHAINS

Use of Displays by Small Chains

As mentioned earlier, the two main elements of merchandising are displays and personal selling. The writer surveyed twenty-six chains to find out if displays were being used by them and if so, what types. The writer asked the respondents to check the types of displays used in their company and to rank them according to their successfulness. The results are shown in Figure VI.

FIGURE VI
TYPES OF DISPLAYS USED

Displays	Use (Replies)	Success				
		1st	2nd	3rd	4th	5th
Regarding Locations						
Shelf display	26	2	12	7	4	1
End of gondola display	25	22	2	1	0	0
Table display	18	1	9	8	0	0
Window display	5	0	0	0	0	5
Check out counterdisplay	13	0	2	7	4	0
Other	0	0	0	0	0	0
Regarding Type and Number of Items						
Single item display	23	9	9	5	0	0
Related item display	21	8	10	3	0	0
Assortment displays	14	3	7	4	0	0
Regarding Method of Presentation						
Mass displays	23	16	7	0	0	0
Dump displays	21	10	11	0	0	0

The survey shows that the food chain retailers are very conscious of the importance of displays. Many of them used several of the preceeding types in their stores. Twenty-two of the small chains ranked end of gondola displays as the most successful type, so the writer concludes that this has been the best space in the store for displays in the small chains. Mass presentation is considered more successful than dump displays as shown by the survey. Regarding the type and number of items presented, food chain retailers surveyed thought single item displays more successful than related or assortment displays. From the results of this survey, the most successful display in the small chain is a single item presented by the mass method at the end of the gondola. This conclusion cannot be drawn for the whole industry because the individual characteristics of the customers and stores will determine what will be the most successful type of display to use.

Personal Selling in the Small Food Chains

To determine how much thought the food chain executives were giving to the element of personal selling in the stores, the writer asked the respondents if any check was made to see if the store personnel had read the weekly advertisements. The results of this question showed that twenty-one of the twenty-six companies surveyed do check on store personnel's readership of weekly advertisements.

To determine who performed the function of checking on store personnel's readership of the company's weekly advertisements, the writer asked who was responsible. The result is shown in Figure VII.

FIGURE VII

INDIVIDUALS RESPONSIBLE FOR READERSHIP CHECK

Personnel	Number of Replies
Store Manager	18
Department Manager	4
Department Supervisors	8
Over-all Store Supervisors.	6
Other.	0

Figure VII shows that the small food chains are requiring their store employees to read the advertisements. The writer believes that one step in personal selling, is the reading of the weekly advertisements. This reading is helpful for personal selling. The survey showed that approximately eighty per cent of the stores were requiring store personnel to read the weekly advertisements. Many of the food companies are realizing the importance of personal selling in the modern food stores.

The store manager is the immediate person responsible for requiring the store personnel to read store advertisements. Many companies listed the store manager along with another higher executive as responsible for this function.

Many food chains are missing an opportunity to gain extra sales by ignoring this important element of

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merchandising. A well informed courteous clerk can render a service to customers by giving valuable suggestions or bits of information regarding advertised merchandise. This helps in selling the personality of the employees to the customers so that they may become friends.

The Importance of Merchandising

Food retailers believe that merchandising is essential for success in the food industry. All of the respondents stated that merchandising was essential for success in the food industry today.

The need for merchandising, presented earlier in this thesis will show many of the reasons why this is true. The problem facing most food retailer today is how to obtain better merchandising for greater success. At the Super Market Institute convention in 1952, one of the sessions was conducted on the subject of "Meeting the Competitive Challenge Through Better Merchandising of Food Departments." During the introductory remarks of Mr. Myer Marcus, he stated:

Better merchandising to my mind has two distinct facets: better sales, or increased sales, and better profit margins. I take it most of us today are more interested in the profit angle. To obtain increased sales and profits, it is very important¹ to have the facts for each individual department.¹

¹Myer Marcus, "Meeting the Competitive Challenge Through Better Merchandising of Food Departments," Super Market Institute, May, 1952, p. 41.

Twenty of the small chains surveyed have a merchandising department in their organizations. An organization chart in Chapter VIII will show the members and structure of a typical small food chain merchandising department.

CHAPTER VIII

UTILIZATION OF DEPARTMENTAL MERCHANDISING SUPERVISORS BY SMALL FOOD CHAINS

Use of the Departmental Merchandising Supervisor

To discover if managements of small food chains were using the specialized merchandising supervisor, the writer surveyed twenty-six small chains. The small food chains are using merchandising supervisors in their organizations to fulfill their goals better. Twenty-four of the companies surveyed by the writer are using one or more departmental merchandising supervisors in their operations. Only two of the respondents thought that this position was not needed.

Departmental merchandising supervisors are widely used in the grocery, meat, produce and frozen food departments, as shown by Figure VIII. The size and importance of the departments determine whether or not the use of departmental merchandising supervisors would be feasible. Just how large a department must be to warrant the use of this specialist must be determined by each company.

Many companies have further specialized the grocery merchandisers position to include a supervisor for candy, drug and non-food items respectively, as shown on the Merchandising Organization Chart. The respondents use of departmental merchandisers by departments is shown in Figure VIII.

FIGURE VIII
USE OF DEPARTMENTAL MERCHANDISING
SUPERVISORS

Department	Number of Replies
Non-food.	16
Health and Beauty Aids	13
Bakery	11
Delicatessen	11
Frozen Foods	20
Cash	5
Meat	23
Produce	22
Grocery	23
Dairy.	6
Other.	2

In general, the small food chain retailers believe that the merchandising supervisor should be responsible for merchandising from five to fifteen stores. The merchandiser spends some of his time in the office too.

Many of the small chain executives have placed a limit on the number of stores assigned to one person to merchandise because they believe that a better merchandising job can be obtained if responsibility is limited. The respondents results to the writer's question on how many stores the merchandiser supervises is shown in Figure IX.

FIGURE IX
SCOPE OF SUPERVISION

Stores	Number of Replies
0 to 5	2
5 to 10	10
10 to 15	8
15 to 20	1
20 to 25	1
25 and up	2

1
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3
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Position in the Organization

To determine how the departmental merchandising supervisor functions within the whole organization structure, the writer asked these questions:

1. Do you use an over-all store supervisor instead of individual department supervisors?
2. To whom does this merchandising supervisor report?
3. Over what personnel does this merchandising supervisor have authority?

The results of these questions are shown in Figures X, XI, and XII.

Fourteen of the twenty-six companies used both department supervisors and over-all store supervisors. Ten of the companies use only department supervisors and two companies use only over-all store supervisors. This shows that in a majority of the small chains, the over-all store supervisor has been given an assistant--the department supervisor.

FIGURE X

USE OF OVER-ALL STORE SUPERVISORS					Number of Replies
Use					
Yes	.	.	.	.	2
No	.	.	.	.	10
Both	.	.	.	.	14

The departmental merchandising supervisors are striving to obtain success in their respective departments, regardless of injurious activity to other supervisors. To

keep these supervisors agreeable and functioning properly, a co-ordinator is needed. The merchandising manager, sales manager or over-all store supervisor usually functions as this co-ordinator.

FIGURE XI

MERCHANDISING SUPERVISORS IMMEDIATE SUPERIOR

Superior	Number of Replies
Over-all merchandising manager.	6
Department merchandising manager	3
Over-all store supervisor	9
Sales manager	5
Vice president in charge of operations	1
Other	0

Ten of the companies surveyed stated that the departmental merchandising supervisors have authority over the store managers. The other fourteen companies stated that the departmental merchandising supervisor was a subordinate to the store manager. The supervisor is superior to the department managers and department employees. In general, the supervisors do not have authority over the advertising department, the buyers, or the store personnel from other departments.

FIGURE XII

MERCHANDISING SUPERVISORS AUTHORITY

Personnel Under Merchandising Supervisor	Number of Replies
Store manager.	10
Department manager	21
All store employees.	6
Employees in his specific department	15
Buyers	5
Advertising department.	3
Other	0

A merchandising organizational chart for a small food chain merchandising department is shown on the following page. This chart shows the position of the departmental merchandising supervisor. Ordinarily, the supervisor reports to a sales director, over-all store supervisor or some person who functions as a co-ordinator of the departmental merchandiser's activities.

Functions Performed by the Department Specialists

Two of the main functions of the merchandiser mentioned earlier were to help plan promotions and to co-ordinate planned promotions. To substantiate these statements, the writer asked two questions in his survey:

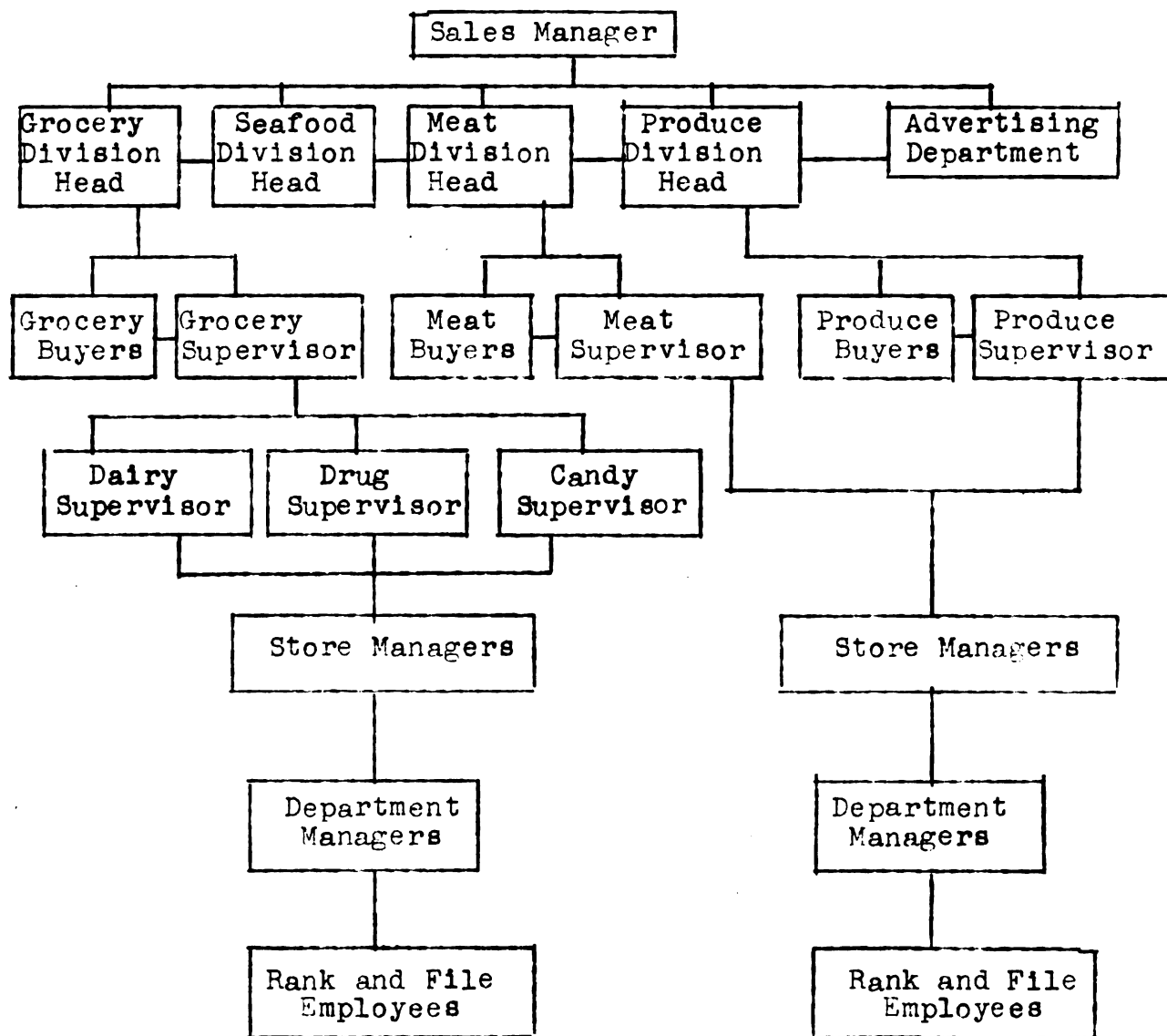
1. Is the departmental merchandising supervisor considered a co-ordinator between promotions planned in the office and operations in the stores?

2. Does the merchandising supervisor participate in promotional meetings?

Twenty-two of the twenty-four companies surveyed, using departmental merchandising supervisors, stated that these were two of the supervisors functions.

To find out what other functions were required of the departmental merchandising supervisors, the writer listed a number of tasks and asked the respondents to rank them in order of importance. The results are shown in Figure XIII. After assigning ten points for a function ranked first, nine

CHART I
MERCHANDISING ORGANIZATION CHART



Star Market Company Merchandising Organization

for the second, et cetera, the writer arrived at the order of importance as judged by the small food chain respondents. Figure XIII lists the functions in their order of importance.

FIGURE XIII

LIST OF FUNCTIONS PERFORMED BY MERCHANDISER

Function	Number of Replies
Trainer of department managers.	19
Communicator from office to stores	17
Planner of promotions with buyers and advertisers	15
Planner of displays	16
Analyzer of departmental expenses.	14
Planner of space allocation for items	12
Researcher by observation	13
Handler of personnel transfers within his department	16
Supervisor of physical inventories	14
Analyzer of promotional literature offered by manufacturers.	6

Many companies feel that success can be obtained by merchandising from the customer viewpoint. The writer asked the small food chain operators if the departmental merchandising supervisors were required to spend a certain amount of time in the stores to obtain the customer viewpoint. Twenty of the companies surveyed stated that their supervisors were required to spend a certain amount of time in the stores. This indicates that most of the retailers are giving thought to this important element of sales promotion.

Why are Retailers Using Departmental Merchandisers

Retailers are using departmental merchandising supervisors to gain the advantages of specialization. Closer

control of employees, better training, and better employee communicating are a few of these advantages.

The size of the modern super market and the added size and number of departments within the store have caused a need for greater specialization. The number of items handled in the food stores has increased in the last few years. The number of employees has increased. The store manager often has sixty or seventy employees under his supervision. The departmental merchandisers can help the store managers supervise and train the department managers.

The departmental merchandising supervisors are being used more in the small food chains to accomplish better merchandising. With the large investment that companies must make in the modern food stores, more people must be attracted to the stores weekly to achieve the sales objectives necessary for efficient operation. Food retailers have found that by using department merchandising supervisors, better merchandising and more efficient operations results.

CHAPTER IX

SUMMARY AND CONCLUSION

Advertising

Advertising is an important element of sales promotion because customers must be attracted to the stores in order to sell merchandise. In order to succeed, the retailer must advertise merchandise that meets customers demands.

Adequate merchandising in the stores is essential to the achievement of maximum benefits from advertising. This merchandising function is closely related to advertising and is a follow-up on the store's advertisements. Advertising tries to tell the customers about the merchandise and merchandising presents the goods to the customers. Co-ordination of these elements is necessary.

The departmental merchandising supervisor should participate in planning advertisements. He observes customer behavior by working in the stores and is in a position to present the customer point of view. In order that better co-ordination of activities can be obtained between the advertising and merchandising personnel, the departmental merchandising supervisor should know the following points about advertising:

1. The limitations of advertising.
2. The different types of media available and the advantages and disadvantages of each.

3. The importance of emphasizing individual store characteristics.
4. The importance of determining in advance the advertising plan.

Advertising is a necessity in the food industry today. Co-ordination of the activities of the advertising, selling and merchandising departments is essential for maximum success.

Merchandising

Merchandising is marketing strategy to get the right product to the right place, in the right quantity and at the right time. By knowing what the customers want and fulfilling these wants as adequately as possible, the retailer can obtain effective merchandising.

Merchandising means to make the right decisions on:

1. What to merchandise.
2. How much to merchandise.
3. Where to display the goods.
4. What goods should be displayed in the near vicinity.
5. What quality of goods are needed.
6. What time should the goods be displayed.
7. At what price should the items be sold.

Many food chain executives believe that merchandising makes a retailer superior to his competitors. Competition in the food industry today has created a need for better merchandising. The departmental merchandising supervisor is an

important aid to obtaining better merchandising in the food industry.

Supervision Functions

Supervisors are needed to guide and co-ordinate the actions of subordinate employees toward the goals of the business.

The leadership method of getting people to work is more successful than the boss method. The supervisor should be a good leader.

No all-inclusive list of supervision functions can be outlined by the writer because responsibility will vary from one company to another. Three of the main supervision functions are:

1. Training department managers.
2. Communicating from office to stores.
3. Handling personnel transfers.

Merchandising Functions

The over-all function of the merchandiser is to attain co-ordination of activities between the advertising, selling and merchandising departments. The merchandiser strives to obtain the customer view point and fulfill customer desires in sales promotion efforts. The merchandiser works in the stores and the office, and can easily communicate these views to the advertising and sales promotion executives.

The merchandiser is responsible for planning displays, training department managers, researching by observation and analyzing competitor's promotions. He also must analyze the departmental expenses and keep them at a minimum for efficient operation and adequate customer service.

In the past, the store manager and over-all store supervisor were responsible for performing these functions. Management of small food chains today believe that the departmental merchandising supervisor can more adequately perform these functions.

The Departmental Merchandising Supervisor

Small chains are increasing the use of the departmental merchandising supervisor in their operations. The increase in the size of the food stores and the number of employees in each store has created a need for greater specialization in supervision and merchandising. Management of food chains believes that merchandising makes the difference between success or failure and better merchandising can be obtained by increased specialization.

Conclusions

The writer has tried to validate the feasibility of the departmental merchandising supervisor in the operations of the small chain by showing:

1. The importance of advertising and the need for co-ordination of activities between advertising, selling and merchandising departments.
2. The importance and need for good merchandising, which means both personal selling and displays.
3. The importance of the functions performed by the departmental merchandising supervisor.
4. The use of the departmental merchandising supervisors by the small chains.

In the opinion of the writer, the small chains need the departmental merchandising supervisor to attain maximum co-ordination of activities.

Better merchandising is essential if the small chains are to compete successfully with the large chains. The department specialists in merchandising can facilitate better merchandising.

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