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Thesis

DEPARTMENT STORE PUBLIC RELATIONS

by

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FOREWORD

This work is designed for department store executives interested in applying public relations functions to store operations. Treatment is given to the place and function of the public relations department and how it can guide the store in dealing effectively with all its publics.

The need for this thesis was recognized by the author towards the latter part of 1948 when he became interested in department store activities from a public relations viewpoint. Upon investigation it was discovered that publicity practices are well developed but little research and few constructive public relations programs embracing the most advanced viewpoints and experiences have been enforced. Interest in the integration of a public relations program with department store operations brought about this study.

Most of the material for preparing this thesis was secured by interviewing at random hundreds of customers, many employees, a large number of executives, some stockholders, and a group of buyers. The interviews were conducted in more than ten stores in Boston and New York City. Pamphlets, journals, newspapers, reports, brochures, and speeches were consulted as well. The research also covered a number of books in marketing, retailing, and public relations.

Shortly after the collection of all the research mater-
ial and the writing had begun, the Macmillan Company published the book *Public Relations for Retailers* by Tom Mahoney and Rita Hession, and the Fairchild Publications published *The Department Store Story* by Frank M. Mayfield.

Both books covered very fully various aspects which would have been otherwise included in the thesis. However, neither of these two excellent books, in the view of the author, developed wholly adequate views of the full function of department store public relations in the light of experience in other types of business (including industrial) organizations. This thesis therefore devotes special attention to certain aspects of store public relations which may place this function in a somewhat different perspective.
INTRODUCTION

Public relations is the most recent function of organization to be set up as a major area of specialization at the top management level. The field of public relations practice has been in evolutionary flux. It is only now beginning to be crystallized into a well-defined and highly organized function influenced by developing professional standards.

Recognition and acceptance of public relations as a basic function of management and a public service have developed rapidly during the last four years. Distinct evidence of its growing maturity is found in its increasing recognition by business as well as by educational institutions throughout the country.

In the industrial field, public relations seems to have been defined as a distinct function of management with somewhat greater clarity than in the department store field. In the latter field the term is still used to cover roughly the same field as "publicity," "advertising," or "promotion." Between 1920 and 1930, retailers developed advances in public relations in terms of good customer relations. Industry, on the other hand, was not too customer-minded during that period, but since the 1930's has made great progress in humanizing business enterprise. During the 1930's, and particularly during the seller's market of the 1940's, retailers have been more or less sitting on their ears.
Today a buyer's market has emerged, customers are dissatisfied with the high cost of living, employees seek higher wages, better working conditions, more security, vendors are unhappy about cancellation and return of orders, and the sale of merchandise in department stores throughout the country has been on a steady decline since the shaky period of 1948. Thus the department stores find themselves in a position which requires sounder advertising practices, better publicity, increased sales promotion, and above all, more intelligent and constructively defined public relations policies.

According to the National Dry Goods Association, public relations is defined as

"...the continuing coordinated process by which retail management evaluates public attitudes and earns the good will and understanding of its employees, customers, resources, and the public at large, inwardly through self-analysis and correction, outwardly through all means of expression."

Public relations, then, is not a minor function in the department store but exists in a good or bad state at all times. Its values can be determined by public opinion polling, customer research analysis, vendor relations evaluation, stockholder relations, employee attitudes and behavior, and sales trends over a period of time.

Department store public relations has tremendous opportunities to prove its value in the days to come. Retail organ-

ization comes in closer contact with more people, customers, employees, vendors, and frequently stockholders, than the majority of other business enterprises. By means of sound internal and intelligent external public relations, the department store story can be brought to the publics. It would be wise for store executives to become leaders in public relations as they tended to be in the 1920's. This field deals with basic fundamental store operation policies and their relations to the publics. All publics should be informed of these policies. As Abraham Lincoln once remarked, "With public sentiment nothing can fail. Without it, nothing can succeed."
CHAPTER I

THE PLACE AND FUNCTIONS OF
THE PUBLIC RELATIONS DEPARTMENT

Prior to setting up a public relations department, one must first determine both the nature of the function and its place in the organization of the store. The answer is more difficult than might at first appear; absence of clear and adequate definition of public relations in relation to other leading functions is a cause of concern among thoughtful executives. For example, the former director of a Virginia department store states:

"Unorganized public relations and, quite frequently, disorganized efforts are in use by the majority of the larger stores. By this, I mean, a genial vice president or general manager who has a thousand and one things to do, assumes the task of mixing with civic or community relations, employee relations and most anything else which comes down the pike....The result is obvious. No organized set-up--no plan--no program--no policies to speak of and no planned budget--thus, no really effective public relations in department stores."

There is no doubt that this situation needs attention.

and correction. Industry, in many instances, has solved the problem by setting up a well staffed and efficient public relations department. This department enjoys a status on the top organizational level and in close contact, for the purpose of intelligence and advice, with the policy makers of the industry. Its functions are increasingly well defined; they are viewed as fundamental to the existence and success of the organization.

The definition of Public Relations as accepted by the public relations profession can be found in Webster's New International Dictionary.

Authorities in retail management tend to agree on five natural divisions of store operations: the merchandising, the accounting, the service, the personnel, and the publicity division. The public relations department should be guided according to those five accepted retail divisions. There seems to be agreement that the department should enjoy a high ranking position, but there are two schools of thought as to where it should fit into the top echelon.

The authors of Public Relations for Retailers consider it as a co-equal of the above mentioned divisions but list advertising, promotion and display under the public relations department. There is little doubt that improvement is necessary in external store public relations but the Mahoney-Hession plan raises a fundamental question. Should retail public relations be considered as a part of the gen-
PROPOSED
ORGANIZATIONAL CHART FOR
DEPARTMENT STORES

STOCKHOLDERS

BOARD OF DIRECTORS

PRESIDENT

CONTROLLER  SUPERINTENDENT  GENERAL
MDSE. MGR.  PUBLIC & PERSONNEL
DIRECTOR  ADV. & SALES
PROM. DIR.

PERSONNEL MGR.  PUBLICITY DIR.

RESEARCH
eral promotion function or should it be integrated primarily with administrative and employee relations functions to improve internal store relations so that they can favorably reflect on external relations? The latter pattern, similar to a trend long since observed in industry, is now performed by some leaders in the field who feel that the logical place for integrating the public relations department is with the personnel department. Under this plan the leading function would be Public and Personnel Relations with two (or more) primary subsidiary functions, including Publicity and Personnel Management. This plan would call for a "promotional" department as one of the five leading functions; such a department is to embody advertising and display. They justify this position by stating that "good public relations begins at home" rather than out on the promotional front. They support the thesis that aiding in close cooperation between the store head and the five main divisions as well as constructive employee relations should rank among the primary concerns of the public relations department. This should be combined with guidance for favorable customer relations, well balanced stockholder relations, and sound vendor relations.

In the subsequent division of the public relations function in the Department Store, the author proceeds upon the tentative thesis that the second pattern, not commonly used at present, represents a logical development.
The policies and functions of the public relations department affect thousands of people who come in contact with the store as employees, customers, stockholders, and vendors. The primary functions are twofold:

1. To convey and interpret information of public attitudes and reactions to the policy makers of store operations, and to assist in formulating policies acceptable to the various publics.

2. In similar manner to convey information, objectives, policies, and newsworthy material about the store to the various publics (including the employee public which is so primary in both customer and community relations). This includes working directly with supervision of press, radio, television publicity, stockholder reports, employee publications, special events--speeches, fashion shows, donation and store participation in civic affairs, store hours, customer and employee suggestions, staff photographers and motion pictures, educational work, prices and awards, as well as analysis of complaints.

The public relations department should have these, or similar, main objectives. In order to simplify this task, the department can make use of the following four basic steps:

1. To employ scientific study as to the nature and proportions of the public relations problem.

2. To adopt adequate and sincere policies which will
be of value to executives and the public so that they can serve as a constructive backbone for the store.

3. To plan detailed programs and their executions in a way which will earn the approval and support of the various publics.

4. To inform the publics in frank and convincing terms about all phases of policy and operation in the store which will assist in creating more productive relationships.

The aims of the public relations department should be similar to those of the publics. They, the publics, strive for a higher standard of living, self respect, and self confidence. The public relations department can coordinate the store's and the public's aims and thus promote better understanding.

It is somewhat difficult to sense public attitude for this is a rather intangible commodity. Scientific tests by experts in opinion research have shown, however, that existing conditions can be checked quite accurately and at times serve as predictions for future events. The public relations department should be receptive to reactions of the publics and engage in intensive opinion research at regular intervals. In order to do this job efficiently, it should be understood that the public relations function involves opportunity to examine into all outside and inside contacts being made through other divisions of the store and recommend procedures for the conduct of such contacts in such a
way as to insure good public relations.

Setting up a sound and lasting public relations program for a store will be effective if planned on a long range basis. Sudden drastic changes may upset the entire operational functions of a store and thus defeat the purpose of department store public relations. A well planned public relations program can be extremely helpful to department stores in the following phases of operation:

1. Help promote better employee-management relations, reduce turnover, and aid in selection of good personnel.

2. Create broader understanding of problems faced by the department store.

3. Increase overall store good-will by informing publics of operations, products, and services rendered.

4. Attract new capital and enhance confidence in the American system of free enterprise.

Thus it is important that sound public relations are employed at all times. It is cheaper and much more expedient to prevent a crisis than to correct it at an acute stage. Department stores will stand to gain much by integrating this new field with their other major operations.

The Public Relations Director and His Staff

There is no set pattern as to the prerequisites of a department store public relations director or the members of his staff. A good rule in choosing this executive is to
consider his capacity to understand human beings and to interpret every decision in terms of natural human reactions. Judging and working with people, predicting their reactions, and getting along with all publics is an important trait in this business. Knowledge of and experience in personnel relations and store operations will help immeasurably in performing retail public relations functions.

The public relations director should be a clear thinker, a cool analyzer, and a capable writer. At the same time he should have the ability to state his opinion orally, even if it is contrary to the belief of others, yet remain their friend and guide. He should not be a yes man, but he should base his judgments on facts. It is important that he has the integrity to defend his judgments against immature prejudices and opinions even of top officials. At the same time, however, he should have the quality of a diplomat. He must have a personality which invites confidence and expresses conviction. He should be a producer of ideas and have the ability to think and act fast in emergencies.

The educational background of the department store public relations director should be broad in scope. Subjects which rank high on the list for this field are: psychology, sociology, economics, personnel administration, opinion formation and measurement, business management, retailing, marketing, accounting, law, philosophy, politics, the arts, journalism, radio, motion picture, and television.
The background of the assistants to the department store public relations director should be similar to his. In their cases, however, their experience can be of shorter duration or can consist of one specialized function of the profession.

Valuable training and experience for this profession consists of: participation in department store operations or general business experience, teaching, advertising, sales promotion or any related field. Of all, the most direct road to public relations management is experience in public relations itself either as an assistant to a public relations consultant or as a member of a public relations staff.

In former days this position would have been filled by a press agent or a publicity director. Now a public relations director who has management ability, capacity to teach and lead, and who has the desire to learn as he goes along is needed. Fortunately new sources of public relations information and clearing houses for exchange of methods and procedures are developing rapidly. The public relations staff must keep in contact with these sources as well as the progress in public relations departments of other department stores to do a thorough and well balanced job.
CHAPTER II

INTERNAL DEPARTMENT STORE PUBLIC RELATIONS

One of the main problems of department stores today is to minimize store operation costs and increase volume sales. It is the aim to have the selling expenses and the sales volume in the most profitable long range relationship. This relationship depends largely on the quality and efficiency of the sales force. The difference between poor and wise selection of the sales force may determine the difference between unprofitable and profitable department store operations.

As mentioned previously, the concept of "public relations begins at home" is not only applicable but essential in the department store set-up. Nothing can be more detrimental to both operations and external relations of an organization than a lack of intra-store communications and poor management-employee relations. Regardless of how effective a store may be in its advertising policies or publicity stunts, its long-range external public relations will suffer strongly if they are not backed by sound internal public relations policies.

Many department stores today recognize the fact that the employee is the link between the retailer and his cus-
customer and that he can be either a good- or bad-will ambassador for the store. Recognition of the situation alone, however, will not make the sales clerk a good-will promoter; but tangible benefits and progressive employee policies tend to increase favorable employer-employee relationships.

In recent years a distinct department has emerged in department stores to cope with employer-employee relations problems. In some stores this department has not as yet reached the top ranking managerial status it should enjoy, with regard to equality in relationship to the other four major departments. It is now known as the personnel and training division and was formerly a part of the service division. A recent survey by the members of the National Dry Goods Association indicated that some 25 percent of the stores do not have personnel directors even now. In at least a good many other cases, the personnel management function does not have top level status in fact, organization charts notwithstanding. It sounds fantastic that such a situation exists, for the personnel and training department should count among the most important divisions of the store today.

There is an increasing trend among employees, at present, to expect that their rights and benefits should be extended in various areas. Four basic desires which employees reveal when subjected to scientific tests are: security, opportunity, recognition, and participation.
Steady employment at a fair salary probably means more than anything else to the employee, for that is his security. Opportunity for advancement in status and pay, gaining recognition from co-workers, supervisors, and executives, as well as participating in store programs, rank among the fundamental requests of employees.

Many department stores have become cognizant of this situation and are trying to correct it in order to decrease the high rate of employee turnover. According to the author of the recently published book *The Department Store Story*, the employee desires and should acquire certain inherent rights as long as he is on the job. These rights are:

"He is entitled to job security, free from the whims of temperamental executives and supervisors, and secure from internal politics.

"He is entitled to fair wages and decent working conditions, with hours that provide proper leisure and rest.

"He is entitled to vacation with pay, provisions for aid in times of emergency and, after a suitable length of time, to some provision for old age.

"He should be given the opportunity to learn to grow and to advance by being given proper training for his job ahead; proper salary adjustments should be made for increased work and increased responsibility.

"He should have the channels to express opinions, criticisms, grievances and suggestions; these opinions should carry no fear of criticism nor should they ever adversely affect his position with the firm. He is, above all, entitled to be treated as an individual and as a human being."
"If he should be dismissed, it should be only after a proper hearing and an objective decision; he is entitled to adequate notice and to dismissal wages." 1

A random survey of customer attitudes, which was recently conducted by the author in a number of department stores, indicated that many complaints stem from improper employee indoctrination and training. As J. D. Houser points out in his book What People Want From Business, 2 it is at the selection and training phase that some stores fail to do the job well and thus repercussions are unavoidable.

To this Mr. Frank M. Fairfield replies:

"The way to build an organization is to raise it. This means that the store head must invest the money in lower positions to see that he has young people of talent and ability ready for promotion when the occasion arises; far more important, he must invest the time to stay close enough to his organization to recognize that talent and ability when the occasion arises. He must know that there are extraordinary possibilities in ordinary people." 3

The functions of the personnel and training department have been well developed in some stores and all indications reveal that a skillfully trained staff is required to handle many problems at hand. In analyzing the situation carefully it seems that such a department can aid in overall store operations by taking the following steps:

1. Provide for a well developed organizational chart on paper. This chart should show each important job, its function and responsibility, and to whom the person filling that job reports.

2. Improve the field of job analysis and job rating within all areas of the store.

3. Plan for a sounder method of employee selection including aptitude and personality tests so that the proper person is selected for the available job.

4. Develop a better pre-job and on-the-job training system to increase efficiency in store operations.

5. Improve employee performance rating including individual and group attitude surveying as a basis for promotion, transfer, adjustment, and other aspects of the personnel program.

6. Influence management in providing for more employee satisfactions and incentives to attract better talent. This includes initial and subsequent salary increases, improvement of working conditions, introductions of benefit plans, and social activities and benefits.

The above functions have to be guided and applied to the following four groups in the most advantageous manner.

1. Regulars--The full-time personnel who are on the store's payroll 52 weeks of the year.

2. Part-time--The employees who work only on certain
days of the week or certain hours of the day.

3. Contingents—The employees who do not care to work regularly, but are glad to work during peak selling periods.

4. Seasonal—The employees who are hired for a specific period for special events during the year.

Of these groups there are new employees who require initial training for the job. There are those who are regularly employed and who require on-the-job training to improve their selling techniques and their earnings. And there are a number who are potential promotional material and are trained for the job ahead.

The training department should place a great deal of emphasis on selling techniques, technical know-how of merchandise, general store orientation, and comprehensive instructions on human relations. In former days great stress was put on five selling techniques. They were: (1) a prompt approach, (2) determination of the customer's needs, (3) presentation of merchandise, (4) the selling story, (5) closing the sale.

Today, however, a training philosophy, based on the customer's interest is employed. A number of department stores have recently recognized the importance of human relations in terms of customer reactions. Some are now trying to indoctrinate the sales clerk so thoroughly with the product that he can sell it by instinct and devote most of his attention to the customer. This technique may, in
time, prove to be of great value in increasing sales and improving overall public relations.

Other functions which the personnel department should perform are to keep coded records and work-progress of employees. Reports from supervisors should be sent to the personnel department periodically so that when responsible jobs are open they can be filled by capable individuals from within the store. Little will do more damage to employee morale than employing an inexperienced relative or friend of an executive for a supervisory position instead of promoting a capable person already employed by the store. Mr. Mayfield writes,

"It is a common practice to go to other stores and hire an 'expert' whenever a good opportunity opens up. If a merchandising man or an important buyer leaves, a typical practice is to look around the industry, find one doing a similar job well, and hire him. This practice is expensive because the new man won't take the job, without a large increase in salary. It frequently turns out that the man upsets store customs, changes personnel under him with disastrous result to store morale, changes market connections, takes needless markdowns and generally upsets things, without compensating results. At the same time, there was probably some good young man or young woman right at hand, ready to do the job, if the store head had the discernment to recognize latent ability and the faculty to train it."

Mr. Mayfield's comments relating to the effect of personnel practice (which he refers to) on the attitude of other employees in the organization also points up additional basic reasons for integrating the personnel and pub-

Public relations functions in the department store. Clearly, such behavior, as he refers to in markdowns and change of market connections, will have unfortunate consequences in terms of relationships with external and internal publics. Public relations must be concerned not only with sound immediate but with long range results. Nothing is more dangerous than to attach the term public relations to the amount of people turning out for a bargain sale.

The public relations needs, social benefits, and satisfactions should be placed on direct-up-the-line presentation so that a minimum of time is wasted and those in close contact with the situation are informed. Sound methods should be established for handling all grievances in order that prompt action may be taken to correct the situation. In addition, it is a wise policy to keep the doors of the personnel department open to all so that employees can discuss their problems freely.

In the above discussion of personnel relations it must be remembered that the personnel department is one of the departments functioning under the supervision of a top public relations executive in charge of public and personnel relations. Under such a set-up the provision for a unified policy and approach in these two closely interrelated fields presents no problem in respect to integrating personnel relations management and the conduct of the internal aspects of public relations.
The activities which should be initiated and carried out by such a personnel and public relations department include the following:

1. Send out trained interviewers to gather employee opinions, suggestions, grievances, as well as general attitudes and comments.

2. Hold meetings on a year-round basis to study opinions and grievances, evaluate them, and make recommendations to improve conditions. These same meetings can embrace information and training.

3. Inform department supervisors on changes concerning store policies and important news items so that they can transmit the information to all employees.

4. Act as a clearing house for all publicity items and place bulletin boards strategically so that they are seen by most employees but will not block the traffic. This is done to fulfill a number of newspaper functions, and is a means of posting permanent regulations, changing of instructions or notices, and a good way of displaying the latest press releases, magazine stories about the stores, its branch stores, and important personnel items. The arrangement, design or pattern, and changing of items so as to attract general attention would be the responsibility of the public relations department.

5. Aid in preparing a good weekly, bi-monthly or monthly employee publication. In the light of a recent
report indicating the importance of the reactions of the family of the employee towards his job in influencing his attitude, this publication might well be sent to the employees' homes.

6. Inform employees of the store's general advertising methods and techniques. This should be done in order to show employees how this media stimulates sales.

7. Supervise editing of an employee handbook. Its purpose is twofold. First, to introduce the employee to the life of the store, to meet, handle, and live with its people as well as to build confidence and good will. Second, to acquaint the new employee with store policies, rules, regulations, and benefits. The employee handbook should contain the following material:

a. Message of welcome to the store by the president.

b. Brief history of the store.

c. Major departments of the store (list floors, major divisions, and items).

d. Working regulations (time clock, relief, locker, safety measures, etc.).

e. Employee benefits (pensions, hospitalization, vacation, with or without pay, training and advancement opportunities, recreation facilities, first aid, channels for presenting grievances, etc.).

f. Organizational chart.

g. List of top officials in the store and the position they hold.

h. Map of the store and helpful directions.
1. General store information, expansion plans, or other prospects.

8. Aid in the preparation of a one-page financial statement once a month. This is to be included in the employee publication in the first issue of the following month. It serves as an opportunity to show the financial picture to those sufficiently interested. At the same time this simplified plan, breaking up the financial picture into monthly divisions, is designed to cultivate the interest of all employees.

9. Encourage a suggestion system by which employees take an active part in improving store policies, methods, processes or any measure which will be of value to store operations. Elevator operators should be especially encouraged to participate in the suggestion system. They are in close contact with customers and employees alike. If they are alert they can pick up many complaints and think of improvements. The suggestion system should be operated on an incentive basis, and a special box should be set aside for that purpose. It is important that the proposals be answered after they have been voted on by a special board. If they are accepted an award should be given; if they are rejected, the reason for it should be explained briefly in face-to-face meeting.

10. Check on the cleanliness of the employee cafeteria, the quality and portions of food, and see to it that the prices are kept low.
11. Maintain contact with the store's first aid station and possibly encourage X-ray, dental and general examinations for employees.

Many new internal relations problems arise in department stores daily. The sooner they are taken care of the better it is for all concerned. As the internal problems decrease, more attention can be focused on the external difficulties. When that point has been reached the road for good department store public relations will have reached the beginning of effectiveness.
CHAPTER III

EXTERNAL RELATIONS: CUSTOMER RELATIONS

In recent years a number of department stores have employed sound consumer relations techniques successfully, but few have been able to develop a well coordinated combination of internal and external public relations programs. Such programs vary with individual stores, but the basic principle of having excellent internal relations to achieve well balanced external public relations holds true for all retail establishments. In this chapter attention is given to: (1) Information to customers; (2) Customer attitude survey; (3) Differentiation between public relations and short term sales (tomorrow's sales); (4) Differentiation between internal and external problems; (5) Emergence of the Consumer Movement; (6) Customer services; (7) Credits. Many fail to present their department store story in a factual and interesting manner to the attention of all the publics connected with the store. The significance of acquainting everyone with the store and its activities through all types of media cannot be overlooked, for the store which shares information and news with "all" will enjoy greater friendship, loyalty, and annual business in the long run.
All too often there has been a disproportion of share of the department store story presented to the public through merchandise advertising. But the value of institutional advertising should demand a fair proportion of the budget. Lately customers have become increasingly cautious in their buying habits and more demanding in product values. At the same time stores have become more consumer conscious and recognize the need for getting more information about consumer behavior, attitudes, and preferences. As a result a greater emphasis has been placed on customer research. It is, however, important that more intensified research be undertaken so that greater accuracy of customer attitudes can be obtained. The "pick" rather than the "pack" policy should be applied.

Recent reports have indicated that sales do not necessarily mean good will towards a store. In fact, they may be "temporary sales" of a rather short duration. It is therefore necessary that attitude surveys as well as market and product research studies be conducted continually. The former type of survey should concern itself with customer preferences of products, attitudes towards the store, and the amount of good and ill will entertained towards it. The market and product research program should aid the comparison shopping department in detecting deficiency of items in respect to quality and price, suggest mode of improvements, and inform manufacturers of imperfect products.
Constant analysis of a twofold research program of that sort will, if its suggestions are enforced, create better public relations in the years to come.

Customers today are primarily concerned with (1) quality of product, (2) services rendered, (3) price of item, --not necessarily in this order.

The concern over quality of products has manifested itself in the activities of the consumer movement. This movement has for a number of years focused its attention on improvements to raise efficiency of consumer activities such as recognition of quality of products, choice making, market selection, and general use of goods.

The methods which the various organizations loosely comprising the consumer movement employ in achieving their objectives include:

"...(1) to educate consumers in buynmanship; (2) to influence the framing of legislation so as to protect or to further the consumer interest, and to compromise willingly only if such action promotes general welfare; (3) to promote State enterprise in housing, medical and other health services; (4) to establish suitable State bureaus to provide research and to assist in education; (5) to confer with trade associations and other organizations for the purpose of effecting changes through voluntary action, informative labeling and specifications for products; (6) to establish consumer cooperatives; and (7) to carry on research on practices and policies affecting the consumer interest."

The movement has developed substantially since its inception in the 1920's and particularly during the 1930's. Such trends as the following have been clearly influenced by the consumer's movement:

"(1) the protective legislation enacted as the Pure Food, Drug and Cosmetic and Wheeler-Lea Acts of 1938; (2) many advances in standardization and informative labeling; (3) some checking of local price advances, especially of fresh milk; (4) many consumer groups and classes giving attention to money management and market selection and using the services of testing agencies, and otherwise acquainting themselves with policies affecting the consumer interest; (5) a recent rapid expansion of consumer cooperatives."

Perhaps a fuller view of the consumer movement can be presented by taking the grading and labeling aspects into consideration briefly. Retailers have cooperated with the consumer movement whose feeling is that a more adequate breakdown of product quality will be necessary. During the war years while goods were scarce, consumers were eager to get merchandise and tended to overlook formal product labeling. Now that markets have returned to normalcy again, a greater emphasis should be placed on product information to meet future customer requests. According to Margaret G. Reid, the author of Consumers and the Market, characteristics of good labeling include:

"(1) Information should be provided to assist consumers in selection and use and care of products. That bearing on selection should, in so
far as possible, cover facts which cannot readily be determined in the store upon inspection or by other simple means at the time of purchase. (2) For products that cannot be inspected at time of purchase, such as canned and packaged food, the general type of product should be described and the quality level given. (3) All descriptions should pertain as nearly as possible to things important to consumers. They may want to know, for example, how the product will behave rather than about the process of its manufacture or its construction features. (4) Information should be simplified as much as possible. By concentrating on the essential things which consumers want, information can often be simplified. (5) All terms must be standardized. A standard dictionary of terms is a first essential in a labeling program. Modification of meaning of any term should be allowed only after deliberation and consent of both representative sellers and consumers. (6) Non-technical rather than technical terms should be used, and information about a product should be so stated that consumers can with ease recognize relative merits. (7) False information, symbols, or devices causing consumers to think the product is better or poorer than the facts warrant should not appear on labels. (8) Only facts important to consumers in evaluating goods, or in using or caring for them, should appear on the label. All irrelevant information should be eliminated. (9) Major facts should be placed so as to command attention. A good rule to follow might well be: the more important a fact is to consumers in evaluating the relative merits of goods, the greater should be its prominence on the label."

The author of Consumer and the Market feels that the labeling program should include: (1) the less controversial issues; (2) information for which accepted tests are available; (3) information of greatest importance to consumers because inspection is unsatisfactory, or because total money expenditure per year is relatively high.

1. Reid, Consumers and the Market, pp. 443-444.
Mr. M. T. Gragg, in his study Merchandise Testing as a Guide to Consumer Buying, considers the following steps as satisfactory in informative labeling:

(1) Analysis of the uses to which the product is put, and the characteristics necessary to serve each purpose.

(2) Selection of information concerning those facts important to consumers.

(3) Selection of those characteristics which can be tested with available techniques or for which testing techniques can be developed.

(4) Provision of a satisfactory system of inspection.

(5) Decision as to whether the rating of each characteristic tested is to be stated separately on the label or whether ratings or grades are to be on two or more characteristics.

(6) Decision as to standards of quality for each thing tested.

(7) Selection of the form in which the information is to be given to consumers.

(8) Getting the labels into use.

(9) Educating consumers concerning their use.

The information on labels should, of course, be based on a sound grading and product testing system. At the present time, there is need for further development of standards, more uniformity among markets in standards used for specific products, extension in use of standards to local and retail markets, the development of facilities for grading and labeling products.

Standardizing description, employing universal nomenclature, will aid the grading process in respect to time,
expenses, and favorable product quality as well. As far as product testing is concerned, it is noticeable that manufacturers and stores maintain testing laboratories, often known as "Bureau of Standards." Before products are labeled and advertised, they are double checked. Consumers should not only be acquainted with this but encouraged to verify the tests. This can often be accomplished in a simple manner.

The National Dry Good Association and Trade Association have helped considerably in promoting a better testing, grading and labeling system. Trade Associations have furthered the standardization of products and informative labeling and it is hoped that they will not only continue but increase their services.

Little attention is given to the pricing problem in this thesis but the problem of mark-ups, should not be underestimated. Increased distribution pricing which tends to raise prices may come in for some share of attention in the future.

Obviously the testing, grading, and labeling systems have been of great service to the consumer. Another area of major significance in public relations deals with supplementary services rendered to customers.

From a public relations point of view all are important but a public relations department can be most effective to a store by guiding and coordinating the services
rendered to customers. There are many stores which offer a variety of attractions and services to customers. A store in Tennessee recently made use of a unique method for attracting customers. An alarm clock was placed in a sealed box, along with the number in one of the dress fitting rooms. The alarm clock rang during the day and whoever was trying on a dress in that fitting room at the time received a dress gratis. A Los Angeles store recently aroused a great deal of attention by its 24 hour service. The 24 hour promotion includes round-the-clock telephone order service, delivery within 24 hours in the metropolitan area, and opening of new credit accounts within 24 hours of the phone or mail request. As a result of this service the store has aroused the interest of many new customers and an increase of phone and mail orders is noticeable.

Other stores have special services for customers, such as shopping guides, private fitting rooms by appointment, special meeting places for receiving messages or meeting friends, adequate customer outgoing phone service, maintaining a speakers' bureau, etc.

At times these service programs are poor in taste, unorganized, and often mismanaged. A competent public relations department will be able to determine the value of customer relations programs and can perform the following functions:

(1) Review all important customer policies and written
material directed from the store to customers.

(2) Consider improvements and suggestions and determine if products and services of the store can meet requirements adequately.

(3) Supervise the preparation of a pamphlet describing "The X Department Store Story."

(4) Aid the research department in making a scientific survey to find out customer attitude towards the store, its products, and its services.

(5) Work with the research department in evaluating the findings of attitudes displayed by the survey, including policies, opportunities, location, convenience, safety, features and other newsworthy material about the store.

(6) Encourage and work with customer movement groups so that an additional two-way channel for information is maintained.

(7) Assist in customer education about products, such as (a) what they are, (b) what they will do for the customer, (c) how to use them, (d) how to take care of them.

One of the problems facing department stores is the method of handling complaints and making adjustments. Some of these stem from poor internal department store relations but many are often unavoidable. The most frequent complaints concern either poor merchandise, wrong merchandise delivery,
or inaccurate billing charges and credit problems. To eliminate complaints about defective merchandise it is wise to employ careful buying habits and make constant use of laboratory testing methods. In order that the right merchandise is sent to the purchaser an adequate inspection system at the wrapping desk should be in operation. Special attention should be given to the appearance of the merchandise, comparison of the price attached to the item and on the sales slip, and the address of the purchaser or receiver, before leaving the store.

Most of the complaints should be handled on the floor so that the claims adjustor is not bothered by mere trivia and can apply himself to the important adjustments. The policy, "The customer is always right," is not always technically true, but the problems should be approached with the attitude that the customer's point of view be of immediate concern to the store. It can do a customer education job along that line and, at times, point out, in the most tactful manner, a misconception on the customer's part. Some customers might be lost in the beginning, but in the long run this educational program will prove to be profitable. According to Hallack McCord, the most feasible methods for dealing with customer complaints are:

(1) Go at the matter with an attitude of "the customer is always right. This does not necessarily mean, of course, that the customer should be given a sympathetic hearing, with the store admitting at the outset the possibility that it might have been wrong.
(2) When interviewing a complaining customer, one should listen attentively. There should be no evidence of boredom, lack of interest, or disbelief. An attentive attitude flatters the customer, tends to put him in a more conciliatory mood, and in addition, aids the interviewer in getting the facts more clearly in mind.

(3) The interviewer should be objective. Should strive to see both sides of the matter complained about.

(4) The complaining customer should be given an immediate hearing. He should not be forced to wait, to sit around, etc. To do so simply makes him angrier. Moreover, he should be given as quick a decision on his complaint as possible. To cause unnecessary delay tends to create suspicion and distrust in the mind of the customer.

(5) The interviewer should have the power to act—should be empowered to settle with as little delay as possible the great majority of complaints. No customer wants to be shunted from person to person, voicing the same gripe at each new interview. Once should be enough.

(6) Needless to mention, the interviewer should always be courteous, should smile, and strive for friendship and pleasantness. Gloominess, sarcasm, etc., will only add to the complainant's ire. The interviewer should be both understanding and firm. He should not, of course, take on a condescending attitude.

(7) Every effort should be made to send the customer from the store with a smile on his face. If his complaint is justified, he should receive an apology, and whatever restitution necessary should be made. Remember, the idea is to keep this customer and his friends as your future customer.

From a public relations point of view the credit relations field is one of the most important phases of store operations. Many stores throughout the country have, by

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Now, opened credit departments or budget plans of one sort or another. This has brought the store in closer contact with many customers, but also it has created a number of problems. Many stores encourage the use of their credit programs, for it stimulates sales. Some stores send charge plates to business people, teachers, and other professionals to solicit new accounts.

The handling of credit applicants when interviewed at the store should be conducted in a most pleasant atmosphere. If at all possible, applicants should be received in a personal manner without wasting their time. If they cannot be interviewed immediately, a well furnished waiting room containing the latest papers and magazines should be at their disposal. It is of course necessary to treat the prospect in the most courteous way. As Mr. L. G. Carr of Montgomery Ward points out:

"The customer is not dependent upon you. You are dependent upon him. The customer is not an interruption of your work—he is the purpose of it. You are not doing him a favor by serving him—he is doing you a favor by giving you the opportunity to do so." ¹

"The credit interviewer according to Clarence E. Wolfinger, Lit Brothers Credit Manager, should not be a frigid faced fellow. 'He should have a ready smile and be a dynamic diplomat. He must know when to talk, what to say, and when to permit and encourage the customer to talk.' ²

¹ Mahoney and Hession, Public Relations for Retailers, p. 136.
² Ibid., p. 136.
Credits should be made available to customers in a liberal manner. Forms should be kept as simple as possible yet reveal a clear picture of the applicant's financial background. The Grey Advertising Agency of New York City has, on the basis of a survey on department store credit practices, prepared a check list of suggestions for credit operations. They are:

"1. Study the operations of small loan specialists; learn their routine. In some of these small loan organizations, it is possible to get a loan in 24 hours.

"2. Either hire a credit manager with selling sense -- or train the present incumbent along selling lines.

"3. Endeavor to develop features to the charge account service that will give it some element of distinction.

"4. Sell the promotion department on the fact that the charge account list is, or can be and should be, just as valuable as the total circulation of the local newspapers. Take letter writing out of the hands of the credit manager; the promotion department is better trained for that job. Have the promotion department start with the letter that goes to the woman who inquires about opening a charge account; that ought to be a warm, human friendly letter. Have it tell her that her charge account has been opened--and make that warm, human and friendly. Then have the promotion department develop promotions for the charge account list--flyers, Christmas catalogs, special stunts, special offers, etc.

"5. Oddly enough, some of the most ingenious literature prepared for charge account customers has been in the form of letters sent to "dead" names on the charge account list.

"6. Make a real research into the charge account list. Find out such things as: (a) What income groups are represented on the list. How these in-
some groups compare with your rank-and-file customers. (b) Sections of your trading area in which charge accounts are thickest—and why. (c) Percentage of inactive charge accounts. (d) Percentage of charge accounts who charge only $25 a year, $50 a year, $75 a year, etc. (e) Types of merchandise most frequently charged; types of merchandise least frequently charged. (f) Seasonal variations in use of charge accounts. (g) How many customers have charge accounts only in your store; how the average purchases of these customers compare with other customers who have charge accounts in more than one store."

In order to collect on outstanding accounts, many stores send out letters which are followed by phone calls and personal visits until the account is paid.

In using these reminders, care should be taken not to embarrass or threaten the customer. Messages of this sort should not be sent on postcards or unsealed letters.

One of the most efficient ways of dealing with adjustments is to have them taken care of in one central office. As mentioned previously, minor complaints should be settled directly on the floor. Major adjustments, however, should be administered by the central adjustment office.

Many programs designed to improve customer relations have been in existence for a number of years. Most stores recognize the importance of such a program, but few realize that it should rest in the hands of a limited number rather than having everyone responsible for it and no one taking care of it properly. It may be impossible for the public

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relations department to be in daily contact with all customer relations activities; nevertheless its contact must be enough to maintain an adequate knowledge of what is occurring in these relationships.

In conducting special consumer relations programs, it is important to direct them towards the three main customer groups. They are: (1) the woman shopper, (2) the male customer, and (3) the teen-age purchaser.

Of the three the woman shopper, who purchases about 85% of all merchandise sold, is the most important. Many opportunities for good customer relations programs can be found at fashion shows, store broadcasts and parties. Others can be directed towards college girls, brides, and the new homemaker. All are influential customers but often warrant a great deal of personal attention.

The male customer is less difficult to deal with. He is more direct, knows what he wants, but is less particular. Many stores provide separate departments for male shoppers with separate entrances. Others have arranged special hours for men so that they will patronize the store. There are a number of stores which have special events to attract the male purchaser to the department store. Sport shows or special sport departments often encourage male patronage. A few stores have opened hobby and craft centers, while others have established tobacco and liquor departments to attract this particular public.

The teen-age purchaser is very important for the pre-
sent and for the future as well. Good customer relations today are certain to be of great value tomorrow. Some stores have consulted well experienced counselors when staging teen age affairs. Many have special teen age departments to satisfy the needs of youngsters. A few stores encourage high school advisory boards which advise stores on the latest teen age developments. Others sponsor parties and shows or contests with awards to attract the younger customers of today.

The majority of customers are desirable to a store. Few, such as excess creditors and finicky people who spend a lot of time in the store but buy nothing, or those who buy in large quantities only to return a good share of their purchases, are disappointments. Emphasis should be placed on prevention, through investigation, inspection and safety methods, rather than on prosecution. In order that customers can bring any sort of complaints to the attention of store management without wasting their time, suggestion or complaint boxes should be placed throughout the store. Customers should be encouraged to use them, whether it concerns items not obtainable in the store, poor services rendered, or any other dissatisfaction with the store. The public relations division would be the most logical department to receive, analyze, and recommend on such suggestions and complaints promptly, and inform the customer of the action taken.
Good services rendered to customers rank among the primary prerequisites for successful department store operation. If two stores are equal in their price, quality, and variety of merchandise, the one which has sold his "Department Store Story" by means of sound and constant customer relations policies will enjoy greater prosperity in the future.

Activities which have earned a good reputation for stores throughout the country and should be of great concern to the external public relations department are:

(1) To maintain charge accounts which extend credit to its steady customers if they desire the service. This, of course, demands courteous service and warrants an expert credit manager, for privileges may be used or abused.

(2) To have a properly trained staff to receive returns, make proper adjustments or provide the exchange of goods. It should be arranged that most exchanges can be made on the floor rather than going through a great deal of inconvenience for the customer. If at all possible the policies should be liberal.

(3) To provide for a shopping service which is to fulfill written orders, telephone orders, or to accompany customers in the store on their shopping tour. Well trained and capable shoppers must be selected to satisfy the customer.

(4) To place information booths, staffed by well in-
formed employees, throughout the street floor of the store.

(5) To have an adequate internal transportation system consisting of constantly running elevators and escalators.

(6) To post store directions inside and outside of elevators as well as near escalators to save confusion and discomfort.

(7) To provide for an adequate heating, ventilating and air system for the comfort of all.

(8) To keep clean rest and waiting rooms equipped with the most recent scientific developments.

(9) To provide for an underground parking or roof parking space for customers.

(10) To have a free delivery service which is run in a prompt, precise and reliable manner.

(11) Should the location permit it, a supervised playground for the customer's children would be helpful.

(12) A gift wrapping department is maintained by some stores which, even if a small fee is charged, seems to be of great value to customers.

(13) A few stores have maintained post offices and a service for cashing checks. This has attracted quite a few customers.

(14) Many stores still lag behind in providing for a parcel checking service for customers. A service of this sort increases convenience for customers and eliminates the
carrying around of packages throughout the store.

(15) An increasing number of stores have clothing counsellors on hand who advise customers about the latest styles, fits, and fashion.

(16) Some stores provide a ticket service for plays and other important events to attract customers.

(17) Hobby centers are often favorites with special types of customers.
CHAPTER IV

COMMUNITY RELATIONS

Most well managed department stores give considerable attention to community affairs. They have become aware of the fact that a well run store needs more than customers and employees.

It is essential that a store enjoy support especially from the community in which it is, and which represents its primary market. Contrary to the belief of some executives, surveys have indicated that people of the community are interested in store functions. It is therefore advisable that more stores recognize the untapped opportunities for programs that will express genuine interest in and responsibility toward the community in which they do business.

In order that the store and its functions can be brought closer to the community, the public relations department should begin with a stocktaking of its community relations problems and opportunities, and develop sound means of maintaining a continuous inventory of community relations. Good and bad community attitudes towards the store should be evaluated. If necessary, changes or modifications of policies should then be made. The community should be informed of such changes by the most suitable media available.
On the positive side, stores can aid in education programs, sponsor cultural leadership groups, contribute to community health plans, the community chest drive, cancer fund, the Red Cross and other welfare organizations, promote sports and recreation facilities, organize clubs for young people, help the unemployed and give assistance in other community projects. Almost any community need represents a community relations opportunity for the store; its prestige will grow by being and being known as a good neighbor and a good citizen.

There are some stores which have stated their policies with regard to the community in writing. Macy's says that it maintains a constant interest in all undertakings that affect the general welfare of the community whether they be cultural, educational, philanthropic, civic or business. Sears Roebuck states:

"We believe that taking as much as possible from a community and giving in return as little as necessary, is not just bad business morals, it is also bad business. We make no grandiose claim of unselfishness in this regard. A community which lacks morale, and whose social and economic health is failing, is also a community in which our own investments are in jeopardy."

Some stores have done an outstanding job in promoting better community relations. Filene's in Boston, Massachusetts, undertook a major program to bring the handiwork of New England artisans and craftsmen to the public view. It was called "New England Revelation," and devoted its attention to New England resources and products. The show created a sensation throughout the area and earned good will for the store even in remote communities. As a result, people from all over New England visit the store, and thus sales are stimulated.

Other stores have done outstanding jobs in helping the town in its civic affairs. They have donated money to colleges and other institutions, and sponsored contests offering valuable rewards. A number of stores have offered scholarships to exceptionally capable students. Some stores have put on art exhibitions, musical events, and flower shows. A number of stores have made their facilities, such as their auditorium or transportation, available for the use of the community. Some stores have made all types of facilities available in cases of emergency and have earned exceptionally good reputations in and outside of their immediate community.

Rich's in Atlanta, Georgia, has performed many remarkable services to the community. When funds were depleted to pay school teachers in Atlanta, Rich's provided money for their pay checks. When Georgia citizens and a few
Rich's employees were killed in a hotel fire at Atlanta, Rich's devoted a full page to the Twenty Third Psalm in the major town newspaper. These and many other good deeds done by Rich's are responsible for the statement by a president of the Georgia Power Company, "In all Atlanta there is not a single human being who speaks ill of Rich's and none who does not rejoice in its success." The mayor's words were: "Walter Rich was not only a great merchant, but a great citizen. Ours is a better city by reason of his life and works."

In recent years, store executives have spent more time with civic affairs. Some have become leading members of the chambers of commerce, while others have devoted a considerable amount of time to fund raising activities. There are some who have joined school committees, and reports show that many work actively in welfare organizations.

Successful stores have found out that it is a wise policy to have good operating channels of communication between leading citizens of the community and the store. These might include leaders in business, government, education, religion, women's clubs, labor unions, social clubs, or other prominent public functions. It is also through community leaders that the store may further its relations with the community as a whole, and thus nurture a healthy friendship with its patrons.
CHAPTER V

VENDOR RELATIONS

One of the main functions of department store public relations should be directed towards the development, maintenance and improvement of sound supplier relations. Relatively little has been done in listing formal practices or in establishing permanent vendor relations programs. If they are well planned, organized, and enforced, a great deal of mutual benefit can be derived from such programs. Friendly suppliers can help the store in getting the right merchandise at the proper time for a reasonable price. On the other hand cooperative buyers can help manufacturers and suppliers in producing the desired merchandise.

Mr. N. A. Briscoe's comment on the subject is:

"It is of first importance, from a merchandising viewpoint, that every buyer deal honorably and fairly with the vendors from whom he buys. Otherwise the store will find the really desirable market offerings going to those stores which regard the good will of the vendor as second only to the good will of the customer."

Many stores have recognized the value of formalized vendor relations. A few have organized a vendor relations committee, but a great deal of work will have to be done on most store vendor relations programs. According to Dr.
"Unless carefully supervised, buyers will often return merchandise in order to avoid losses due to their own errors of judgment. Only seldom do such breaking of contracts lead to a law suit, but they are not fair to vendors."

If good relations with vendors are maintained, a buyer will, even in case of phoned or written orders, get the merchandise he wants according to accurate specifications in the shortest time possible. Similarly, however, a store can be helpful to manufacturers in stating specifically what customers desire and thus enhance their business.

The value of sound vendor relations cannot be over-emphasized. Vendors are often in a position to bring in prominent designers, or other specialists concerned with the production of merchandise, so that they can help out stores in the event of fashion shows or other events. Furthermore they can supply the store with advertising and display material to promote the show. They can also lend a helping hand in training the sales force in merchandising, design, production. Some have even made their time available to instruct college classes in the merchandising field.

One fundamental principle of a vendor relations program should be to treat the vendor as fairly as the store expects to be treated by customers. Whether he visits the store, or the buyer calls on him, his time should not be wasted. That, however, does not imply that a buyer should refrain from making a social call on vendors occasionally.
In a case where a cancellation of an order is inevitable, honesty and tact must be the guide. Courtesy, frankness, and friendship will contribute greatly to the vendor relations field.\(^1\)

In order to eliminate unfair trade practices, unsound cancellations of orders, unjust return of merchandise and unreasonable concession demands, a formal ethical code should be developed. All involved should be informed and reminded frequently of the store's vendor relations program. Such a program should have well balanced regulations which must be adhered to by all, as follows:

1. To treat all suppliers fairly by making them feel at home in the store.
2. To give equal opportunities to small vendors as well as their large competitors.
3. To give some preference to old reliable suppliers in business transaction.
4. To consider the vendor as part of the store and value his time as much as that of the buyer.
5. To refrain from arbitrary favoritism towards some vendors.
6. To discourage personnel from accepting gifts from vendors and customers.
7. To keep a vendor book or diary so that all busi-

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ness transactions with a supplier can be checked by a buyer or his successor.

(8) To remain in close contact with vendors so that the personal touch is maintained.

(9) To welcome vendor suggestions for the purpose of improving mutual relationships.

The public relations department should be instrumental in guiding the abovementioned policies. In addition to sending the vendor relations program to suppliers, news letters should be sent to them occasionally to give information on change of policies, products, or personnel. Personal letters often increase friendship and promote promptness in orders and delivery. Many stores make use of trade journals and papers in communicating with their suppliers while others send greetings, calendars, brochures or leaflets. The stores which have practiced systematized vendor relations have experienced success in terms of good public relations and sound business as well.
CHAPTER VI

COMPETITOR RELATIONS

Among the most important phases of department store operations is competitor relations. This field has been in a process of significant change for a long time through development of local, state, and national trade and better business organizations. The majority of these groups have great potential influence. Their actions may often affect legislation and government and private activity, including that of the individual store. At present not too many retailers take an active interest in devoting time to constructive competitor relations. If, however, more retailers would see the positive side of sound competitor relations, such relations would improve from a retailing as well as a public relations point of view.

The Retail Trade Board of Boston might be taken as a case example of outstanding accomplishments in competitor relations. This board cooperates with other agencies in study and action on plans to develop Boston as a shopping center. It has representation in and close contact with government, civic and public agencies. The board aids its members in standardization of prices, improvements involv-
ing huge savings on shipments, and centralizing of merchandise, and checking fake jury auctions. Other problems which are of the board's primary concern are:

Giving adequate information to its members on present laws and proposed legislation, state and national, as well as lending active support or opposition to legislation affecting retail business on a city, state, or federal level.

Store problems which involve reducing prices, control of merchandise returns, vendor relations, and merchandising practices.

Retail statistics dealing with the Federal Reserve Board, reports on advertising cancellations, and cooperation with the National Dry Goods Association.

Training methods for schools and colleges in subjects concerning the retail field as well as intra store education.

Information on store policies, bulletins on state and federal agencies, and special store problems.

Securing part-time employment for stores by cooperating with schools, colleges, and veterans organizations.

Advising its members on requests for contributions to charity organizations, group action on major charity projects, and regulation of advertising in charity programs and similar media.1

1. Outline of Retail Trade Board Activities, issued by the Boston Retail Trade Board.
The board cooperates with many other organizations such as the National Association of Retail Secretaries, Better Business Bureau, Boston Chamber of Commerce, American Retail Federation, Massachusetts Council of Retail Merchants, National Dry Goods Association, Merchants' Credit Bureau, Consumer Groups in Massachusetts and Public Schools.

Besides competitor relations the Retail Trade Board of Boston has rendered many services to employees, customers, and the public at large. Its creed, presumably subscribed to by all its member stores, is as follows:

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1. The Retail Trade Board stands for high integrity of its member stores in relation to the public and each other.

2. It believes in sound employee relations, fair wages, good working conditions, and reasonable hours of labor.

3. It believes the public is entitled to the fullest value for money spent on merchandise, and therefore works to eliminate wasteful practices in retailing.

4. It believes that advertising should be truthful and free from extravagant claims, and therefore supports the efforts of the Boston Better Business Bureau in this direction.

5. It believes that the buying public is entitled to the fullest protection against sharp practices of unscrupulous retailers, and therefore supports legislation aimed to cure abuses.

6. It believes in promoting the best interests of the consuming public and therefore will work to defeat legislation adverse to such interests.

7. It believes in the Government's program to fight
rising costs of living, and therefore is glad to cooperate in making the General Maximum Price Regulation of goods and services effective.

8. It believes it to be the duty of merchants to be good citizens first, and therefore encourages its members to support important civic and charitable projects.

9. It believes in making Boston a fine place in which to live and work.

10. It believes that the essence of good business is service to the public, and that customer goodwill is a priceless asset.

Better Business Bureaus throughout the country also perform a significant function affecting competitor and public relations. The policies of this organization, adopted more than thirty-five years ago, are as follows:

"The organization should be a non-profit membership corporation. It should be an integral part of business itself, supported by business, with a membership representing all different lines. Its officers and board of directors should be representative business men, elected by its members, serving without compensation and wholly from a sense of civic responsibility. The board should direct the policies, elect its officers, and employ a manager. The organization should have no political axe to grind, should not be a legislative agency for business, and should not have legal or judicial powers.

"The organization should not recommend or sponsor any company or product. It should cooperate with educational, consumer, and business groups, and should work in close cooperation with municipal, state, and federal bodies whose functions touched matters in which the organization was professionally interested.

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1. Published by the Boston Retail Trade Board.
"It should be impartial, work constructively, and act on facts only. It must proceed in the best interest of the public. Its services should be free to the public. Public sentiment, the cooperation of business, and when necessary, the law, should be its greatest source of power." 1

The program of the Better Business Bureau is designed to help business do as good a job in maintaining and increasing public good will as it has done in production and distribution. For this reason business supports the following objectives outlined by the Better Business Bureau for it:

1. Curb activities of the unscrupulous which act to destroy public good will for Business.
2. Help schools to educate today's children to be tomorrow's citizens.
3. Protect the public from fraud.
4. Eliminate the cause of customer complaints against Business.
5. Safeguard employees' earnings.
6. Make satisfied customers out of dissatisfied customers.
7. Make advertising more productive.
8. Obtain fairer advertising and selling competition.
9. Help employees and the public in their everyday business problems." 2

The function of an adequately supported and ably managed Better Business Bureau in helping to maintain high standards of advertising and selling practices in the com-

munity benefits the ethical merchants in the community in terms of increased customer confidence and decreased loss of consumer purchasing power.

A danger that arises with increasing organization in the retail trades is that of protective monopolistic practices to bar new competition. Many stores feel that a competitor or a newcomer in the field will only be a detriment to their business. Often that is not the case. The newcomer may be an asset, for he might provide customers with items which could not have been previously purchased in the particular community or area of that community. As a result customers tend to do most of their shopping in that trading area.

There are some stores which have found that in discussing their mutual problems they were able to study and work them out satisfactorily. Other stores have made it a policy to welcome the new or branch store in their community. When Bonwit Teller opened a branch store in Boston, Filene's, Jordan Marsh and R. H. White welcomed the store in the community. Similarly when Jordan Marsh recently expanded their facilities, Filene's devoted a page in a major Boston newspaper congratulating Jordan's. Jordan Marsh also congratulated Filene's, by means of advertising, on an effective bond promotion.

A number of stores have united locally in various areas of the country to cooperate in staging events, par-
ades, and shows for holidays such as Easter, Mother's and Father's Day, Christmas, and Thanksgiving.

"The State Street Council, a Chicago retail organization, does a noteworthy year-round job on that mile-long thoroughfare. The council has staged special fashion shows, radio events, television programs, and courtesy campaigns. The council has also cleaned up State Street by obtaining passage of ordinances regulating trucking, the appearance of newsstands, overhead signs, and similar matters. A successful five-cent shuttle bus service from the lake front to State Street was inaugurated by the council as an approach to solve the parking problem.

" Nicollet Avenue in Minneapolis has been decorated every Christmas for many years by the Minneapolis Retail Association. Fourth Street Merchants in Cincinnati unite in 'Quality Street' signs and special Yule decorations for lamp posts in their area. Many merchants' associations stimulate promotions with prizes for the best windows and advertisements. In some cities, associations have also established worthwhile standards of taste and safety for advertising stunts."

1 A few stores in a New York community recently promoted a joint advertising campaign to attract more business. It was found that some additional stores in the community were eager to join the campaign.

"Merchants of Los Angeles, Worcester, Massachusetts and many other cities have found cooperative fashion shows profitable. Retailers of Manitowoc, Wisconsin, have attracted large crowds with combination fashion and automobile shows. Retailers of Rochester, New York, in 1948 began to sponsor ski trains. Stores of Nashua, New Hampshire, and other towns of this size have found jointly sponsored 'Harvest Days' and profitable autumn events."

1. Mahoney and Hession, Public Relations for Retailers, p. 144.
2. Ibid., p. 198.
If stores will cope with their problems cooperatively instead of destructively criticizing one another openly, much can be accomplished. As the concept of management as a trusteeship, operating according to professional standards, group stores may be expected to exchange more and more knowledge regarding sound practices as in the case with other professions. Credit cooperation has already developed to a considerable extent. There has been some development of codes for advertising, as well as plans to correct unfair or destructive competitive practices. More cooperation is clearly possible on promotion campaigns, funds, health and welfare devices or important announcements. Cooperation is needed for a more comprehensive and effective approach to the common problem of wasteful consumer shopping practices, including the unnecessary return of merchandise. They could enlist the help and also give aid to colleges to solve mutual problems. The National Consumer Retail Council has cooperated in such programs.

The National Retail Dry Goods Association in 1949 conducted a national campaign to explain the virtues of the American economic system and the importance of retailers in a free exchange of goods.

The central Council of National Retail Associations has helped in promoting retailer's interests and has brought about the appointment of the Retail Trade Advisory Committee. This committee makes the wishes of retailers known to
the national government through the Department of Commerce. Recently the Department of Commerce has established a retail section which will reveal statistics in a more prompt and accurate fashion.

Today there are many channels which provide for mutual cooperation of conducting business if so desired. Many stores have cooperated in cases of emergencies, but the time has come to practice sound competitor relations at all times.

As indicated previously, Retail Trade Boards, Better Business Bureaus, Chambers of Commerce, local and national retail organizations can further the aims of competitor relations. More stores should become members of these organizations and enlist their help so that they can benefit from the experiences of others.
CHAPTER VII

STOCKHOLDER RELATIONS

For many years the relations between management and investors have been primarily on a cold financial basis. In recent years, however, industry has taken many steps toward humanizing this relationship. Some department stores have utilized a few of these public relations techniques but many have not yet fully taken advantage of this opportunity.

In dealing with stockholders it is important to recognize the fact that they are probably one of the most unorganized publics of department stores. They are more often women than men and widely distributed throughout the country. The backgrounds and interests of stockholders vary greatly and it is difficult to appraise their knowledge of investments and modern business methods. As a consequence it is vital that their common interests as stockholders in a joint enterprise serve as the basic theme in developing relations with them.

Stockholder relations policy should be part of the public relations program. Its aims should be to promote the investor's understanding, loyalty and friendly attitude
toward the department store. In so far as feasible, the program must be of a continuous positive nature, which can be done by keeping the stockholder informed about major events in all departments of the store before they actually occur. Whenever possible, it is wise to enlist his help in making suggestions concerning phases of store operations so that his interest and confidence in the store is maintained constantly.

Some surveys have indicated that stockholders are not only interested in dividend checks but also in activities which have a bearing on long and short time financial conditions. This includes introducing him to the store and its officials, newsworthy items about personnel, profits, products, expansion of departments, special promotions, services to consumers, and advertising, radio, motion picture and television stories. Regardless of the type of media used, a minimum of statistical material and a maximum of graphic representation, pictures, and charts should be employed to increase interest and readership.

There are a number of media which can be used effectively in the field of stockholder relations. They are:

1. **Annual Report.** It is important that these reports are kept simple so that the financial condition of the store can be understood by the average stockholder. The situation of the store should be stated clearly so that store operations are explained and expenditures accounted
for. If all facts are presented, and policies and store operations justified, the stockholder will become a more loyal supporter of his store.

2. Dividend Mailings. This is a good medium for imparting information to stockholders. They are mailed frequently throughout the year and can be accompanied by insert slips, leaflets, or booklets. All types of news items can be transmitted to the investor by this method.

3. Correspondence. Many stores write personal letters to some of their stockholders. This is a good method for developing, maintaining or increasing favorable investor relationships. In the case of new stockholders, a letter of welcome signed by the president makes a good impression. Some stores encourage stockholder criticism on policies, sales promotion techniques, personnel relations, or any other topic pertaining to the store. It is a wise policy to answer letters promptly and give the stockholder the desired information.

4. Annual Meetings. There is usually nothing as constructive as personal contact between store executives and stockholders. Investors should be encouraged to attend these meetings so that they become more familiar with the store. A well developed plan should be prepared for such a meeting to prevent it from becoming dull. Movies, shows or other events may be staged, to provide entertainment. The meeting place should be easily accessible and comfort-
able so that a favorable atmosphere can prevail. At such a meeting it is wise to invite the press and to make them feel at home. This is one of the best opportunities for bringing the store closer to the stockholders and thus promoting better understanding in the years to come.

5. Additional Meetings and Luncheons. All types of get-togethers will further good public relations if suitably and well planned in advance. It is advisable to offer visual presentations of store activities that would be of interest to the stockholders. During the course of the get-together, promotions may be mentioned, expansion plans described, opening of branch stores announced, or any worthwhile material brought to the attention of the members present. A report of such a meeting should be sent to all stockholders.

Whatever the stockholder relations program consists of, it should be carried out on a continuing basis. All letters and stories should be written clearly so that misunderstandings are avoided. Frank and factual material should be presented at all times. Intelligence, honesty, and integrity must prevail to insure success in this phase of public relations.
CONCLUSION

It has been demonstrated that department stores are constantly confronted with manifold economic, social, and political problems concerning employees, customers, vendors, competitors, and stockholders. In order to solve these problems increased attention should be given to proper retailing and merchandising practices as well as constructive public relations, not publicity as it exists in stores today.

The public relations function should be integrated with the function of personnel administration, and this combined department should have top level managerial status. Emphasis should be placed on sound internal store relations so that they in turn are reflected in improved external store relations. Firm and ethical policies should guide such a program so that greater store efficiency, improved relations with the publics, and a more profitable long range business basis can be achieved.
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