

MERCHANDISE PROCUREMENT PROBLEMS OF
APPAREL RETAILERS AND EVALUATION
OF VENDOR PERFORMANCE

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CHAPTER I

INTRODUCTION

One of the most important needs of a small apparel shop is a balanced inventory with a proper amount of merchandise. Good vendor relations are vital in maintaining an appropriate amount of merchandise for a balanced assortment. When engaged with vendors stock ordering and receiving procedures are also essential. These activities are of further value when reinforced with improvement of quality control and cooperation in merchandise deliveries (Broom and Longenecker, 1975). A retailer must realize the responsibilities of working effectively with vendors in order to maintain the business in a well-managed manner.

Troxell (1976, p. 257) stated, "A retailer rates his supplies in terms of how accurately their merchandise meets the needs of his customers." There may be an affinity between a vendor's designs and the clothing preferences of the customer established over a period of time, however, sometimes the affinity does not evolve. The retailer must be knowledgeable of the market, trends in fashion, and the needs of the customer.

A retailer, therefore, has to satisfy not only the requirements of the ultimate users, but also the provisions of vendors involved in marketing the goods. Increased satisfaction between the retailer and the vendor is likely to result from improved morale and cooperation. This

relationship, therefore, is not only an economic entity, but a social existence characterized by the elements of cooperation and conflict. A retailer and vendor must recognize individual performances so that they can benefit from the behavior of each and join together as trade members.

All marketing channels are based upon the recognition by individual channel members that they can benefit from joining channel systems and operating as a team; at the same time, the possibility of interchannel rivalry is all prevalent (Fisk, 1979, p. 16).

By identifying the performance impact of each trade partner, planning can be implemented to associate successes or failures with the particular conduct of each resource. At the present time, there is a void in knowledge of the factors that appear to support the relationship between retailers and vendors which results in more viable small businesses.

Many problems are encountered in the first three years of a business as a result of uncertainty in management experience. The lack of managerial experience is viewed as the major threat of small businesses (Fredland and Morris, 1976). Research in the problems of the small apparel retailer has revealed difficulties in four functional areas of retailing. LeGrand (1978) has identified problems in the areas of: accounting and control; buying and merchandising; operations and management; and advertising and promotion. In the area of buying and merchandising, findings of the study indicated that small apparel retailers more often have problems with merchandise procurement factors such as the return of inferior or damaged merchandise.

According to the Small Business Administration (1980), the definition of a small business is one which has an annual sales volume of

\$500,000-\$1,000,000, and an employment size of five to nineteen. A family size business has one to four employees, and a sales volume of \$100,000-\$500,000.

Small businesses have unique problems in procuring merchandise from the vendor. Therefore, the establishment and maintenance of good vendor relations is of great importance to each successful retailer. Store owners or managers can contribute to the success of each department, classification, price line, and to the overall store image by giving careful consideration to vendor relations. It is the customer that reaps the rewards of fair dealings and mutual appreciation between retailers and vendors, in that the end result will be mirrored in the price of goods sold and services rendered.

Purpose and Objectives

The purpose of this study was to investigate merchandise procurement problems and vendor performance in relation to selected characteristics of apparel stores. The three objectives of the study were:

1. To identify specific problems of apparel retailers concerning the procurement of merchandise and evaluation of vendor performance.
2. To study the relationship of the procurement problems and vendor evaluation in regard to selected characteristics of the apparel stores such as size of town or city, size of store, length of time in operation, and type of store.
3. To make recommendations for improvement of the relationship between small apparel retailers and vendors.

The procedures are discussed in three phases in Chapter Two, each phase relating to one of the specific objectives listed above.

Hypotheses

The following hypotheses were formulated for the study:

- H₁: There is no significant difference in small apparel retailers' perceptions of procurement problems or vendor evaluation based on size of town or city in which the store is located.
- H₂: There is no significant difference in small apparel retailers' perceptions of procurement problems or vendor evaluation based on size of store as indicated by annual sales volume.
- H₃: There is no significant difference in small apparel retailers' perceptions of procurement problems or vendor evaluation based on the length of time the store has been in operation.
- H₄: There is no significant difference in small apparel retailers' perceptions of procurement problems or vendor evaluation based on the type of store.

Assumptions and Limitations

The assumptions in the study were as follows:

1. The cultivation and maintenance of good relations between small apparel retailers and vendors is necessary for a profitable business for both.
2. Small apparel retailers have unique problems with procurement of merchandise from vendors.
3. The findings cannot be interpreted due to the universally small number of returns.

The limitations of the study were as follows:

1. The sample will be drawn from apparel retailers in eight states in the Dallas Apparel Market area.
2. Merchandise procurement problems of small apparel retailers will be restricted to specific vendor performance factors such as deliveries, return of goods, and quality of merchandise.

Definitions

For the purpose of this study the following definitions were applied:

1. Buying - a composite decision of several individuals each of whom had a different interest in the purchase and a different view (Grashof, 1979).
2. Contract - an agreement made between two or more competent parties to do or not to do a specific lawful thing for consideration (Hedrick, 1971).
3. Factor - a middleman involved in the financial transactions between the vendor and retailer.
4. Marketing Concept - a customer orientation backed by integrated marketing aimed at generating customer satisfaction as the key to satisfying organizational goals (Brokaw and Davisson, 1978).
5. Negotiation - a mutual agreement, skill, foresight, and strength of bargaining power (Markin, 1977).
6. Procurement Concept - a supplier orientation backed by integrated materials aimed at generating supplier satisfaction as the key to satisfying organizational goals of buyers (Brokaw

and Davisson, 1978).

7. Sales Representative - a salesman that represents a vital channel of communication from factory to buyer; also a major way of transmitting individual customer needs and problems back to the factory. A sales representative may represent one or more manufacturers (Hayes and Davisson, 1979).
8. Small Apparel Retailer - Apparel retailers were considered in two groups: stores with an annual sales volume under \$500,000 and stores with an annual sales volume over \$500,001. The term apparel retailer may refer to an owner, buyer or manager of an apparel store.
9. Specialty Store - offers a complete selection of a narrow line of merchandise; and for this study includes apparel stores which carry clothing and accessories (Boone and Kurtz, 1974).
10. Vendor - used synonymously with resource, manufacturer, supplier, and other sources from which apparel retailers obtain merchandise for resale to the consumer.
11. Vendor rating - a policy of concentration concerning quality, delivery, and service objectives in regard to a selected number of vendors; this term was used interchangeably with evaluation in this study (England and Leenders, 1975).
12. Purchasing Leadtime - the time that elapses between the recognized need and the receipt of the required item--its characteristics have two dimensions: expected length and expected variability (Walters, 1979).

CHAPTER II

REVIEW OF LITERATURE

The study focused on the interaction of the buyer and vendor concerning merchandise procurement problems, and on evaluation of vendor performance. Merchandise procurement problems included such factors as merchandise assortment, delivery of goods, terms of sale, and returns. Evaluation of vendor performance was based on criteria such as quality of merchandise, timeliness of shipments, and ordering and receiving merchandise. The review of literature was organized into two major categories: 1) merchandise procurement problems including the retail purchasing process, procurement of the merchandise, and purchasing problems of the small retailer; and 2) vendor evaluation including selection of vendors, role of sales representatives, legal aspects of procurement and evaluation of vendor performance.

Merchandise Procurement Problems

The buying process or function is considered a phase of the merchandise management activity in retail operations. The function involves decision making related to such considerations as negotiation or vendor-buyer interaction, terms of sale, the question of number of vendors, and the overall evaluation of vendor performance in the retail buying interaction. Negotiation is concerned with fair and just bargaining and not a situation where the gain of one is the loss of the

other. Some element of compromise is also assumed. "Negotiation is the process whereby mutual agreement is reached on conflicting positions; buyers and sellers resolve conflicts and differences of opinion regarding terms of sale and other bargaining factors by negotiation" (Markin, 1977, p. 285). In the bargaining situation negotiation involves strength of the negotiation, as well as the use of skill and foresight in bargaining power.

In the marketing channel, the ability of one channel member to relate to the position of the other channel member strengthened the overall marketing relationship, as well as improved morale. Duncan and Hollander (1977, p. 326) stated "Negotiations should be based on a considered mutual understanding of each other's position." A general knowledge of what is involved in the negotiation process should improve the bargaining skill and the procurement performance of the retail buyer.

"Buying and selling is a social relationship" (Packard, Winters and Axelrod, 1976, p. 234). Both the buyer and the vendor must do their part in working together effectively in order to achieve their own goals, as well as satisfying the goals of the other. According to a study made by Brokaw and Davisson (1978, p. 9) the Marketing Concept included "a special meaning of customer orientation backed by integrated marketing aimed at generating customer satisfaction as the key to satisfying organization goals." The Marketing Concept is based upon a conceptualization of the variables involved and the interrelationship of the impact of these variables on the entire process. Also associated with the Marketing Concept is the process of retail purchasing in order to satisfy consumer needs.

Retail Purchasing Process

Major retail purchasing problems revolve around decision making which includes certain factors present at the time of purchase, characteristics of the purchase decision and the stages in the buying process. Decision making involves seeking necessary information related to possible alternatives based on usage of various sources. Factors at the time of purchase should include expected sales and inventory levels, the rate of sale of the merchandise, markdowns, and customer comments (Broom and Longenecker, 1975).

Characteristics of the purchase decision are based on the type of purchase to be made, how it will be purchased, the quantity to be purchased, and the method of obtaining the purchase. External and internal sources of information should be available and accessible when needed to make a decision. Past experience has also been a vital information source in the analysis of the decision making process. In a study conducted by Stock and LaLonde (1978, p. 2) a model of a buying decision was outlined.

1. Anticipation or recognition of a problem or need
2. Determine quality and characteristics of the needed item
3. A specific description of the item needed
4. Search for potential sources for the needed item
5. Examine potential sources and the manner of purchase for the needed item
6. Selection of a source
7. Selection of transportation method
8. Evaluation of performance feedback

A further consideration was raised by Grashof (1979) concerning the extent to which others in the organization have an influence on the buying decision. The buyer's decision would probably be influenced by the comments of the retail store's sales staff, as well as by customer

comments. The buying decision terminates in the procurement of merchandise in order to maintain the desired inventory.

Procurement of Merchandise

A study conducted on procurement planning and control suggested making a plan in the beginning. "The planning process requires a tentative schedule to be defined which outlines the priorities, quantities, and timing" (Fisk, 1979, p. 16). In constructing a procurement plan, it is best to establish the merchandise requirements based on current inventory levels and merchandise which has already been placed on order. Weiters (1979, p. 3) explained that "improved forecasting, scheduling, and manipulation of the market demand patterns will minimize procurement problems."

A procurement concept "calls for supplier orientation backed by integrated materials management aimed at generating supplier satisfaction as the key to satisfying organizational goals of buyers" (Brokaw and Davisson, 1978, p. 10). This also encompassed the concept that a satisfied vendor will be loyal to a buyer and will focus on supplying his or her marketing needs.

Involved in the procurement of merchandise has been the planning of future purchases in order to have appropriate merchandise assortments located within the store at the time of need. Wieters (1979, p. 2) concluded from a survey on variable supplier leadtime that purchasing leadtime is the time that elapses between the recognition of a need and the receipt of the required items--its characteristics have two dimensions (expected length and expected variability). The risk involved was that the farther into the future purchases were made, the

greater the chance for errors. This has been the case of fashion apparel in which consumer demand for the item will be great at one point, but may diminish rapidly after the peak. Therefore, staple items with less fashion influence have been easier to forecast, and the time factor has not been as essential in the procurement concept. "The early buyer is merited, in as much as the fashion minded consumer represents a prime sales target for the retail industry" (Markin, 1977, p. 285).

Placing the order was in essence making a contract between the vendor and the retailer. The value of ordering the target new items at the time of need was followed by the necessity of reordering those items which sell more readily.

The discovery of reorderable best sellers and the selection of exciting new items are at the very profit heart of retail business. It is human nature to remember the spectacular venture that succeeded and to forget the speculation that failed. But sometimes they do fail--the timing was off, the assortment was out of balance, the quantity was too big, the demand was too small, or the retail price was too low to allow a profit. Consequently, the buyer must conduct his buying function in a manner that is well planned, not impulsive or subject to the whims or pressures of the moment (Tolman, 1974, p. 268).

A buyer must have researched the market thoroughly before placing an order. As the various merchandise items were contemplated, the buyer may have made his or her selection based on notes or comments recorded about items, a good memory, or a possible rating system. The buyer has a choice of which techniques were used in the selection of merchandise and placing of orders. The buyer would probably consider the following:

1. Where the market is going--degree of market strength
2. The resources that have merchandise
3. The specific styles

4. The assurance of delivery for planned stock composition
5. The validation of estimated classification strengths (Packard et al., 1976, p. 225).

All orders should have been analyzed against the major plan to assure coverage of classification, price line, dollar amounts, colors, and sizes.

After the decision of which merchandise to buy, there remained the element of the price to be paid. Retailers should take advantage of discounts that are available when the bill becomes payable. According to Markin (1977, pp. 285-286) "successful negotiation involves an understanding and appreciation of the major terms of sale under which goods are sold." Terms of sale referred to two categories of negotiative effort, discounts and dating. Basically, there were three types of reductions from the billed price under prescribed conditions. Duncan and Hollander (1977, pp. 326-327) referred to a quantity discount as "one which is granted because of the total amount purchased at a given time." This type of discount encouraged larger purchases at less frequent intervals and resulted in a sizable savings to the retailer. The trade discount was given the retailer because of the kind of business promoted. A trade discount may be referred to as a functional discount since its purpose is to offset the cost of functions performed by the various types of businesses. A cash discount was granted in return for prompt payment.

Dating referred to the time period in which the bill was due in order to obtain cash discounts. Several provisions for dating were defined by Markin (1977, pp. 287-288) as follows:

This means that the credit period is based upon the date of the invoice, which usually coincides with the date the merchandise is shipped. . . . Advanced dating is used to induce

the buyer to place early orders. Extra dating is another way of deferring the date on which credit terms begin to apply. . . . End of month dating provides that credit terms date from the end of the month in which the goods were purchased, rather than from the date of the invoice.

The end of the month dating was another method which was frequently used by the retailer. The implications of the various types of discount advantages were very important to the small retailer.

Purchasing Problems of Small Retailers

A small retailer that has worked closely with his or her sales personnel has been swayed by external and internal effects of the organization. A small apparel retailer that evaluated feedback from sales personnel on his or her own initiative possibly conducted the evaluation somewhat informally.

Vendors tended to prefer to sell to larger stores with a bigger sales volume. Therefore, the small retailer has needed to take an aggressive action toward purchasing in order to be more competitive and thus influence purchasing conditions to gain a major advantage. Spratten (1978) indicated that aggressive affirmative action contributed to the growth of small businesses through direct sales opportunities, prime contacts with vendors, and managing direct sales opportunities into increased credit and working capital resources. Through the use of affirmative action, barriers should have been diminished to result in greater opportunities for the small retailer.

Many small apparel stores have not survived the first three years of business due to a lack of knowledge of the business industry and the problems encountered. According to a study made by Fredland and Morris (1976) an estimated 350,000 businesses were discontinued in the United

States annually. Lack of managerial experience and lack of experience in the particular line of business were regarded as the underlying causes of failure of small firms.

Research was conducted by Strickland (1979) concerning dollar merchandise management for small apparel retailers. The findings indicated that the 65 small apparel retailers participating in the study found the information useful in developing seasonal merchandise plans, and in making open-to-buy calculations. Most of the small apparel retailers indicated that they had not experienced training in the area of managing dollar merchandise control systems.

LeGrand's (1978) survey of men's and women's apparel stores in Oklahoma identified problems in the four functional areas of retailing: accounting and control; buying and merchandising; operations and management; and advertising and promotion. In the area of buying and merchandising, the findings of the study indicated that 41 percent of the respondents considered returning inferior or damaged merchandise as a definite problem in terms of women's apparel. An additional one-third (34%) indicated that they had somewhat of a problem in returning merchandise. Buying small quantities of merchandise was definitely a problem for 22 percent of the participants and 44 percent had somewhat of a problem planning delivery dates. Fifty percent of the respondents experienced delays in receiving merchandise ordered at market, while 19 percent considered this a definite problem. In terms of these factors, the evaluation of the vendor has been examined.

Vendor Evaluation

An evaluation of vendor performance may be evaluated in terms of

delivery, service, and quality of merchandise. Criteria used in evaluating a vendor may also be applied when selecting new vendors. Sales representatives are a valuable form of communication to the retailer in evaluating and selecting vendors. In addition to sales representatives as an aid to the retailer, there are also certain legal aspects which work to protect the vendor and the retailer.

Selection of Vendors

The buying process, described earlier as a search, evaluation, selection, and review procedure for goods acquisition was also used to describe the buyer's behavior in regard to vendor selection (Markin, 1977, p. 288). Duncan and Hollander (1977) discussed a number of criteria concerned with choosing vendors: the merchandise assortment should fit into the needs of the small retail store; a steady source of supply should be available for new items as well as for reorders; a financially sound background; the terms of sale and fair prices; efficient and prompt delivery of merchandise items. According to Von Hippel's research (1978) on selecting a vendor, he indicated that there should be a recognized need and the solution lies in obtaining a vendor to meet the need. The problem solving in vendor selection resulted from listening to customer requests as to their clothing demands and by considering the feasibility of meeting those needs.

Different influences have an impact not only on the final supplier selection but on each stage in the purchasing process. This explicitly includes the evaluation stage in which the purchasing manager makes the necessary assessment of the product (White, 1978, p. 9).

Hannaford (1979, p. 14), from a research study of systems purchasing explained a theory in relation to selecting a vendor and some

guidelines to follow:

Systems purchasing is a type of contract buying that is dedicated to lowering the total costs inherent in the material acquisition and retention cycle. Such costs can be generally described as those attributable to ordering, carrying inventory, and the price of the material. This more complete attack on costs is accomplished by:

1. Selecting a single source for the widest possible array of supplies.
2. Using a simplified, point-of-need direct to vendor communication system.
3. Selecting the key sources only one time, and then relying on periodic audits and performance reviews.

There was debate among small apparel retailers as to the advantages and disadvantages of key vendors versus multiple vendors.

Whereby one source was able to supply a wide assortment of goods, which reduces the expense of ordering from many sources, multiple sources allowed a greater variety of goods and may offer better terms (Tate, Megginson, Scott, and Trueblood, 1975).

Packard et al. (1976) recommended the selection of resources according to the following criteria: appropriate merchandise for the clientele; manufacturer's distribution policy; timing; specifications (fit); retail price maintenance; clearance policies; advertising; prices; terms; and brand identification. After considering these criteria a classification for vendors was established. Such a classification system provided levels in which to establish vendor importance. Key or preferred resources were important in terms of sales volume, and were often the most profitable money makers for the store. Key resources also shaped the character or prestige for the store. Resources were identified in three groups: 1) stock resources which were reliable vendors whose success is based on consistent merchandise; item resources which were used for specific styles, types, or specific

events dependent on the needs of the store; and classified resources which were specialists in given classifications of merchandise assortments such as apparel. In dealing with the types of resources and merchandise classifications, a sales representative served as a valuable aid.

Role of Sales Representatives

A sales representative was a vital link between the vendor and the retailer in the marketing communication channel. According to Broom and Longenecker (1975) the sales representative assisted the small apparel retailer in such services as determining sources of supply for needed items, rating quality merchandise, price quotations, credit problems, vendor aids, sales promotion, and the vendor reputations throughout the market. Thus, the sales representative was instrumental to the small retail buyer in the realm of the purchasing strategy. A sales representative was "a vital channel of communication from factory to buyer, also a major way of transmitting individual customer needs and problems back to the factory" (Hayes and Davisson, 1979, p. 21).

The buyers learned about vendor policies and market activities via the communication channel provided by the sales representative. In return the small retail buyer provided appropriate information to the sales representative who was a valuable tool to the vendor in responding accordingly to consumer needs as perceived by the retail buyer. Both the vendor and the retailer are protected by legalities which determine the boundaries of the relationship.

Legal Aspects of Procurement

There were certain legalities which existed in the retail and vendor relationship. Laws and legalities were for the protection of both the retailer and the vendor in pricing, terms of order, delivery terms, and returning merchandise. Gillespie and Hecht (1970, p. 175) summarized the Basic Trade Provisions agreement in regard to fair retailer and vendor relations.

In 1948, the NRDGA Vendor Relations Committee and the Apparel industry Inter-Association drew up the Basic Trade Provisions agreement. This document required the vendor to notify the buyer within 15 days if order terms were not acceptable; cancellations were limited to orders undelivered after specified delivery dates; and returns of merchandise to the vendor were restricted to defective merchandise or merchandise not made to specifications. Vendors who could not deliver were required to notify the retailer immediately and claims and controversies were to be settled by arbitration.

Almost any factor relating to the buying-selling process involved negotiation and was regulated by legal authority. Such was the case with pricing in the Robinson-Patman Act. The Robinson-Patman Act, passed by Congress in 1936, stated that a vendor selling in interstate trade may not give a lower price to one buyer than to another under the following circumstances:

1. If the buyers take commodities of the same grade and quality
2. If the price difference:
 - a. substantially lessens competition, or
 - b. tends to create a monopoly, or
 - c. injures, destroys, or prevents competition with vendor or buyer, or customers of either
3. If the price difference is not one merely making due allowance for differences in the cost of manufacture, sale, or delivery resulting from the differing methods or quantities in which such commodities are to such purchasers sold or delivered, or one offered in good faith to meet the equally low price of a competitor (Duncan and Hollander, 1977, pp. 328-329).

Price discrimination has been harmful to competition, and due to inflation, had an even greater influence in purchasing. "The major obstacle in using price to minimize competition has been, of course, the law--specifically the Robinson-Patman Act" (French, Henkel and Cox, 1979, p. 2). Various court decisions and cases on price discriminations have provided a warning for buyers. Werner (1978, p. 15) stated:

Buyers are put on notice that overt lying to secure price concessions is intolerable but they are also on notice that hard and successful bargaining which leads to a specific price reduction may involve them in a Robinson-Patman violation.

However, if the vendor extended the price reduction to all retail buyers, then neither party had committed an offense.

Sometimes there was a difficulty in procuring the merchandise because of product shortages or the demand for the merchandise being greater than the supply, when the merchandise was placed on order. "However, when buyers can demonstrate these points and couple them with proof of difficulty in obtaining goods elsewhere--the law may back up purchase orders with court orders" (Decker, 1979, p. 92).

Delivery procedures have also been a problem, due to too late or too early shipments, broken shipments, or substitution of merchandise. Decker (1979, p. 59) stated "this raises issues of fact and law about the quality of the goods delivered--and also of time, quality, or assortment." The buyer should have registered concern over delivery problems, and demanded that the vendor correct the problem. If the problems were not remedied over a period of time, then the small retailer should have taken court action.

A retail purchase order was considered a valid contract when accepted by the vendor. The contract was intended to include all the

necessary conditions surrounding the transaction, and to make all conditions legally binding (England and Leenders, 1975). Furthermore, a contract involved an agreement acknowledged of an offer and an acceptance. An evaluation of the vendor's performance was made in regard to the legal aspects of the relationship between the vendor and the retailer relationship.

Evaluation of Vendor Performance

A retailer can rate vendors in terms of how accurately the vendor meets the merchandising needs of the store's customers. "The vendor in the final analysis is as good as his reputation and performance. After all, one party feeds and lives on the efforts of the other with all efforts directed to one group - the customer" (Packard et al., 1976, p. 233).

According to Troxell (1976, p. 25) "a small retailer should maintain records of dealings with each vendor." A card catalog system was recommended with a card containing the vendor's name and address, each month's purchases at cost and retail, the year or season's totals purchased, mark downs, and return adjustments. Using such a system, the small retailer evaluated a vendor's performance in terms of the past year's profits, and in light of any problems with that particular vendor.

Rating vendors on performance levels in relation to merchandise procurement and receiving, advertising, and promotions was valuable to the retailer benefitting satisfying relationships that proved valuable to the small retailer. There were methods for rating the performance of vendors to establish importance levels. A buyer's fast selling book

provided ratings not only of the supplier, but of items, styles, colors, patterns, and sizes. These should have been rated daily for an end of the year analysis. Staple stock control records have also been used to determine selling rate for less frequent analysis. Frequent inspection of stock by visual examination, comments of sales people, and customers have helped in evaluating vendor performance (Taylor, 1965, p. 67). Possibly scores were then assigned to each vendor: "And when scores are reviewed with vendors, rating plans foster the candor that is needed in supplier relations" (Dowst, 1979, p. 86).

The National Retail Merchants Association (1979, p. 1) recently conducted a survey to determine the nature and extent of problems retailers experience with vendors. "This survey covered product quality, compliance by vendors with purchase order terms, and difficulties of returning defective or substituted merchandise." The NRMA survey ranked vendors on quality, compliance with purchase orders, and return policies. A follow-up article on the results of the NRMA survey indicated that, "Junior and misses dress manufacturers are doing a better job in supplying the quality of merchandise retailers want than they are in complying with purchase orders or on their return policies" (Stores, 1978, p. 49). However, the results of the study pointed out that there remained substantial room for improvement in the dress industry concerning the manner in which vendors deal with the retailers.

Kendrick (1979) conducted research on inventory control and merchandise analysis systems for small apparel stores. A part of the research focused on the evaluation of the vendor's performance in regard to merchandise analysis records. A system for analyzing the

performance of vendors was found to be of aid to the small retailer. The system included evaluation on the basis of five factors: 1) total merchandise ordered; 2) total merchandise received; 3) percentage returned; 4) percentage sold at full price, and 5) percentage sold at mark down.

Miller (1978, p. 16) examined vendor evaluation "to determine the true value of a supplier in respect to past performance and future contributions as the prime goal of all career purchasing personnel." On the basis of an annual rating system, some resources did not compare well with others. The vendors should be informed as to the scores and evaluations of the performance levels review. Once vendors are aware of their standing with the retailer, they will probably be more alert and eager to provide better cooperation and service. Other studies were analyzed separately as to performance factors, laws, and related studies.

Other Related Studies

Other studies related to purchasing problems and practices have been reported in literature. Westbrook and Fornell (1979) indicated from a research study on durable goods buyers, that seeking an understanding of consumer information was essential to effective communication to the retail buyer.

"The evaluation process could have also been reversed whereby the vendor rated the buyer on his or her performance. One common complaint cited from a vendor's point of view was buyer inaccessibility" (Dowst, 1979, p. 54). However, it was suggested that this rating system be performed only every three or four years.

"The buying role is given emphasis by professional status which is the rank position attributed to the purchasing role relative to other organizational goals" (Baroth and Hagsted, 1979, p. 25). Professional status should not be measured in terms of the individual, but viewed in relation to the overall goals of the organization.

Other information reported in the literature related to trade channel distribution of goods from the producer to the consumer. Converse and Huegy (1945, p. 160) explained the stage of distribution as "the place in the trade channel where an article is at a given time."

Other laws were reported in the literature, for instance, Decker (1979, p. 87) explained one of the uses of a Uniform Commercial Code. "A supplier can limit a warranty if limitation is reasonable and consistent with other ramifications."

As a result of a study of the buyer's influence on pricing decisions, Farmer and Farrington (1979, p. 11) stated that market knowledge was important. "Buyers should conduct market research surveys on a regular basis - these coupled with purchase cost analysis and target pricing will place the buyer in a strong position."

An article from Women's Wear Daily by Lippa and Cohen (January 30, 1980, p. 30) discussed grievances between retailers and vendors. One major problem cited "The imposition by retailers of charge backs which apparel manufacturers regarded as unjustified has sparked a rash of complaints by vendors and counterclaims by stores."

Summary

The literature reviewed for this chapter included a discussion of

the major problems encountered in procurement of merchandise and evaluation of the vendor. Retailers should be aware of the various aspects of buying, owning, or managing a store operation. Relationships between the retailer and the vendor are vital and it is important to consider the needs of both parties involved in order to maintain good relations. Related research contained in this chapter emphasized the need for better relations between the retailer and the vendor.

CHAPTER III

RESEARCH PROCEDURES

The purpose of the study was to investigate merchandise procurement problems and vendor performance in relation to selected characteristics of apparel stores. The three objectives of the study were:

- 1) to identify specific problems of apparel retailers concerning the procurement of merchandise and evaluation of vendor performance;
- 2) to study the relationship of the procurement problems and vendor evaluation factors in regard to selected characteristics of the apparel stores such as size of town or city, size of store, length of time in operation, and type of store; and
- 3) to make recommendations for improvement of the relationship between small apparel retailers and vendors.

The procedures were organized into three phases, each phase relating to the specific objectives listed above.

Identification of Specific Problems of Apparel Retailers

The procedures for Phase I were designed to accomplish the following objective: to identify specific problems of apparel retailers concerning the procurement of merchandise and evaluation of vendor performance. In order to achieve this objective it was necessary to study procurement problems of retailers identified in the literature, to select the sample, to develop the instrument, and to collect the data.

Formation of Problem Areas

A review of literature was conducted by the researcher in order to identify certain types of problems encountered by retailers. Specific information was obtained relating to the merchandise procurement problems and the evaluation of vendors. The writer focused on those problems pertaining to small retail businesses, with emphasis on apparel shops.

Information in regard to specific problems of small retailers was obtained through library research. Selected references from the Journal of Marketing, Journal of Marketing Research, Journal of Retailing, and books such as Small Business Management by Broom and Longenecker, and Modern Retailing Management by Duncan and Hollander were utilized. A range of problems of small apparel retailers was reported in previous research by LeGrand (1978), Kendrick (1979), and Strickland (1979). Additional problems of small apparel retailers were reviewed based on participant comments in two previous workshops at the Dallas Apparel Market directed by Dr. Kathryn M. Greenwood, Professor of Clothing, Textiles and Merchandising, Oklahoma State University. A summary of buying and merchandising problems identified by LeGrand, and a list of the comments of the participants from the Dallas Apparel Market workshops are in Appendix A.

The specific problems identified were organized into two major categories, namely, merchandise procurement and vendor evaluation. Procurement problems were grouped into tentative categories suggested by previous research including merchandise assortment, delivery, terms of sales, returns, and ethics. Vendor evaluation factors were tentatively classified in terms of criteria for evaluation, number of

vendors, sales representatives, and factors or credit agencies. The selected literature discussed in Chapter Two, and the problems related to procurement and vendor evaluation were used in designing the questionnaire.

Selection of the Sample

The population of apparel retailers encompassed the United States. Apparel businesses are in almost any town or city and may be large or small in size. Apparel may be carried by department stores and discount stores, as well as specialty stores. The annual sales volume of apparel retailers varies over a wide range depending on the size of store, type of merchandise carried and the clientele. The length of time in business is unique to each individual apparel retailer. Apparel retailers may attend regional markets at specified times of the year in order to procure merchandise or may order merchandise from manufacturers' sales representatives. The term apparel retailers may be used to designate store owners, buyers, or managers.

The sample for this study included store owners, buyers, or managers who attended one of the Dallas Apparel Markets. A sample count was taken from the most recent Buyer's Registration Guide (October, 1979) which listed the retailers who attended the Dallas Apparel Market by store in each city. The guide included a 48 state area, with the exclusion of the states Connecticut and Rhode Island. Approximately 8,000 stores were included in the Buyer's Registration Guide for a major market.

Included in the sample was a count of all states with 100 or more stores listed in the Buyer's Registration Guide. The eight states

selected were in the South Central area and included Texas, Oklahoma, Louisiana, Arkansas, Mississippi, Kansas, Missouri, and New Mexico. The states and number of stores from each state are in Appendix B. A stratified random sample with proportional allocation was taken from each state in the eight state area. The formula for the random sample is in Appendix C.

The number of stores in each state were counted using the following criteria established for the study. The types of stores included in the sample were women's, maternity, western wear, sports shops, juniors, and combinations of children's and juniors. The types of stores excluded in the sample were children's, men's, bridal, uniform shops, florists, druggist, and gift stores. After the count was completed per state, a random sample was derived by taking a proportional allocation according to the total number of stores in each state. The allocation of samples drawn from each state is included in Appendix D. The total number of stores selected for the sample was 400.

In order to focus attention on the procurement problems of small retailers who have recently established a business, apparel stores with an annual volume of less than \$500,000 or that had been in business for less than five years were considered in a separate category in the analysis of data.

Development of the Instrument

The questionnaire was designed to obtain the reactions of the small apparel retailers to kinds of problems related to merchandise procurement and vendor evaluation. A schematic presentation of the process developed to determine the format and content of the

questionnaire is in Figure 1. As previously discussed, the specific problems were organized into tentative categories: merchandise assortment; delivery; terms of sale; returns; ethics; and evaluation of vendors. Specific problem statements were based on the literature review, and a tentative list of merchandise procurement problems and vendor evaluation procedures was prepared. An example of procurement problems is in Appendix E.

Interviews were conducted with two small apparel retailers in downtown Stillwater, and three small retailers in Oklahoma City. Each store owner was asked to review and discuss a list of statements based on merchandise procurement problems and vendor evaluation procedures. The writer recorded the store owner's suggestions of specific ways of handling procurement and vendor problems. A tentative list of questions was developed based on the findings from selected literature, previous related research, and the results of the interviews with five small apparel shop owners. An example of the questions is included in Appendix F.

The 1979 National Retail Merchants Association (NRMA) survey of vendor/retailer relations was reviewed and revisions were considered in order to include several of the questions in the writer's survey. The tentative questionnaire was revised in terms of the statistical analysis. To increase reliability and validity of the instrument, changes which related to the objectives of the study were incorporated based on the NRMA questionnaire. Revisions allowed for the data obtained from small apparel retailers in the writer's survey to be studied in relation to the findings reported in the NRMA study. Four questions on the writer's questionnaire were identical to the NRMA's survey. Permission

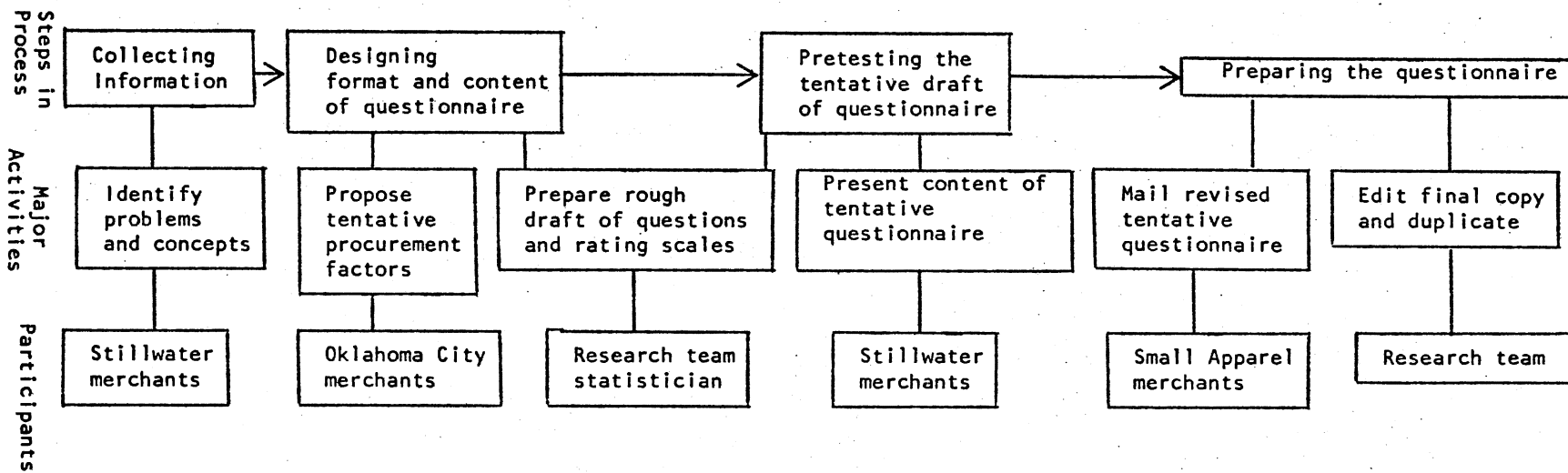


Figure 1. Schematic Presentation of the Process Developed to Determine the Format and Content of the Questionnaire

was obtained from Patricia Hand, NRMA Vice President in charge of the survey. The NRMA survey is in Appendix G.

The questionnaire was pretested by three small apparel retailers in downtown Stillwater and seven apparel retailers who pretested materials for previous Dallas Apparel Market Workshops. The writer noted the reactions as each of the Stillwater merchants completed the questionnaire. Based upon suggestions from the three Stillwater merchants, changes were incorporated and the questionnaire was mailed to the seven other apparel merchants. Several questions were expanded and the wording changed as a result of the pretest by the ten small apparel retailers.

The final questionnaire included the following parts: (1) a cover letter stating the purpose of the questionnaire; (2) instructions for completing the questionnaire; (3) a series of questions relating to the categories of problem areas and evaluation of vendors; (4) a store profile to obtain background information about the retail operation, such as size of town or city, size of store, number of years in operation, and type of store. A copy of the final questionnaire is in Appendix H. The four questions used from the NRMA survey are identified on the questionnaire. The store owners were instructed to read each question and answer each part of the questionnaire as indicated. The first part of the questionnaire designated the approximate percentage of returns to the vendor in the categories of women's dresses and sportswear. In the second part of the questionnaire, the retailers were instructed to check the degree to which the question represented a problem according to the rating scale. An example of the rating scale follows:

Rarely a problem
Sometimes a problem
Often a problem

A list of vendor performance factors was included, and the retailer was directed to check the extent to which each statement represented an important problem in the evaluation of vendors. The rating scale determining degree of importance of each factor follows:

Most important
Somewhat important
Least important

Collection of Data

A schematic presentation of the process of collecting and analyzing the data is in Figure 2. The questionnaire was mailed to the selected sample of 400 small apparel retailers. The questionnaire contained the return address, and the retailer was instructed to staple the folded portion of the questionnaire and mail as pre-addressed. The store owners, managers and/or buyers were asked to respond to the questionnaire within two weeks. Stores which had not returned the questionnaire within the time period were sent a follow-up letter as a reminder. The total of questionnaires returned was 31. Due to the small number of returns a second questionnaire and cover letter were sent to approximately one-half (185) of the apparel retailers who had not returned the questionnaire by the designated time period to urge prompt return. Ten additional days were allowed for the return of the questionnaire making a total of 35 days before the analysis of data. A total of 67 (17%) questionnaires were returned. Copies of the two follow-up letters are in Appendix I.

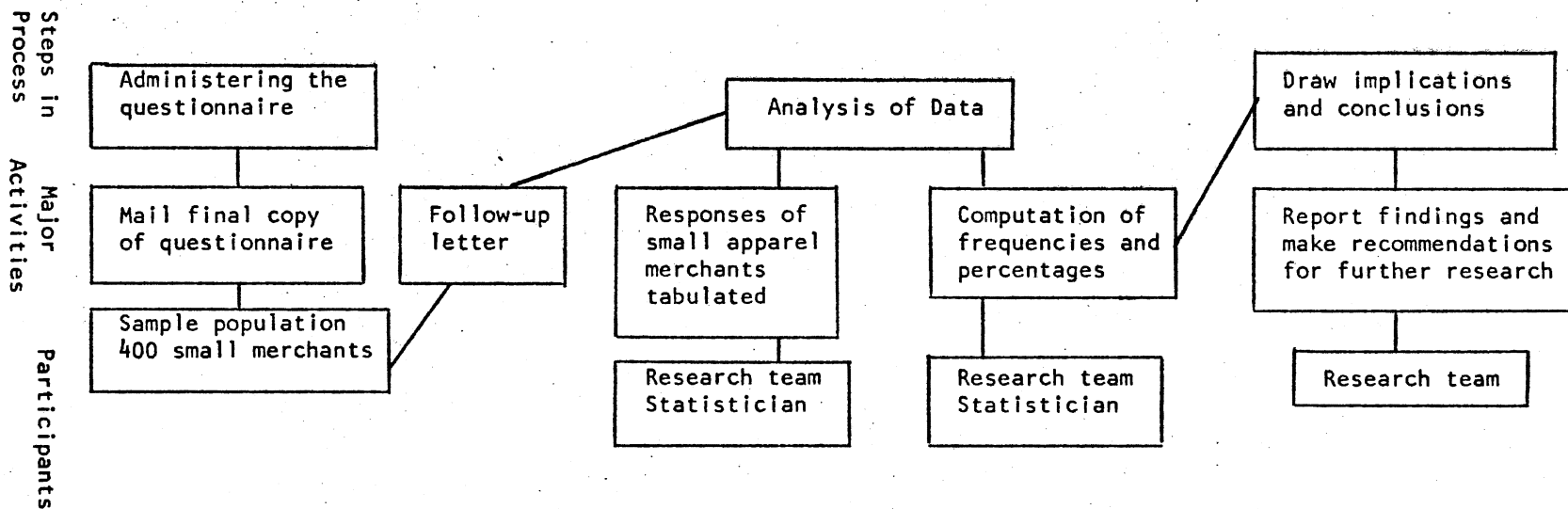


Figure 2. Schematic Presentation of the Process of Collection and Analyzing Data

Analysis of Data

The procedures for Phase II were designed to accomplish the following objective: to study the relationship of the procurement problems and vendor evaluation factors in regard to selected characteristics of the apparel store, such as size of town or city, size of store, length of time in operation, and type of store.

Responses of Small Apparel Retailers

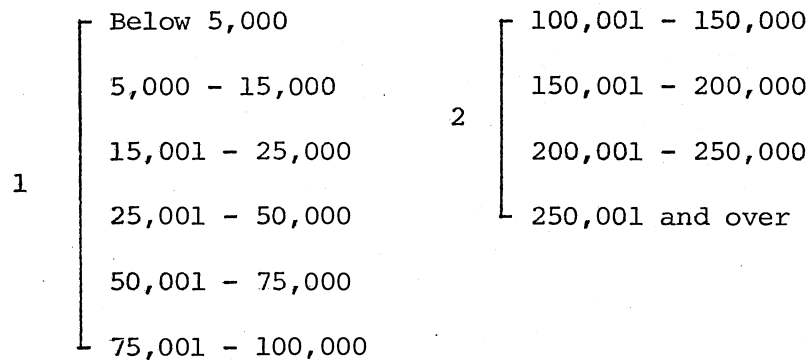
The questions were coded for the purpose of analysis. Responses to the questionnaire were tabulated and the results computed in frequencies and percentages. The data were analyzed according to the kinds of procurement problems and factors related to vendor evaluation.

Statistical Data Analysis

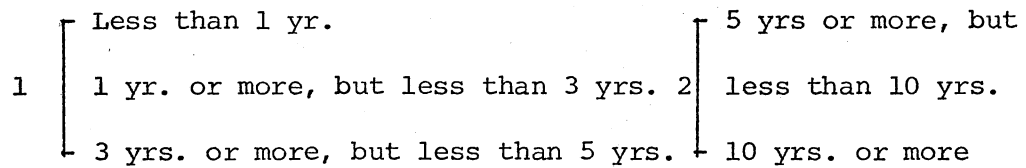
The data were analyzed and the four null hypotheses were tested. The chi square test was used to determine the significant differences in procurement problems or evaluation of vendor performance based on four selected characteristics of retail stores. The hypotheses were tested by the difference between the groups with respect to the frequency with which the group characteristics occurred in the four categories: size of town or city; size of store; length of time in operation; and type of store. A comparison was made of the characteristics from one group in the various categories with the characteristics from the other group. The specific store characteristics were grouped into variables based on previous studies of apparel retailers in the Dallas Market, and the National Retail Merchants (1979)

Retailer/Vendor Relations Survey. The presentation of the four categories grouped according to specific variables is in Figure 3.

1. Size of town or city



2. Length of time in operation



3. Size of store in terms of annual sales volume



4. Type of Store

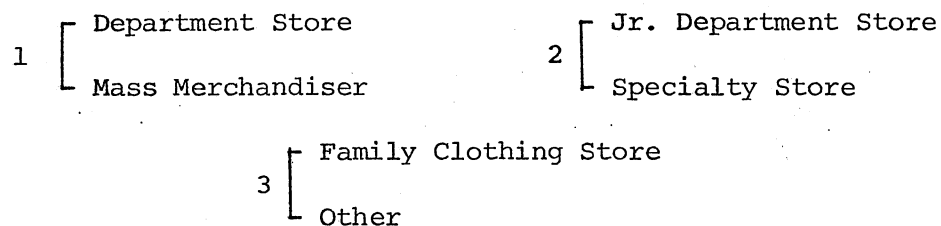


Figure 3. Four Categories of Store Characteristics Grouped According to Specific Variables

To find the expected frequency, the marginal totals were multiplied and divided by the total number of characteristics. A chi square value of less than five established the criteria to reject the null hypothesis. A larger chi square indicated that the groups represented a relationship in respect to categories. An example of the chi square table is presented in Figure 4.

	Extent of Experiencing Problems	No Response 0	Rarely 1	Sometimes 2	Often 3
No Response 0					
\$500,000 or less 1					
\$500,001 or more 2					

Figure 4. An example of the Chi Square Table
Used in the Analysis of the Data

The differences in the percentages and frequencies for each category of merchandise procurement and vendor evaluation were noted in regard to: size of town or city in which store is located; length of time in operation; size of store as indicated by sales volume and type of store. The statistical analysis was performed at the 95%

confidence level.

Selected questions were numbered 0 - 17 and weighted according to 1 (rarely), 2 (sometimes), and 3 (often). Each question was analyzed separately as to the frequency with which each weight occurred. The total of the weighted scores was compared in terms of the 4 categories. Chi square was used to determine the significant differences. Implications were drawn based on the results of the analysis of data. The findings related to the 1979 NRMA survey were compared and conclusions were drawn.

Recommendations for Improving Vendor Relations

The procedures for Phase III were designed to accomplish the following objective: to make recommendations for improvement of the relationship between vendors and small apparel retailers.

Studying the Data

The responses to the questions and the additional comments were studied and evaluated. Implications were drawn based on the analysis of data. The comments and reactions were considered in developing and making the tentative recommendations for improving the relationship between retailers and vendors. Tentative recommendations were formulated and presented to the three Stillwater merchants who pretested the questionnaire. The merchants were encouraged to make suggestions and additional comments for improving the relationship between retailers and vendors. These reactions were utilized in preparing the final recommendations.

Final Recommendations

Final recommendations to improve the relationship between retailers and vendors were summarized based on implications drawn from the findings and reactions of three Stillwater merchants. Suggestions were made by the writer for use of the recommendations in related research. In addition, the writer made suggestions for consideration in planning the dissemination of the findings of the study in future workshops or seminars in the Dallas Apparel Market.

CHAPTER IV

FINDINGS

The purpose of this study was to investigate merchandise procurement problems and vendor performance in relation to selected characteristics of apparel stores. The three objectives of the study were:

- 1) to identify specific problems of apparel retailers concerning the procurement of merchandise and evaluation of vendor performance;
- 2) to study the relationship of the procurement problems and vendor evaluation factors in regard to selected characteristics of the apparel stores such as size of town or city, size of store, length of time in operation, and type of store;
- and 3) to make recommendations for improvement of the relationship between small apparel retailers and vendors.

Description of the Sample

A questionnaire was mailed to 400 apparel retailers that attend the Dallas Apparel Market. The sample consisted of retailers from an eight state area. Of the 400 questionnaires mailed, 67 (17%) were returned and 65 (16.25%) were used in the study. The number of the questionnaires returned from each state was as follows: Texas - 25, Oklahoma - 15, Louisiana - 5, Arkansas - 6, Mississippi - 7, Kansas - 3, Missouri - 3, and New Mexico - 1. Participation in the study was on a volunteer basis and there was a limited number of responses; therefore,

the total population of apparel retailers might not be representative of the total population of the eight state area.

Selected characteristics of apparel stores represented in the sample were obtained from the questionnaire, including the size of town or city in which store is located, length of time in operation, size of store in terms of annual sales volume and type of store. Detailed data of selected characteristics of apparel stores represented in the sample are in Appendix J. For purposes of this study, the selected characteristics were used to analyze apparel retailers according to individual categories. As shown in Table I, approximately one-half (53.84%) of the stores were located in cities or towns with a population of 100,000 or less. Almost one-third (30.77%) of the stores had been in business for less than five years and 60 percent had been in business for five years or more. Nearly three-fourths (70.77%) of the stores had an annual sales volume under \$500,000. The writer noted that approximately 20 percent of the stores had a sales volume between \$100,000 - \$300,000. Only 16.93 percent had a sales volume of \$500,000 or more. Over three-fourths (80.01%) of the participants indicated that they owned or managed junior department stores or specialty stores. A majority (70.07%) owned or managed specialty stores.

The percentage of sales volume in the two categories of junior and misses were also considered in the study. The data for the categories of junior and misses are in Appendix K. The data indicated that approximately 60 percent of the participants had 50 percent or less of total sales volume in junior apparel. Only 18 percent of the participants had 50 percent or more of their total sales volume in junior merchandise. The data also indicated that 47 percent of the

TABLE I
 CHARACTERISTICS OF APPAREL STORES REPRESENTED BY
 THE RESPONDENTS IN REGARD TO LOCATION, LENGTH
 OF TIME IN OPERATION, SIZE AND TYPE OF STORE
 (N=65)

Characteristic	N	%
<u>Size of Town or City</u>		
100,000 or less	35	53.84
100,001 or more	25	38.47
no response	<u>5</u>	<u>7.69</u>
Total	65	100.00
<u>Length of Time in Operation</u>		
five years or less	20	30.77
more than five years	39	60.00
no response	<u>6</u>	<u>9.23</u>
Total	65	100.00
<u>Size of Store</u>		
\$500,000 or less	46	70.77
\$500,001 or more	11	16.93
no response	<u>8</u>	<u>12.30</u>
Total	65	100.00
<u>Type of Store</u>		
Department store or mass merchandiser	7	10.77
Junior department or specialty store	54	80.01
Family clothing or other	2	6.15
no response	<u>2</u>	<u>3.07</u>
Total	65	100.00

participants had 50 percent or less of total sales in misses apparel, whereas 37 percent had a volume of 50 percent or over in misses.

Implications were drawn in regard to the characteristics of the sample; size of town or city in which store is located, length of time in operation, size and type of store, type of merchandise, and method of buying. The majority of respondents were located in towns or cities with populations of 100,000 or less, were representative of the smaller market area, had specialty store operations, and had been in business for more than five years. The average sales volume for nearly three-fourths of the stores was \$500,000 or less. According to SBA (1980), a store with sales volume in the \$100,000 - \$500,000 category was designated as a family size business. The response could have been an evidence that the more established retailer took the time to return the survey. As suggested by Spratten (1978), the small retailer may need to take aggressive action in order to compete with larger stores.

Manufacturers Used by Retailers

The number of manufacturers used and the number considered as major resources by apparel retailers were determined by percentages of responses in each category. Table II represents the frequency of responses for the number of manufacturers used and considered as major resources.

One-third (33.84%) of the respondents currently used between 26 and 50 manufacturers. Fifty-one to 100 manufacturers were used by 33.84 percent of the participants. Yet, of these figures, 35 percent of the respondents considered ten to twenty manufacturers as major.

The other responses showed 30 percent of retailers considered less than 10 manufacturers as major resources.

TABLE II
 FREQUENCY OF RESPONSES IN REGARD TO NUMBER
 OF MANUFACTURERS USED AND CONSIDERED
 AS MAJOR RESOURCES
 (N=65)

Categories	N	%
<u>Number of Manufacturers Using</u>		
0 - 25	16	24.61
26 - 50	22	33.84
51 - 75	9	13.84
76 - 100	13	20.00
No response	5	7.71
Total	<u>65</u>	<u>100.00</u>
<u>Number of Manufacturers Considered Major</u>		
less than 10	20	30.76
10 - 20	23	35.38
21 - 30	10	15.38
31 - 40	4	6.15
more than 40	3	4.61
No response	5	7.72
Total	<u>65</u>	<u>100.00</u>

Implications were drawn based on the findings. Since approximately one-third of the participants used more than 50 manufacturers, the possibility of vendor problems may be greater for retailers who use a larger number of manufacturers. Small retailers may feel compelled to

use a greater number of manufacturers in order to satisfy changing customer needs. Retailers that use a larger number of manufacturers may identify fewer major resources in order to build stronger vendor relationships and minimize procurement problems.

Methods of Buying Merchandise

The methods of buying were identified by questions concerning who the participants deal with, use of buying office and use of a factor. Table III provides the specific information regarding the methods of buying used by the 65 apparel retailers who responded to the questionnaire.

Findings of the study indicated that 83 percent of the participants dealt with the sales representative of the manufacturer, while only 9 percent dealt with the top management.

In terms of use of the buying office by the apparel retailer, three-fourths of the participants responded negatively. The respondents who used a buying office represented only 20 percent of the total responses. The use of a buying office may permit greater benefits and bargaining against concentrations of economic powers, according to Markin (1977, p. 138).

The percentage of participants that did not use a factor in making payments for merchandise was 52 percent. However, over one-third (38.47%) of the participants indicated that they used factors in completing financial transactions with manufacturers.

In regard to the methods of buying, implications were drawn concerning the small apparel retailer. Most small retailers dealt with the sales representative rather than top management of the manufacturer.

The lack of knowledge of top management on the part of the retailer may suggest that small retailers do not take aggressive action in dealing with the procurement of merchandise.

TABLE III
METHODS OF BUYING, USE OF BUYING OFFICES
AND FACTORS BY APPAREL RETAILERS
(N=65)

Characteristics	N	%
<u>Person Dealt With Most Often</u>		
Top management of manufacturer	6	9.23
Sales representative	54	83.08
No response	5	7.69
Total	65	100.00
<u>Use of Buying Office</u>		
Yes	13	20.09
No	49	75.30
No response	3	4.61
Total	65	100.00
<u>Use of Factor</u>		
Yes	25	38.47
No	34	52.30
No response	6	9.23
Total	65	100.00

Small retailers may not rely on the use of buying offices due to the financial investment involved. Factors are more frequently

involved in the channel of payment as an aid to the manufacturer in collecting outstanding statements.

Merchandise Classifications and Returns

The data pertaining to the percentages estimated in each merchandise category by the respondents are in Appendix L. The average percentages of responses were calculated in regard to the two categories of women's dresses and women's sportswear. The percentages shown in Table IV provide the information regarding the average percentages of merchandise in each group of women's dresses, women's sportswear, and other, as indicated by the 65 (16.25%) participants. The merchandise classifications and returns were identified by questions determining the percentages of merchandise in each category of total sales volume in each group, merchandise received that must be returned to the manufacturer, second requests to manufacturer for return authorization, return requests ultimately acknowledged, and return to the manufacturer in four specific areas.

Overall, approximately one-fifth (22.47%) of total sales were in women's dresses, while nearly one-half (47.66%) were in women's sportswear. Other merchandise constituted 29.87 percent of total sales.

Of these sales, the average percentage of merchandise received in each group that was returned to the manufacturer were 5.28 percent of 22.47 percent in women's dresses, and 5.19 percent of 47.66 percent in women's sportswear. Only 2 percent (2.47%) of the total 29.87 percent were returned in other categories of merchandise.

For the classification of women's dresses it was found necessary to make second requests in approximately one-fourth (24.41%) of returns,

and in women's sportswear second requests were required 16.49 percent of the time. Other types of merchandise needed second request for authorization 18.12 percent of the time.

TABLE IV
 AVERAGE PERCENTAGES OF MERCHANDISE IN WOMEN'S
 DRESSES AND WOMEN'S SPORTSWEAR IN TERMS OF
 SALES AND IN RETURN OF MERCHANDISE
 TO MANUFACTURERS
 (N=65)

Categories	Women's Dresses %	Women's Sportswear %	Other %
<u>Sales in Each Group</u>	22.47	47.66	29.87
<u>Returned to Manufacturer</u>	5.28	5.19	2.47
<u>Second Requests for Returns</u>	24.41	16.49	18.12
<u>Returns Ultimately Acknowledged</u>	85.61	85.10	83.74
<u>Returned in Each Group</u>			
Unacceptable Quality	48.39	44.54	48.65
Received Too Late	18.90	18.99	19.74
Not as Ordered	18.86	18.38	22.79
Incomplete Shipments	13.67	13.25	20.56

The average percentage of return authorization request which was ultimately acknowledged by the manufacturer in women's dresses was 85.61 percent, compared with 85.10 percent in women's sportswear. Participants also indicated a similar percentage in other categories

with 83.74 percent of requests acknowledged by the vendor.

The reasons for returns to the vendor in each group of merchandise were unacceptable quality which was the major reason for returns and complaints, merchandise received too late, merchandise received not as ordered, and partial or incomplete shipments. In the area of unacceptable quality, the average percentage was more than 44 percent in all merchandise categories. Merchandise received too late was approximately 19 percent in both women's dresses and sportswear, and in other categories. Merchandise not received as ordered was evidenced in approximately 18.86 percent of returns in women's dresses and in women's sportswear, and 22.79 percent in other categories of merchandise. Partial or incomplete shipments were the least prevalent reasons for returns for all classifications combined.

The findings in Table IV were studied in comparison with results of the 1979 NRMA survey for similarities and differences. Findings from the NRMA survey appear in Appendix K. Overall, approximately six percent of all women's dresses and women's sportswear in the NRMA survey were returned to the manufacturer, which was similar to the average five percent findings of the writer's study. Second requests for returns were required by approximately one-fourth (25%) of the time in women's dresses and sportswear in the NRMA survey as contrasted to 24.41 percent of women's dresses and 16.49 percent of women's sportswear in the writer's study. For all classifications combined in the NRMA survey, it was found that 93 percent of all return authorizations were ultimately acknowledged by the vendor. In contrast, approximately 85 percent of returns were acknowledged as indicated in the findings of the writer's study.

Unacceptable quality was the major reason for returns in all classifications of merchandise as reported in both the NRMA survey and the writer's study. According to the NRMA survey, the second major cause of returns in all classifications was late shipments. The writer's survey indicated no significant differences in the percentage of response between late shipments and merchandise not received as ordered. However, the NRMA survey reported merchandise not as ordered as the third most prevalent cause of returns. As indicated in both the NRMA survey and the writer's study, the least prevalent reason for returns in all classifications combined was partial or incomplete shipments. Findings from the NRMA survey appear in Appendix M.

Implications were drawn on the basis of the findings in the NRMA survey and the writer's study. The findings indicated little difference in responses to the surveys in almost all merchandise classifications. Responses indicated that there was little variation in the procurement problems of the 65 apparel retailers and the problems identified by the cross section of retailers participating in the 1979 NRMA vendor relations study.

Problems in Procurement of Merchandise

The procurement problems of apparel retailers were identified by questions concerning the extent to which problems were experienced due to merchandise not received as ordered, communications with factors, terms of purchase, return authorization from manufacturers, and merchandise orders. Table V contains the specific information regarding the procurement problems of the 65 participants.

TABLE V

EXTENT TO WHICH RESPONDENTS EXPERIENCED
VARIOUS TYPES OF PROBLEMS IN THE
PROCUREMENT OF MERCHANDISE
(N=65)

Types of Procurement Problems	Rarely a Problem		Sometimes a Problem		Often a Problem	
	N	%	N	%	N	%
<u>Merchandise not received as ordered</u>						
Substitution of fabric	43	66.15	11	16.15	5	7.69
Substitution of style	26	40.00	24	36.92	10	15.38
Substitution of sizes	11	16.92	24	36.92	26	40.00
Substitution of color	23	35.38	21	32.30	15	23.07
<u>Communication with factors</u>						
Failure to advise of returns	14	21.53	23	35.38	22	33.84
Excessive payment requests	27	41.53	21	32.30	8	12.30
Lack of communication	16	24.61	19	29.23	25	38.40
<u>Terms of purchase</u>						
Receiving cash for credit balances	13	20.00	17	26.15	28	43.07
Receiving mark down money	27	41.53	14	21.53	13	20.00
Receiving extra dating	27	41.53	19	29.23	10	15.38
Receiving higher transportation charges	12	18.46	18	27.69	25	38.46
<u>Return authorization</u>						
Defective or damaged goods	20	30.76	16	24.61	23	35.38
Shipments in accordance with orders	28	43.07	24	36.92	5	7.69
Defects due to customer returns	26	40.00	22	33.84	10	15.38
Ill-fitting merchandise	20	30.76	26	40.00	5	7.69
<u>Merchandise orders</u>						
Difficult to obtain small quantities	19	29.23	24	36.92	18	27.69
Restrictions on minimum amount	19	29.23	30	46.15	13	20.00
Difficult to obtain exclusive lines	21	32.30	17	26.15	21	32.30

The procurement problem of merchandise not received as ordered was studied in terms of four items. Substitution of sizes was viewed as often a problem by 40 percent of the participants. Substitution of fabrics was perceived as rarely a problem by two-thirds (66.15%) of the respondents. Substitution of style was also indicated to be rarely a problem by 40 percent of the sample. The last item, substitution of color, was rarely a problem for 35 percent of the respondents.

Lack of communication between the factor and manufacturer was indicated as often a problem by 38 percent of the respondents. Communication with factors was sometimes a problem in terms of failure by the manufacturer to advise factor of returns according to 35 percent of the participants. However, 41 percent considered excessive requests for payment by the factor rarely a problem. Retailers have experienced problems in the related areas of lack of communication and failure of manufacturer to advise factor of returns.

In terms of purchase, 43 percent of the participants considered receiving cash for credit balance due to returns to often be a problem. Higher transportation charges on invoices was indicated as a problem by 38% of the respondents. Receiving mark down money for defective or late merchandise and receiving extra dating on invoices were rarely perceived as a problem by approximately two-fifths of the respondents.

Problems with return authorization from manufacturers most often represented a problem to 35.38 percent of the respondents in regard to defective or damaged merchandise. Other factors such as defects due to customer returns, and shipments not in accordance with purchase order instructions were rarely considered problems by approximately two-fifths of the participants. However, 40 percent felt that ill-fitting

merchandise was sometimes a problem in receiving return authorization from the manufacturer.

In relation to problems with merchandise orders, 36.92 percent of participants sometimes had a problem in obtaining small quantities of merchandise and restrictions of minimum dollar amounts. Approximately one-third of respondents considered obtaining exclusive merchandise lines as often a problem; however, the same percentage of the respondents rarely perceived obtaining exclusive lines as a problem.

Implications were drawn based on the findings related to type of procurement problems. Substitution of sizes as a procurement problem was considered to occur often. Small retailers may tend to have more difficulty in obtaining small quantities of merchandise in the assortment ordered since manufacturers find it more profitable to ship larger orders first.

Lack of communication with factors was often a problem, as well as receiving cash for credit balances. These types of problems may suggest that small retailers have difficulty in establishing effective channels of communication with manufacturers.

Evaluation of Manufacturer's Performance

The evaluation of the manufacturer was identified by questions concerning the ten factors involved in the decision. Table VI provides information regarding the evaluation factors retailers use in evaluating manufacturers.

More than three-fifths of the respondents indicated that five factors were important in evaluating the manufacturer, namely, quality of merchandise (78.46%), timeliness of shipments (69.23%), timeliness

of styling (66.15%), percentage of merchandise sold at full price (64.61%), and total merchandise received (61.53%). Promotional advantages were considered least important by approximately one-fourth (24.61%) of the participants; however, the same percentage of respondents perceived this item as most important. Several other factors were considered as somewhat important or most important by more than two-thirds of the respondents.

TABLE VI
IMPORTANCE OF SELECTED ITEMS IN THE EVALUATION
OF MANUFACTURERS AS PERCEIVED BY RESPONDENTS
(N=65)

Evaluation Items	Most Important		Somewhat Important		Least Important	
	N	%	N	%	N	%
Quality of merchandise	51	78.46	5	7.69	1	1.53
Timeliness of shipments	45	69.23	10	15.38	1	1.53
Merchandise received	40	61.53	14	21.53	2	3.07
Credit received	32	49.23	19	29.23	4	6.15
Total merchandise received	27	41.53	25	38.46	4	6.15
% of merchandise returned	30	46.15	16	24.61	7	10.76
% sold at full price	42	64.61	11	16.92	2	3.07
Promotional advantages	16	24.61	22	33.84	16	24.61
Timeliness of styling	43	66.15	8	12.30	2	3.07

Other comments made by participants in regard to vendor evaluation suggested that the availability and cooperativeness of the sales representative was an important factor. The attitude towards the vendor and the delivery dates for seasonal merchandise were also stated as considerations in evaluating manufacturers. Implications were drawn based on the participant comments, and the findings may indicate that retailers evaluate the performance of manufacturers on the basis of a number of factors rather than two or three. This may suggest that each manufacturer is evaluated on the basis of problems which have occurred.

Participant comments in the evaluation of manufacturers are in

Appendix N.

Evaluation of manufacturers and discontinued use by apparel retailers involved questions concerning the average number of times per year a manufacturer was evaluated, and the basis on which a manufacturer was eliminated. Table VII provides information regarding the response of the participants who returned the questionnaire.

Based upon the response indicated by the participants in the study, over one-half (52.29%) evaluate the manufacturer four-to-five times per year. Other participants evaluated manufacturers three times or less per year.

In regard to discontinued use of the manufacturer, 80 percent or more of the respondents implied that unethical practices in conducting business, lack of timeliness in styling and late deliveries were all three determining factors. However, more than half (60%) of the respondents indicated that lack of rapport with the sales representative was also a basis for discontinuing use of a manufacturer.

TABLE VII
 EVALUATION OF MANUFACTURERS AND BASIS FOR
 DISCONTINUED USE BY RESPONDENTS
 (N=65)

Evaluation	N	%
<u>Evaluation of manufacturer per year</u>		
Once a year	3	4.61
Twice a year	10	15.38
Three times a year	6	9.23
Four times a year	14	21.53
Five times a year	20	30.76
<u>Basis for discontinued use</u>		
Lack of timeliness in styling	56	86.15
Unethical practices	60	92.30
Lack of rapport with representatives	39	60.00
Late delivery	52	80.00

Implications were drawn based on the number of times the vendor was evaluated per year, and reasons for discontinued use of a manufacturer. Manufacturers were evaluated four to five times a year by approximately half of the respondents. This corresponds with the fact that apparel markets are usually scheduled five times a year, and that apparel retailers usually evaluate manufacturers on a seasonal basis. Unethical methods of conduct was considered the most important and may suggest that small retailers expect to be treated fairly by manufacturers.

Comments and Suggestions of Respondents

The comments of the participants as to any additional suggestions or recommendations which might be beneficial to small apparel retailers based on the questionnaire included: buy in small quantities; buy at each market varying quantities according to the upcoming season; eliminate fringe lines that have not performed well; begin mark downs as early as possible on slow moving items; keep records of all invoices, returns, and refusals; try to obtain restricted lines and better communication; supplies need to be more honest and have better business attitudes; and service will not be a problem if bills are paid promptly.

Comments from the participants regarding criticisms which might be beneficial were: difficult for small retailer to receive credit approval from major factors; manufacturers are rushing the seasons with deliveries; late shipments make it difficult to make the tenth of the month discount; resentful of factor's attitudes of always being right; manufacturer does not notify factor about returns and credits; delays in return authorizations; and manufacturers becoming careless with construction and sizing. These comments were considered in making the recommendations for improving the relationships between small apparel retailers and vendors. A complete list of participant comments is in Appendix O.

Relationship Between Procurement Problems and Store Characteristics

The merchandise procurement problems and vendor evaluation were analyzed in regard to selected characteristics of apparel retailers, to

determine the relationship between the variables. The data were analyzed in terms of the four hypotheses tested as described in the following discussion.

Hypothesis One indicated that there is no significant difference in the small apparel retailer's perceptions of procurement problems and vendor evaluation based on the size of town or city in which the store is located. Chi square was used to test the hypothesis and no significant differences at the .05 level were found between the two groups of town or city size (100,000 or less and 100,001 or more) and the categories of problem areas. Therefore, the null hypothesis was not rejected.

Chi square was also used to test Hypothesis Two which stated that there is no significant difference in the small apparel retailer's perceptions of procurement problems or evaluation of vendor performance based on the size of store as indicated by annual sales volume. No significant differences at the .05 level were indicated between the two groups (less than 5 years and 5 years or more) in regard to the categories of problem areas. Therefore, the null hypothesis was not rejected.

Hypothesis Three was tested by chi square. The hypothesis stated that there is no significant difference in the small apparel retailer's perceptions of procurement problems and evaluation of vendor performance based on the length of time the store has been in operation. No significant differences at the .05 level were indicated between the two groups (\$500,000 or less and \$500,001 and more) in the categories of problem areas. Therefore, the null hypothesis was not rejected.

Hypothesis Four was also tested by chi square. Hypothesis Four stated that there is no significant difference in the small apparel retailer's perceptions of procurement problems or evaluation of vendor based on the type of store. No significant differences at the .05 level were indicated between the three groups (department stores and mass merchandisers, junior department stores and specialty stores, and family clothing and others) in regard to the problem areas. Therefore, the null hypothesis was not rejected.

Based on the analysis of data, it was concluded that chi square may not have been a valid test due to the small number of respondents. Chi square was used as a descriptive statistic as a result of low probability levels which denoted no relationship between the selected characteristics and the merchandise problems and vendor evaluation.

Recommendations for Improving Retail and Vendor Relations

Based on the findings of the study, the following recommendations were proposed to improve the relationship between small apparel retailers and vendors:

1. Small apparel retailers should review past buying practices and existing record keeping systems. This would enable retailers to be more effective in reviewing past procurement problems and in considering actions which would improve buying decisions, selection of resources, and inventory control.
2. Small apparel retailers should assess present methods of evaluating performance of resources. This would make it possible for retailers to establish more efficient procedures to use in

evaluating major resources, determining unsatisfactory performance, and anticipating needs for additional resources.

3. Small apparel retailers should study previous financial transactions with vendors. This would enable the retailer to take more aggressive action in maintaining a profitable position with the vendor, obtaining maximum credit advantages, and insuring adequate cash flow.
4. Small apparel retailers should consider past business dealings with the vendor. This would aid the retailer in establishing honest vendor relationships, developing attitudes towards mutual agreements and conducting ethical business practices.
5. Small apparel retailers should clarify the retailer's role in the two-way communication with the vendor. This would make it possible for retailers to be more objective in establishing responsibilities for actions, more instrumental in creating opportunities for interaction, and more successful in improving relationships with vendors.

In conclusion, the writer made several suggestions for implementation of the recommendations based on the findings. A summary of the major implications and recommendations could be reported at one of the retailers' workshops scheduled in the Dallas Apparel Market in the coming year. Workshop leaders could focus small group discussions on ways small apparel retailers could improve the buying and merchandising practices which would minimize procurement problems and maximize evaluation of vendor performance.

CHAPTER V

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

The purpose of this study was to investigate merchandise procurement problems and vendor performance in relation to selected characteristics of apparel stores. The three objectives of the study were:

- 1) to identify specific problems of apparel retailers concerning the procurement of merchandise and evaluation of vendor performance;
- 2) to study the relationship of the procurement problems and vendor evaluation factors in regard to selected characteristics of the apparel stores such as size of town or city, size of store, length of time in operation, and type of store; and 3) to make recommendations for improvement of the relationship between small apparel retailers and vendors. The hypotheses formulated indicated that there is no significant difference in small apparel retailers' perceptions of problems or evaluation of vendor performance based on size of town or city in which the store is located, size of store as indicated by annual sales volume, length of time the store has been in operation, and the type of store.

Summary

Data were collected by use of questionnaires which were mailed to 400 apparel retail stores. The list was obtained from the Buyer's Registration Guide of the Dallas Apparel Market. The returns

represented 65 (16.25%) apparel stores in an eight state area surrounding the Dallas Apparel Market. The number of participants from each state were: Texas - 25, Oklahoma - 15, Mississippi - 7, Arkansas - 6, Louisiana - 5, Kansas - 3, Missouri - 3, and New Mexico - 1. A summary of the selected characteristics of the sample consisted of approximately one-half (53.84%) of the participants from towns or cities with populations of 100,000 or less, and more than one-third (38.47%) from towns or cities of 100,001 or more. Exactly 60 percent of the participants had been in business for more than five years, and fewer than one-third (30.77%) had been in business for five years or less. In terms of size of the store, an annual sales volume of \$500,000 or less was reported by more than two-thirds (70.77%) of the respondents, while fewer than one-fifth (16.93%) had annual sales of \$500,001 or more. More than three-fourths (80.01%) of the participants were owners, buyers, or managers of junior department or specialty stores. Approximately 10 percent (10.77%) were department stores or mass merchandisers, and 6.15 percent were family clothing or other types of stores.

Frequencies and percentages were used to denote the merchandise procurement problems and evaluation of the vendor in regard to selected characteristics of the apparel stores. Major problems perceived by approximately one-third or more of the respondents were as follows: substitution in sizes of merchandise; lack of communication with factors; receipt of cash for credit balances; return authorization for damaged or defective goods; and difficulty in obtaining exclusive lines. Five items were identified in the study by more than three-fifths of the respondents as most important in evaluating the manufacturer; namely, quality of merchandise, timeliness of shipments,

timeliness of styling, percentage of merchandise sold at full price, and total merchandise received.

Chi square was utilized to determine if a significant difference existed in each of the four selected characteristics in regard to procurement problems and evaluation of the vendor. Each of the four hypotheses was tested by chi square and results revealed no significant correlations at the .05 level. Chi square may not have been a valid test due to the small cell counts which indicated low probability levels. It was found that no relationship existed between the variables.

Conclusions

Based on the analysis of data, the following conclusions were drawn about the apparel retailers in the study:

1. Apparel retailers experienced a variety of problems with vendors as indicated by their responses to questions regarding merchandise procurement and evaluation of vendor performance.
2. Small apparel retailers had difficulty in establishing good relations with vendors as indicated by their additional suggestions, recommendations, and/or criticisms.
3. There was no correlation between the characteristics of size of town or city, size of store, length of time in business, and type of store, in regard to procurement problems and evaluation of the vendors by apparel retailers.
4. The findings of the study in regard to retailer/vendor relations and types of problems encountered supported those identified in the literature reported in the study.

5. The findings of the study were closely related to the results of the 1979 NRMA survey of a cross section of retailers.

Recommendations

The research was concerned with retail apparel stores in an eight state area which is not necessarily representative of other apparel retail stores in a larger population. Recommendations for further study include the following:

1. Replicate the study using the following ideas:
 - a. Select a sample in order to obtain a larger percentage of returns from apparel retailers and investigate further the relationship between vendors and small retailers. For example, examine major procurement problems in depth and criteria for vendor evaluation in terms of number of manufacturers used.
 - b. Use of another method of statistical analysis which might indicate more significant correlations.
 - c. Design a sample using a control group of small apparel retailers and a similar size group of larger apparel retailers with possible telephone interviews to further enlighten the findings and determine the unique problems of the small retailer.
2. Conduct a study of apparel retailers to determine changes in types of procurement problems and vendor evaluation in terms of different apparel markets.
3. Conduct a study with apparel manufacturers in terms of their evaluation of the small apparel retailer.

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APPENDIXES

APPENDIX A

SUMMARY OF BUYING AND MERCHANDISING PROBLEMS

IDENTIFIED BY LEGRAND AND COMMENTS FROM

PARTICIPANTS OF PRE-MARKET RETAILERS'

SEMINAR DALLAS/APPAREL MART

AUGUST, 1978

Comments From Participants of Pre-Market Retailers'

Seminar Dallas/Apparel Mart, August, 1978

1. Need more information merchandise control and management.
2. Business advice.
3. Group discussion on individual topics pertaining to small apparel shops.
4. Need specific information on open-to-buy, merchandising, inventory control.
5. Would like more group leaders in small group discussion.
6. Need work experience with detailed worksheets.
7. Need to zero in on specific subject matter.
8. Need more application of problem working.
9. Need in-depth presentation of materials on buying, management of budget, record keeping.
10. Buying planning, how to increase sales.
11. Ways to communicate with manufacturers in terms of ordering, shipping, dating, terms of payment.

Summary of Buying and Merchandising

Problems Identified by LeGrand

1. Obtaining resources wanted in the Dallas market.
2. Knowing how to place an order with a vendor.
3. Having adequate time to survey new resources at market.
4. Buying small quantities of merchandise.
5. Planning merchandise delivery dates.
6. Planning merchandise completion dates.
7. Checking in merchandise received.
- *8. Delays in receiving merchandise ordered at market.
- *9. Returning inferior or damaged merchandise to resource.
10. Planning the open-to-buy season.
11. Knowing the styles to buy for each season.

*Indicates more than 2/3 of respondents perceived this as somewhat of a problem or definitely a problem.

APPENDIX B

SUMMARY OF SAMPLE

Summary of Sample

A sample count was taken from the most recent Buyer's Registration Guide, October, 1980, of the Dallas Apparel Market. An approximate total of 7,920 stores were found in the guide which included a 45 state area. The 5 states not included in the guide were Hawaii, New Hampshire, Maryland, Idaho, and Alaska. The number of cities and stores were counted for each state to determine the largest population attending the Dallas Market. To determine the states with the largest number of stores represented, the criterion of 100 stores and over was used. As a result, an 8 state area was established in the South Central area associated with the Dallas Apparel Market. The actual count of the 8 state area was 5,621 stores which represents a large portion of the total count of stores in the 45 state population.

South Central Area: 8 states and approximate number of stores in each.

Texas -	2,959
Oklahoma -	728
Louisiana -	640
Arkansas -	514
Mississippi -	293
Kansas -	215
Missouri -	143
<u>New Mexico -</u>	<u>129</u>
Total -	5,621

APPENDIX C

FORMULA FOR THE RANDOM SAMPLE
OF POPULATION

The following is a sample formula to estimate the proportion of population from the Buyers Registration Guide:

Want to estimate a proportion within $\pm .05$ with 95% confidence

$$\begin{aligned}
 N &= \frac{(2.58)^2 (.5)^2}{(.05)^2} \\
 1 + \frac{1}{5621} \left(\frac{(2.58)^2 (.5)^2}{(.05)^2} \right) \\
 &= \frac{(2.58)^2 (100)}{1 + \frac{1}{5621} (100) (2.58)^2} \\
 &= \frac{(6.6564) (100)}{1 + \frac{(6.6564) (100)}{5621}} \\
 &= \frac{665.64}{1 + \frac{665.64}{5621}} = \frac{665.64}{1.1184} = 595
 \end{aligned}$$

In estimating a proportion, the standard deviation of the estimate is approximately:

$$\sqrt{\frac{P(1-P)}{n}}$$

With a normal distribution, approximately we want 2 std. = margin of error

$$\sqrt{\frac{P(1-P)}{n}} = d$$

$$P = 1/2 \quad 2\sqrt{\frac{(1/2)(1/2)}{n}} = d$$

$$1/n = d \quad 1/n = d^2 \quad n = 1/d^2$$

$$1 \text{ et } d = .05$$

$$n = 1/ (.05)^2$$

$$= 400$$

APPENDIX D

SAMPLE POPULATION DERIVED

FROM EACH STATE

Proportion of Sample Size per State

1. Arkansas

Population size = 514
Sample size = 37

2. Kansas

Population size = 215
Sample size = 15

3. Louisiana

Population size = 640
Sample size = 46

4. Mississippi

Population size = 293
Sample size = 21

5. Missouri

Population size = 143
Sample size = 10

6. New Mexico

Population size = 129
Sample size = 9

7. Oklahoma

Population size = 728
Sample size = 52

8. Texas

Population size = 2,959
Sample size = 211

APPENDIX E

PROCUREMENT AND EVALUATION FACTORS

The following is a list of procurement and evaluation problems:

I. Procurement Problems

- A. Merchandise assortment
 - 1. appropriate to meet consumer's needs
 - 2. quality
 - 3. confined arrangements
- B. Delivery
 - 1. timeliness
 - 2. complete shipments
 - 3. substitutions
- C. Terms of sale
 - 1. fair prices
 - 2. discounts and extra dating
- D. Returns
 - 1. cash for credit balances
 - 2. mark down money
 - 3. ill-fitting merchandise
- E. Ethics (misc.)
 - 1. honest and fair negotiations
 - 2. communications good and open
 - 3. makes and keeps appointments
 - 4. respects confidences
 - 5. reliable and dependable

II. Evaluation of Vendors

- A. Criteria for evaluation
 - 1. quality merchandise
 - 2. timeliness of shipments
 - 3. merchandise as ordered
 - 4. total merchandise received
 - 5. percentage of merchandise returned
 - 6. percentage sold at full price
 - 7. percentage sold at mark down
- B. Number of vendors
- C. Sales representatives
- D. Factors

APPENDIX F

QUESTIONS FORMULATED

Tentative list of questions based on findings from selected literature, previous research, and results of interviews:

1. How many major resources are you currently using? 0-5 ___ 6-10 ___
11-15 ___ 16-20 ___
2. Do you evaluate your resources? Yes ___ No ___
If yes, how often? Once a year ___ twice a year ___ three times
a year ___
3. How long have you been buying from your major resources?
less than one year ___ 1-3 years ___ more than 3 years ___
4. Are you able to obtain resources which meet your merchandise needs
in the Dallas Market? Yes ___ No ___
5. Do you have adequate time to survey new resources at market?
Yes ___ No ___
6. Do you have difficulty in determining the best resources from whom
to buy? Yes ___ No ___
7. What are the most important factors you consider when looking at a
new resource? Quality ___ Delivery ___ Service ___
8. Do you do most of your buying from resources in the store? ___ or
at market? ___
9. Do you establish key resources for each line, classification and
price? Yes ___ No ___ Or do you use several resources for each?
Yes ___ No ___
10. Are you familiar with the top management of each vendor? Yes ___
No ___
11. Do you use your sales representatives as a vital link of communica-
tion with the resource? Yes ___ No ___
12. Do you make buying decisions quickly and firmly? Yes ___ No ___
13. Do you promptly confirm all commitments? Yes ___ No ___
14. Do you stand behind your part of promises and agreements?
Yes ___ No ___
15. Are you respectful of confidences from the vendor? Yes ___ No ___
16. Are you able to obtain merchandise orders in small quantities?
Yes ___ No ___
17. Do you specify on your orders a start date? Yes ___ No ___

18. Do you experience any delays in receiving merchandise ordered at market? Yes ___ No ___
19. Do you experience problems with incomplete shipments of merchandise or substitutions of color, size, fabric or style? Yes ___ No ___ Incomplete shipments? Yes ___ No ___ Substitutions of merchandise? Yes ___ No ___ Which ones are made most often? Color ___ Size ___ Fabric ___ Style ___
20. Do you have difficulty returning inferior or damaged merchandise to resource for credit? Yes ___ No ___. If yes, would you prefer to keep the merchandise in exchange for mark down money? Yes ___ No ___ or return it to the resource? Yes ___ No ___
21. Do you compare promotional advantages (resource aids, displays, exclusive merchandise) of different resources? Yes ___ No ___ Is this of importance to you when selecting a vendor? Yes ___ No ___
22. Do your resources provide you with any special specifications? Yes ___ No ___. If yes, please explain _____
-
-
-

APPENDIX G

NRMA QUESTIONNAIRE



NATIONAL RETAIL MERCHANTS

	Women's Dresses	Women's Sportswear	Women's Coats & Suits	Int	
1. Approximate % of your total store Sales Volume in each of these Merchandise Groups.	%	%	%	%	
2. How Do Vendor Returns and Complaints Compare Approximately with Five Years Ago (Please check one box for each Group).	SAME GREATER LESS	SAME GREATER LESS	SAME GREATER LESS	SAME GREATER LESS	
3. Approximate % of merchandise received in each group that must be returned to vendor or on which complaint is made to vendor.	%	%	%	%	
4. Of these returns to vendors, please indicate the approximate % returned for these reasons in each group:					
UNACCEPTABLE QUALITY (INCLUDE RETURNS FROM CUSTOMERS).	%	%	%	%	
RECEIVED TOO LATE.	%	%	%	%	
NOT AS ORDERED (WRONG STYLE, SIZE, COLOR, QUANTITY, ETC.).	%	%	%	%	
PARTIAL OR INCOMPLETE SHIPMENT.	%	%	%	%	
5. Compared to five years ago has vendor performance declined, remained the same, or improved regarding the following characteristics:	DECLINED NO CHANGE IMPROVED	DECLINED NO CHANGE IMPROVED	DECLINED NO CHANGE IMPROVED	DECLINED NO CHANGE IMPROVED	
QUALITY					
LATE SHIPMENTS					
NOT AS ORDERED					
PARTIAL/INCOMPLETE SHIPMENTS					
6. Compared to five years ago, is it more or less difficult to obtain return authorizations for defective merchandise or shipments not in compliance with purchase order instructions.	LESS NO CHANGE MORE	LESS NO CHANGE MORE	LESS NO CHANGE MORE	LESS NO CHANGE MORE	
7. In what % of returns, is it necessary to make a second request to vendor for return authorization.	%	%	%	%	
8. What % of return authorization requests are ultimately acknowledged by vendor.	%	%	%	%	
9. Please rate these apparel markets for overall performance on quality, compliance and return policy on a Scale of 1 to 5. 1 = Poor, 2 = Below Par, 3 = Fair, 4 = Good, 5 = Excellent	NEW YORK	LOS ANGELES	DALLAS	CHICAGO	ATLANTA
10. Is Your Company Experiencing Problems With Factored Invoices (mfrs: failure to advise factor of returns, subsequent dunning by factors, etc.) Check one	<input type="checkbox"/> Rarely	<input type="checkbox"/> Sometimes	<input type="checkbox"/> Often		
11. Is Your Company Experiencing Difficulty in Receiving Cash for Credit Balances with Vendors Covering Returns of Defective Goods, etc.	<input type="checkbox"/> Rarely	<input type="checkbox"/> Sometimes	<input type="checkbox"/> Often		
12. How Would You Estimate The Cost To Your Company of Problems Caused By Vendors' Poor Quality, Non-Compliance, And Difficulty of Obtaining Return Authorization. Please Consider Loss of Buyers' Time, Bookkeeping, Preparation Of Mfrs. for Return, Lost Sales Due to Incomplete Assortments, and Markdowns. Please indicate as a % of Retail Sales ... (check one).	<input type="checkbox"/> 0%	<input type="checkbox"/> 0-1%	<input type="checkbox"/> 1%-2%	<input type="checkbox"/> 2%-3%	
	<input type="checkbox"/> 4%-5%	<input type="checkbox"/> over 5%			

ASSOCIATION/1979 VENDOR RELATIONS QUESTIONNAIRE

Men's Apparel	Women's Accessories	Children's Wear	Men's Wear	Home Furnishings	Domestics	Furniture
%	%	%	%	%	%	%
SAME GREATER LESS	SAME GREATER LESS	SAME GREATER LESS	SAME GREATER LESS	SAME GREATER LESS	SAME GREATER LESS	SAME GREATER LESS
%	%	%	%	%	%	%
%	%	%	%	%	%	%
%	%	%	%	%	%	%
%	%	%	%	%	%	%
DECLINED NO CHANGE IMPROVED	DECLINED NO CHANGE IMPROVED	DECLINED NO CHANGE IMPROVED	DECLINED NO CHANGE IMPROVED	DECLINED NO CHANGE IMPROVED	DECLINED NO CHANGE IMPROVED	DECLINED NO CHANGE IMPROVED
DECLINED	DECLINED	DECLINED	DECLINED	DECLINED	DECLINED	DECLINED
NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
IMPROVED	IMPROVED	IMPROVED	IMPROVED	IMPROVED	IMPROVED	IMPROVED
DECLINED	DECLINED	DECLINED	DECLINED	DECLINED	DECLINED	DECLINED
NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
IMPROVED	IMPROVED	IMPROVED	IMPROVED	IMPROVED	IMPROVED	IMPROVED
%	%	%	%	%	%	%
%	%	%	%	%	%	%
13. Comments:						
APPROXIMATE ANNUAL SALES VOLUME:						
TYPE OF STORE						
OPTIONAL:						
NAME						
TITLE						
COMPANY						
ADDRESS						
RETURN TO: R. P. CASH—NRMA 100 West 31st Street, New York, N.Y. 10001						

APPENDIX H

FINAL QUESTIONNAIRE AND
COVER LETTER



Oklahoma State University

DEPARTMENT OF CLOTHING, TEXTILES & MERCHANDISING

STILLWATER, OKLAHOMA 74074
HOME ECONOMICS WEST 312
(405) 624-5034

April 11, 1980

Dear Apparel Retailer:

We are investigating the types of problems most often encountered between retailers and manufacturers. It is hoped that the results can be utilized for seminars or workshops that could be of benefit to the apparel retailer in the Dallas market area.

A group of retailers were consulted in the identification of the problem areas included in the study. The recent National Retail Merchants Association studies were utilized along with other information about vendor performance.

It is most important to have your reactions to the statements on the enclosed survey. Your additional suggestions will be greatly appreciated because of your retail experience. Please take a few minutes to respond to the statements and note other problems or comments you may have in terms of vendor performance in your store.

Return the survey by April 25, 1980. Fold the questionnaire on the lines provided on the back of the last page. Thank you for your cooperation. Your time and effort in responding to the questionnaire are greatly appreciated. Please return it within ten days.

We look forward to receiving your reply. The findings of the study will enable us to work more effectively to improve overall retailer/manufacturer reactions.

Cordially,

Annette Kincaid

Annette Kincaid
Graduate Student

Kathryn M. Greenwood

Kathryn M. Greenwood, Professor
Fashion Merchandising

SURVEY ON MANUFACTURER/RETAILER RELATIONS

PART I

Please estimate the percentages in each merchandise category:

	Women's Dresses	Women's Sportswear	Other
1. Approximate % of your total sales volume in each of these merchandise groups.	%	%	%
* 2. Approximate % of merchandise received in each group that must be returned to manufacturer or on which complaint is made to manufacturer.	%	%	%
* 3. In what % of returns is it necessary to make a second request to manufacturer for return authorization?	%	%	%
* 4. What % of return authorization requests are ultimately acknowledged by manufacturer?	%	%	%
* 5. Of these returns to manufacturer, please indicate the approximate % returned for these reasons in each group:			
a. unacceptable quality (includes customer returns)	%	%	%
b. received too late	%	%	%
c. not as ordered (wrong style, size, color, quantity, etc.)	%	%	%
d. partial or incomplete shipment	%	%	%

PART II

Please indicate the extent to which your company is experiencing problems in the following areas:

		Rarely a problem	Sometimes a problem	Often a problem
6. Problems with merchandise not received as ordered				
a. substitution of fabric	a			
b. substitution of style	b			
c. substitution of sizes	c			
d. substitution of color	d			
e. other, please list _____				
7. Problems with communication with factors				
a. failure of manufacturer to advise factor of returns	a			
b. excessive requests for payment by factor	b			
c. lack of communication between factor and manufacturer	c			
d. other, please list _____				
8. Problems with terms of purchase				
a. receiving cash for credit balances with manufacturer covering returns of defective goods, etc.	a			
b. receiving markdown money for defective or late goods which are not returned to manufacturer	b			
c. receiving extra dating on invoices	c			
d. receiving higher transportation charges on invoices than actual shipping cost	d			
e. other, please list _____				
9. Problems with return authorization from manufacturers				
a. defective or damaged merchandise	a			
b. shipments not in accordance with purchase order instructions	b			
c. defects due to customer returns	c			
d. ill-fitting merchandise	d			
e. other, please list _____				
10. Problems with merchandise orders				
a. difficult to obtain small quantities	a			
b. restrictions on minimum dollar amount	b			
c. difficult to obtain exclusive lines	c			
d. other, please list _____				

PART III

Please answer the following questions regarding the manufacturer's performance:

11. Check how important each factor is in evaluating the manufacturer:

- a. quality merchandise
- b. timeliness of shipments
- c. merchandise received as ordered (style, size, color, quantity, etc.)
- d. credit received for returns
- e. total merchandise received
- f. percentage of merchandise returned
- g. percentage sold at full price
- h. percentage sold at mark down
- i. promotional advantages
- j. timeliness of styling
- k. other factors, please list _____

	most important	somewhat important	least important
a			
b			
c			
d			
e			
f			
g			
h			
i			
j			

12. Check the average number of times per year you evaluate your major manufacturers' performance:

- a. once a year _____
- b. twice a year _____
- c. three times a year _____
- d. four times a year _____
- e. five times a year _____
- f. comment: _____

13. Check the approximate number of manufacturers you are currently using:

- a. 0-25 _____
- b. 26-50 _____
- c. 51-75 _____
- d. 76-100 _____

14. Check the number of manufacturers that you consider as major resources:

- a. less than 10 _____
- b. 10-20 _____
- c. 21-30 _____
- d. 31-40 _____
- e. more than 40 _____
- f. comment: _____

15. On what basis would you discontinue using a manufacturer?

- a. lack of timeliness in seasonal styling Yes _____ No _____
- b. unethical practices of conducting business Yes _____ No _____
- c. lack of rapport with sales representative Yes _____ No _____
- d. late delivery of seasonal merchandise Yes _____ No _____
- e. comment: _____

PART IV

Please provide the following information:

Name of Store _____ Phone: _____
 Address: _____
 Name of owner/manager: _____

16. Approximate size of town or city in which store is located:

Below 5,000 ()	50,001-75,000 ()	200,001-250,000 ()
5,000-15,000 ()	75,001-100,000 ()	250,001 and over ()
15,001-25,000 ()	100,001-150,000 ()	
25,001-50,000 ()	150,001-200,000 ()	

17. Approximate time store has been in operation:

- a. Less than 1 yr. ()
- b. 1 yr. or more, but less than 3 yrs. ()
- c. 3 yrs. or more, but less than 5 yrs. ()
- d. 5 yrs. or more, but less than 10 yrs. ()
- e. 10 yrs. or more ()

18. Approximate size of store in terms of annual sales volume:

- a. Below 100,000 ()
- b. 100,000-300,000 ()
- c. 300,001-500,000 ()
- d. 500,001-1,000,000 ()
- e. Over 1,000,001 ()

19. What type of store do you own?
- | | | | |
|-------------------------|-----|--------------------------|-----|
| a. Department store | { } | d. Family clothing store | { } |
| b. Jr. Department store | { } | e. Mass merchandiser | { } |
| c. Specialty store | { } | f. Other, please specify | { } |
-
20. What percentage of your total sales volume is in the following categories:
- | | | | |
|-----------|-----|-----------|-----|
| a. Junior | | b. Misses | |
| 0-25% | { } | 0-25% | { } |
| 26-50% | { } | 26-50% | { } |
| 51-75% | { } | 51-75% | { } |
| 76-100% | { } | 76-100% | { } |
21. Who do you deal with most often?
- Top management of manufacturer { }
- Sales representative { }
- Comment: _____
-
22. Do you use a buying office?
- Yes { }
- No { }
- Comment: _____
-
23. Do you work with a factor?
- Yes { }
- No { }
- Comment: _____
-

Please make any additional suggestions, recommendations, and/or criticisms which you feel might be beneficial to small apparel retailers.

* Indicates questions which are identical to 1979 NRMA survey.

Please fold as indicated on back of this page and mail as addressed by April 25, 1980. (Make sure the return address is on the outside fold.)

Thank you for your cooperation.

APPENDIX I

THE FOLLOW-UP LETTERS

May 1, 1980

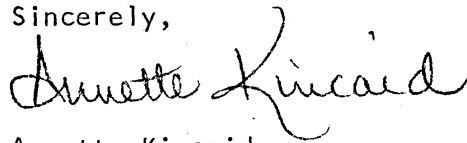
Dear Owner/Manager:

On April 11, I mailed you a questionnaire in regard to the types of problems most often encountered between retailers and manufacturers. I need your completed questionnaire in order to prepare for the Dallas Apparel Market workshops.

If you have delayed in your response, please complete and return the enclosed questionnaire as soon as possible.

Thank you again for your cooperation and assistance.

Sincerely,

A handwritten signature in cursive script that reads "Annette Kincaid". The signature is written in dark ink and is positioned to the right of the typed name.

Annette Kincaid
Graduate Research Assistant
Oklahoma State University

AK/kk

*Urgent -
HELP Needed*

June 4, 1980

Dear Apparel Retailer:

Please take a few minutes and complete the attached questionnaire. A copy was sent to you on April 11th, but your reply has not been received to date. Your experience with apparel manufacturers will help us to assess the problems of apparel retailers in the South Central area of the United States as compared to the recent NRMA study on vendor/retailer relations.

Fold the self-address questionnaire on the lines provided on the back of the last page. PLEASE RETURN WITHIN 10 DAYS. Your time and effort in responding to the questionnaire are greatly appreciated. The findings of this study will be utilized for seminars or workshops that could be of benefit to the apparel retailer in the Dallas market area.

Cordially,

Annette Kincaid

Annette Kincaid
Graduate Student

Kathryn M. Greenwood

Kathryn M. Greenwood, Professor
Fashion Merchandising

APPENDIX J

FREQUENCIES AND PERCENTAGES OF SELECTED
CHARACTERISTICS OF APPAREL STORES

Frequencies and Percentages of Selected

Characteristics of Apparel Stores

<u>Selected Characteristics</u>	<u>N</u>	<u>%</u>
<u>Size of town or city</u>		
Below 5,000	9	13.85
5,000 - 15,000	7	10.77
15,001 - 25,000	6	9.23
25,001 - 50,000	7	10.77
50,001 - 75,000	6	9.23
75,001 - 100,000	7	10.77
100,001 - 150,000	2	3.07
150,001 - 200,000	0	0.00
200,001 - 250,000	1	1.54
250,001 and over	15	23.08
No response	<u>5</u>	<u>7.69</u>
Total	65	100.00
<u>Length of time in operation</u>		
Less than 1 yr.	4	6.15
1 yr. or more, less than 3 yrs.	13	20.00
3 yrs. or more, less than 5 yrs.	3	4.62
5 yrs. or more, less than 10 yrs.	10	15.39
10 yrs. or more	29	44.61
No response	<u>6</u>	<u>9.23</u>
Total	65	100.00
<u>Size of store</u>		
Below 100,000	13	20.00
100,000 - 300,000	21	32.31
300,001 - 500,000	12	18.46
500,001 - 1,000,000	7	10.77
Over 1,000,001	4	6.15
No response	<u>8</u>	<u>12.31</u>
Total	65	100.00
<u>Type of store</u>		
Department store	7	10.77
Jr. department store	6	9.23
Specialty store	48	73.85
Family clothing store	1	1.54
Mass merchandiser	0	0.00
Other	1	1.54
No response	<u>2</u>	<u>3.07</u>
Total	65	100.00

APPENDIX K

FREQUENCIES AND PERCENTAGES FOR THE
CATEGORIES OF JUNIOR AND MISSES

Frequencies and Percentages for the
Categories of Junior and Misses

Percentage Sales Volume	N	%
<u>Junior</u>		
0-25%	30	46.16
26-50%	9	13.85
51-75%	7	10.77
76-100%	5	7.69
No response	<u>14</u>	<u>21.53</u>
Total	65	100.00
<u>Misses</u>		
0-25%	15	23.08
26-50%	16	24.62
51-75%	9	13.85
76-100%	15	23.07
No response	<u>10</u>	<u>15.38</u>
Total	65	100.00

APPENDIX L

PERCENTAGES IN SPECIFIC MERCHANDISE CATEGORIES
AS PERCEIVED BY EACH RESPONDENT

Percentages in Specific Merchandise Categories
as Perceived by Each Respondent
(N=65)

Categories	Survey Response Number	Women's Dresses %	Women's Sportswear %	Other %
Sales in each group	1	40	50	10
	2	30	60	10
	3	60	30	10
	4	--	--	90
	5	25	50	25
	6	0	10	90
	7	10	20	70
	8	25	65	10
	9	25	60	15
	10	9	18	73
	11	--	--	100
	12	10	70	10
	13	25	65	10
	14	18	46	45
	15	40	40	20
	16	30	60	10
	17	30	55	15
	18	25	40	35
	19	30	50	20
	20	15	80	5
	21	25	55	20
	22	40	40	20
	23	40	40	20
	24	--	--	100
	25	5	22	--
	26	1	15	84
	27	15	60	25
	29	35	65	--
	30	20	75	5
	31	40	37	23
	32	40	45	15
	33	40	50	10
	34	--	--	--
	35	--	--	--
	36	0	33	67
	37	20	20	10
	38	30	25	45
	39	25	70	5
	40	30	60	10
	41	--	--	--
	42	20	60	20
	43	19	80	1
	44	20	60	20
	45	60	30	10
	46	30	20	50

Categories	Survey Response Number	Women's Dresses %	Women's Sportswear %	Other %
Sales in each group	47	13	31	56
	48	20	65	15
	49	5	40	55
	50	60	30	10
	51	10	90	--
	52	15	70	10
	53	1	10	78
	54	35	60	5
	55	25	50	--
	56	26	44	30
	58	15	24	61
	59	10	90	--
	60	20	60	20
	61	--	--	100
	62	60	25	15
	63	50	40	10
64	30	65	5	
65	10	80	10	
Returned to manufacturer	1	2	1	1
	2	2	3	--
	3	0.5	0.5	0
	4	--	--	--
	5	5	10	2
	6	--	1	1
	7	15	10	2
	8	1	2	1
	9	--	--	--
	10	5	4	4
	11	--	--	--
	12	0.5	0.2	0.5
	13	10	5	5
	14	--	--	--
	15	2	1	--
	16	5	1	--
	17	1	1	1
	18	2	5	3
	19	2	2	2
	20	0.5	0.5	0.5
	21	1	3	0.5
	22	80	20	--
	23	80	20	--
	24	--	--	2
	25	--	--	0.5
	26	1	1	1
	27	2	12	3
	28	--	--	--
	29	3	2	--
	30	2	8	1

Categories	Survey Response Number	Women's Dresses %	Women's Sportswear %	Other %
Returned to manufacturer	31	5	5	1
	32	1	1	1
	33	2	3	1
	34	--	--	--
	35	--	--	--
	36	0	2	1
	37	--	--	--
	38	1	1	2
	39	--	--	--
	40	3	6	1
	41	5	10	--
	42	12	16	10
	43	1	1	1
	44	2	0	0
	45	2	5	1
	46	5	1	2
	47	2	3	2
	48	10	25	1
	49	5	1	1
	50	3	2	1
	51	1	1	0
	52	1	2	0
	53	00	6	6
	54	10	5	0
	55	2	5	0
	56	2	5	0
	57	--	--	--
	58	1	2	2
	50	0.5	0.5	--
	60	1	2	2
	61	--	--	0.5
62	3	2	2	
63	5	5	1	
64	5	5	5	
65	1	1	1	
Second requests for returns	1	100	100	100
	2	25	25	--
	3	0	0	0
	4	--	--	3
	5	1	0.5	0
	6	--	--	1
	7	30	20	10
	8	0	0	0
	9	--	--	--
	10	--	--	--
	11	--	--	0
	12	0	0	0
	13	0.5	0.5	--

Categories	Survey Response Number	Women's Dresses %	Women's Sportswear %	Other %
Second requests	14	--	--	--
for returns	15	--	--	--
	16	100	100	100
	17	--	--	--
	18	0	1	0
	19	0.5	0.5	0.5
	20	--	--	--
	21	--	--	--
	22	0	0	0
	23	0	0	0
	24	--	--	1
	25	--	33	--
	26	1	1	1
	27	--	--	--
	28	--	--	--
	29	10	20	--
	30	2	7	1
	31	1	1	--
	32	--	--	--
	33	--	1	1
	34	--	--	--
	35	--	--	--
	36	--	2	1
	37	--	--	--
	38	0.5	0.5	1
	39	--	--	--
	40	1	2	1
	41	1	2	--
	42	20	14	10
	43	0	0	--
	44	0	0	0
	45	10	20	--
	46	25	25	25
	47	--	--	25
	48	0	5	0
	49	0	10	8
	50	--	--	--
	51	60	40	--
	52	--	0.5	--
	53	--	5	5
	54	1	0	0
	55	1	1	--
	56	0	0	0
	57	1	1	1
	58	1	1	1
	59	1	2	2
	60	10	10	--
	61	0	1	0
	62	--	--	0

Categories	Survey Response Number	Women's Dresses %	Women's Sportswear %	Other %
Second requests	63	95	50	25
for returns	64	60	60	60
	65	1	1	1
Returns ultimately acknowledged	1	100	100	100
	2	95	95	--
	3	100	100	--
	4	--	--	100
	5	100	100	100
	6	--	--	98
	7	90	95	99
	8	1	2	1
	9	--	50	--
	10	80	80	80
	11	--	--	100
	12	100	100	100
	13	99	99	99
	14	--	--	--
	15	--	--	--
	16	95	95	95
	17	100	100	100
	18	100	100	100
	19	99	99	99
	20	--	100	--
	21	99	99	99
	22	40	40	20
	23	40	40	20
	24	--	--	95
	25	--	80	--
	26	98	98	98
	27	--	--	--
	28	--	--	--
	29	--	--	--
	30	--	--	--
	31	100	100	100
	32	95	95	95
	33	99	99	--
	34	--	--	--
	35	--	--	--
	36	--	100	100
	37	--	--	--
	38	80	80	80
	39	--	--	--
	40	1	3	1
	41	100	100	--
	42	2	2	2
	43	100	100	--
	44	2	0	0
	45	100	100	100

Categories	Survey Response Number	Women's Dresses %	Women's Sportswear %	Other %
Returns ultimately acknowledged	46	90	90	90
	47	0	0	0
	48	100	100	100
	49	100	90	90
	50	100	100	100
	51	80	60	--
	52	100	100	100
	53	--	99	99
	54	100	100	--
	55	100	100	--
	56	98	98	98
	57	--	--	--
	58	99	99	99
	59	99	99	--
	60	100	100	100
	61	--	--	100
	62	100	100	100
	63	30	30	10
	64	99	99	99
65	0	0	0	
Unacceptable quality	1	0	0	0
	2	92	95	--
	3	90	90	--
	4	--	--	90
	5	100	100	100
	6	--	--	2
	7	60	60	70
	8	1	2	1
	9	--	--	--
	10	4	3	3
	11	--	--	50
	12	50	50	50
	13	3	1	--
	14	--	--	--
15	--	--	--	
16	90	90	--	
17	10	10	10	
18	95	90	100	
19	30	30	30	
20	--	75	--	
21	95	95	100	
22	--	--	--	
23	--	--	--	
24	--	--	50	
25	--	90	--	
26	80	80	50	
27	2	10	3	
28	--	--	--	

Categories	Survey Response Number	Women's Dresses %	Women's Sportswear %	Other %	
Unacceptable quality	29	--	--	--	
	30	--	80	--	
	31	35	35	32	1
	32	32	90	90	90
	33	33	10	20	--
	34	34	--	--	--
	35	35	--	--	--
	36	36	0	10	10
	37	37	--	--	--
	38	38	90	90	90
	39	39	--	--	--
	40	40	90	80	--
	41	41	10	70	--
	42	42	4	6	4
	43	43	1	2	0
	44	44	--	--	--
	45	45	95	95	95
	46	46	20	20	10
	47	47	33	33	33
	48	48	8	20	1
	49	49	80	85	85
	50	50	5	5	5
	51	51	50	50	--
	52	52	96	98	--
	53	53	--	93	95
	54	54	8	3	--
	55	55	20	20	--
	56	56	48	48	48
	57	57	--	--	--
	58	58	99	98	98
59	59	25	25	--	
60	60	80	80	80	
61	61	--	--	90	
62	62	50	25	25	
63	63	50	50	--	
64	64	75	75	75	
65	65	10	10	10	
Received too late	1	1	0.5	0.5	
	2	5	5	--	
	3	0	0	--	
	4	4	--	5	
	5	5	80	80	100
	6	6	--	--	2
	7	7	10	10	20
	8	8	--	--	--
	9	9	--	--	--
	10	10	--	--	--
	11	11	--	--	--

Categories	Survey Response Number	Women's Dresses %	Women's Sportswear %	Other %
Received too late	12	--	--	--
	13	6	4	0.5
	14	--	--	--
	15	--	--	--
	16	5	--	--
	17	60	60	60
	18	1	2	0
	19	10	10	10
	20	--	5	--
	21	--	--	--
	22	--	--	--
	23	--	--	--
	24	--	--	--
	25	--	5	--
	26	20	20	20
	27	0	0	0
	28	--	--	--
	29	--	--	--
	30	--	10	--
	31	3	3	--
	32	5	5	5
	33	5	25	--
	34	--	--	--
	35	--	--	--
	36	0	20	20
	37	--	--	--
	38	--	--	--
	39	40	40	--
	40	5	10	5
	41	10	10	--
	42	5	7	5
	43	1	2	--
	44	--	--	--
	45	--	--	--
	46	60	60	70
	47	33	33	33
	48	5	3	0
	49	5	0	5
	50	25	25	25
	51	30	30	--
	52	2	2	--
	53	--	5	0
	54	--	--	--
	55	50	50	00
	56	2	2	2
	57	--	--	--
	58	0	0	0
	59	50	50	--
	60	10	10	10

Categories	Survey Response Number	Women's Dresses %	Women's Sportswear %	Other %
Received too late	61	--	--	1
	62	5	5	5
	63	25	25	--
	64	10	10	10
	65	40	40	40
Not as ordered	1	1	0.5	0.5
	2	5	5	--
	3	10	10	--
	4	--	--	5
	5	100	100	100
	6	--	--	--
	7	30	20	10
	8	--	--	--
	9	--	--	--
	10	1	1	1
	11	--	--	--
	12	50	50	50
	13	1	--	--
	14	--	--	--
	15	--	--	--
	16	--	--	--
	17	20	20	20
	18	0	0	0
	19	50	50	50
	20	--	15	--
	21	5	5	--
	22	--	--	--
	23	--	--	--
	24	--	--	50
	25	--	5	--
	26	--	--	--
	27	0	2	0
	28	--	--	--
	29	--	--	--
	30	--	10	--
	31	2	2	--
	32	5	5	5
	33	10	20	--
34	--	--	--	
35	--	--	--	
36	0	65	65	
37	--	--	--	
38	10	10	10	
39	0	2	--	
40	5	10	--	
41	70	10	--	
42	2	2	2	
43	--	--	--	

Categories	Survey Response Number	Women's Dresses %	Women's Sportswear %	Other %
Not as ordered	44	2	--	--
	45	5	5	5
	46	10	10	10
	47	40	40	20
	48	1	2	0
	49	10	15	10
	50	70	70	70
	51	10	10	--
	52	2	--	--
	53	--	2	5
	54	2	2	--
	55	20	20	--
	56	50	50	50
	57	--	--	--
	58	1	1	1
	59	25	25	--
	60	5	5	5
	61	--	--	10
	62	10	5	5
	63	25	25	--
64	13	13	13	
65	20	20	20	
Incomplete shipments	1	0	0	0
	2	--	--	--
	3	0	0	--
	4	--	--	--
	5	100	100	100
	6	--	--	--
	7	--	--	--
	8	--	--	--
	9	--	30	--
	10	--	--	--
	11	--	--	50
	12	--	--	--
	13	--	--	--
	14	--	--	--
	15	--	--	--
	16	5	10	--
17	0	0	0	
18	4	8	0	
19	10	10	20	
20	--	5	--	
21	--	--	--	
22	--	--	--	
23	--	--	--	
24	--	--	--	
25	--	5	--	
26	--	--	--	

Categories	Survey Response Number	Women's Dresses %	Women's Sportswear %	Other %
Incomplete	27	0	0	0
shipments	28	--	--	--
	29	--	--	--
	30	--	--	--
	31	--	--	--
	32	0	0	0
	33	--	--	--
	34	--	--	--
	35	--	--	--
	36	0	5	5
	37	--	--	--
	38	--	--	--
	39	--	--	--
	40	--	--	--
	41	10	10	--
	42	1	1	1
	43	1	1	--
	44	--	--	--
	45	10	10	10
	46	--	--	--
	47	0	0	0
	48	--	--	--
	49	5	0	0
	50	--	--	--
	51	10	10	--
	52	--	--	--
	53	--	0	--
	54	--	--	--
	55	10	10	--
	56	0	0	--
	57	--	--	--
	58	0	1	1
	59	--	--	--
	60	5	5	5
	61	--	--	--
	62	2	2	2
	63	--	--	--
	64	2	2	2
	65	30	30	30

APPENDIX M

NRMA SUMMARY OF FINDINGS

NRMA Summary of Findings

1. Approximate % of merchandise received in each group that must be returned to manufacturer or on which complaint is made to manufacturer.

Overall, approximately 6% of all Women's Dresses and Women's Sportswear received were either returned or were the subject of complaints to vendors. These findings were consistent for all types of stores and sales volume groups reporting.

2. In what % of returns, is it necessary to make a second request to manufacturer for return authorization?

For all classifications combined, it was found that it was necessary to make second requests in 19% of returns. In Women's Dresses, second requests were required 26% of the time, and Women's Sportswear 24%. There were no significant differences in the responses among the various store types and sales volume groups.

3. What % of return authorization requests are ultimately acknowledged by manufacturer?

For all classifications combined, it was found that only 93% of all requests for return authorization are ultimately acknowledged by vendors. Members reported that Women's Dresses and Women's Sportswear were the poorest performers in this regard.

4. Of these returns to manufacturer, please indicate the approximate % returned for these reasons in each group:

- a). Unacceptable quality

For all classifications combined, this is the major reason for returns and complaints; members reported that 56% of all returns were made for this reason.

- b). Late shipments

For all classifications combined, this is the second major cause

of returns and complaints to vendors, representing 27% of the total. This problem is most serious in Dresses, where members reported it caused an average of 34%, and in Women's Sportswear an average of 36% of all returns.

c). Not as ordered

This is the third most prevalent cause of returns; for all classifications combined. It was the reason for 11% of returns. The problem was most serious in Women's Dresses, and Women's Sportswear.

d). Partial or incomplete shipments

Is the fourth most prevalent reason for complaints. Members reporting that for all classifications combined it was the cause of 6% of the total returns. The problem was cited by members as most serious in Women's Sportswear followed by Women's Dresses. For categories b - d above, there was no significant difference in the responses among the various store type and sales volume groups.

APPENDIX N

PARTICIPANTS' COMMENTS OF SELECTED FACTORS
IN THE EVALUATION OF MANUFACTURERS

Participants' Comments of Selected Factors
in the Evaluation of Manufacturers

Survey
Response
Number

- 2 Individual and inventive designs most important.
- 3 Availability and cooperativeness of representative - does he return calls.
- 16 The manufacturers are rushing all the seasons. In New Mexico we get Fall goods in June and our temperature is 105° - we don't need them for another 1½ months.
- 27 This is hard to evaluate.
- 29 Attitude toward vendor.
- 39 Who could find it otherwise?

APPENDIX O

COMMENTS FROM PARTICIPANTS OF SURVEY
ON MANUFACTURER/RETAILER RELATIONS

Comments From Participants of Survey
on Manufacturer/Retailer Relations

June, 1980

Survey
Response
Number

1. A one page questionnaire would be more effective.
7. Difficult for small retailers to receive approval from the major factors. Feels that when perfect credit has been established that letters of credit are an unnecessary expense.
15. With a limited space dislikes having to buy too many of one style. Does not like getting merchandise delivered several months early.
16. Manufacturers are rushing the seasons without giving the merchants a say in when they want the merchandise.
17. If bills are paid on time, service is usually no problem.
21. Suggested suppliers consider raising discounts slightly (without raising prices) to insure a better cash flow. A major source of irritation is a large shipment of merchandise at the end of the month that has to be paid for by the 10th of the next month.
22. Do not over buy.
25. Does not have a large volume of dress sales.
29. Would like for manufacturer to notify retailer about returns and credits. Resents the manufacturers attitude that "they are always right." Keep good records of all invoices, returns and refusals.
32. All companies should have a toll free phone number. Dislikes having minimum order restrictions placed on them.
35. Feels the results of the survey will do no good if it does not end up in the hands of the suppliers and their representatives.

Survey
Response
Number

41. Appreciate companies that are good on re-orders. Would like more information from the companies about off-price merchandise. Would like to receive tear sheets on goods ordered to use in newspaper ads.
42. Manufacturers should grant permission to return merchandise in a more expedient manner.
44. Manufacturers representatives often have garage sales out of their homes rather than sell the samples to the retailers. Manufacturers are becoming careless with the construction of garments. Sizing is terrible.
51. Sufficient working capital. Honest financial statements.
59. Buy smaller quantities. Buy only what you think will sell well. Buy at each market (vary quantities according to the upcoming season). Eliminate fringe lines that do not perform well (another means of better inventory control). Begin mark downs as early as possible on slow moving merchandise.
60. Smaller minimums. Restricted lines. Better communications.
62. A higher degree of honesty on the part of the suppliers. Better business attitudes.
63. Has eliminated at least five original manufacturers in a short time because of problems.

VITA

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