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EMPORIUM SELANGOR - A CASE STUDY
WITH EMPHASIS ON ITS MARKETING MIX

by

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REFERENCE

NOT TO BE BORROWED.

880028

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fulfilment towards the Degree
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First and foremost, let ^{me} register here my great appreciation to the management of the Emporium Selangor (Sdn) Berhad, Kuala Lumpur for the generosity it rendered to the writer to carry out a study on the marketing programs of the Store.

I owe my indebtedness to, particularly, Mr. Lim Tow Yong, the Managing Director of the Store, who had personally answered many of my questions concerning the general policies of the Store.

Furthermore, the General Manager of the Store, whose cooperation I must thank wholeheartedly. Of course, other junior executives of the Store mustn't I forget their helpfulness also.

Lastly, my appreciation goes to the many charming young ladies - the Store's sales staff - who had given me the most down-to-earth answers on the many questions I posed to them, regarding their experience during their daily contact with the customers.

Mr. Sritua Arief, the supervisor of this study, whose helpful guidance and constructive comments are the decisive elements in the successful completion of this study. I thank him wholeheartedly for all those.

Other staff functions like accounting and personnel are just complementary to this buying and selling functions of the Store. Coordination of all these functions is done through the general manager who has overall executive power over all others in the Store, but he is personally responsible to the managing director who represents the Board of Directors.

The personnel of the Store are classified into three categories:-

- (1) the junior executives,
- (2) the supervisory staff and
- (3) the salespersons -

all under the jurisdiction of the Store General Manager.

The junior executives consist of the treasurer, personnel manager and the divisional heads of the three divisions (Store

operation, merchandising and publicity) under the business department.

The supervisory staff are those whose responsibility is to take charge of all activities in each selling department on the selling floors. They help in purchasing, instructing the salespersons, display arrangement and upkeep of the

SYNOPSIS

Emporium Selangor is a comparatively new medium-sized department store in Kuala Lumpur. It poses itself to the general consuming public as a popular-priced department Store catering to all classes of customers. Since no extravagant customer services are provided, the Store is able to divert such resources to other uses, namely, to lower the prices for all the merchandise offered. Such policy of the Store makes itself felt as an outstanding and extraordinary department store compared to the few existing ones in the Metropolis. On the one hand, it appeals particularly to the smaller men who do not want much of the extra services but just the genuine goods they purchase; on the other, snobs and no-so-price conscious upper class customers will not hesitate to call at the Store also because its ultra-modern store interior and window displays, excellent selling floor service and the wide range of merchandise it carries typically remind them it is really an excellent place to shop at.

The Store is organised on a clear-cut line and staff basis. Their relationship and the responsibility and authority for each division and department are clearly defined. But, since the management personnel are composed of a closely knitted group of people, free consultations and discussions over the daily problems are carried out on an informal basis. The business department of the Store is one which bears the heaviest responsibility of merchandising, publicity and store operation. Other staff functions like accounting and personnel are just complementary to this buying and selling functions of the Store. Coordination of all these functions is done through the general manager who has overall executive power over all others in the Store, but he is personally responsible to the managing director who represents the Board of Directors.

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operation, merchandising and publicity) under the business department.

The supervisory staff are those whose responsibility, is to take charge of all the activities in each selling department on the selling floors. They help in purchasing, instructing the salespersons, displays arrangement and upkeep of the merchandise on the forward stock.

The salespersons are the final contact persons on the Store's four selling floors to aid the customers to make their purchases.

From the junior executives downward all the personnel of the Store are persons who have no previous selling experience when they were recruited. They are all learning, the hard way, also the cheapest and most effective way through their daily contact with the customers. No elaborate training programs are available for them. Much are dependent on their own initiative and the supervision of the higher Store's staff.

The merchandise carried by the Store are majority goods made in China. It ranges from tiny hair pins which five cents can purchase a few to the bulky pianos which fetch at a price of over two to three thousand dollars per piece. Although locally manufactured goods as well as goods imported from other foreign countries are carried by the Store, it forms only a miserable five per cent of the total dollar amount of the merchandise carried by the Store.

One peculiarity about the products of the Store is that many canned foods and other food stuff from China are used as traffic creators. Although these items do not really fit into the stock of a typical modern department store, the Store sells well on this line.

Another aspect that the Store management is striving to achieve with its product variable in the total marketing mix to promote sales is what we noted as product and floor strategies. The four selling floor of the Store are being manipulated to house the various merchandise according to the customers' buying habit; Competitors' strategies; the nature of the products etc. so as an optimal sales of all the merchandise in each floor is anticipated. This is a rather conspicuous effort by the Store management especially when it is seen in the light of the sales promotional activities of the Store - where Store interior displays are supplementing the effort on product and floor strategies.

In short, this product variable in the Store's total marketing mix is the main variable exploited to create an image for the Store, i.e., the exclusiveness as the reservoir of Chinese goods in this country.

The pricing objective of the Store is to maximise profit (on a long-term basis), no doubt. This profit maximisation objective does not mean that higher prices will be charged on all merchandise. On the contrary, the Store hopes to accomplish this objective through a low margin pricing policy so that the total sales volume per period will increase. In other words, the policy of "higher turnover but low margin" is what the Store intends to use as an instrument to achieve its objective. To this end, the Store's "own margin" ^{which} is nothing but a predetermined average markup (10% to 30%) is adopted. Within the limit set by this predetermined average markup the Store prices its merchandise accordingly regardless of what its competitors are doing.

Various devices are employed by the Store to promote its sales. The very fact that the Store is a reservoir of Chinese goods is a vehicle for carrying the Store's name to the many potential customers. Another is the Store interior and window displays. This is a very vital device because much effort and resource of the Store have been channeled into these two areas of promotional activities. For outdoor displays, we see that huge billboard is used in front of the Store; Store signs are painted on the Store's delivery van and Store signs are also put high up on both size of the independent slim building that houses the Store. In the case of newspapers, messages of the institutional type are inserted occasionally to remind its customers. Local rediffusion station is being made use of to make spot announcements daily. Handbills and dodgers are used only when the Store is executing any special sales events that need extra publicity etc.

All in all, the promotional activities or programs of the Store are designed to supplement the other two P's — product and pricing — of the Store's total marketing mix so that the desired organisational objective of the Store will be achieved.

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The history of retailing in this country dates back to a few centuries ago when petty traders hawking among themselves within limited geographical precincts. With the advent of the 'Revolution' in the late 1800's and then the 'Silent Revolution' in the early 1900's, the country began to emerge from the self-contained economy. Trade with the outside world was now possible with the coming into existence of our country house which undertook the task of exporting local forest products, rubber and other agricultural produce to the Western world and importing from there the manufactured products. Since then the distinctive feature of retailing had been that of small scale and with limited capital. Retailing was considered more as a means of providing a livelihood to the people than as a final channel of distribution, as defined in all marketing texts, to provide place and time utilities to the consuming public.

Although such feature is still in existence in many of the small towns and remote villages in this country, in the fast changing and growing cities like Penang, Ipoh and the Federal Capital of Malaysia, Kuala Lumpur, retailing is gradually transforming its traditional role.

More dynamism is injected into the retailing field and opportunities in retailing have undergone a fundamental change. Such significant changes in customers' buying habits, in the 'product mix' of various retail institutions, in sale

¹ See Lim Chong-Yah, *Economic Development of Modern Malaya*, Kuala Lumpur, Oxford University Press, London, N.Y., Melbourne, 1957, pp. 77-78.

² *Ibid.*, pp. 78-127.

promotional devices and methods, and in the nature of retail competition, among others, have been taking place and will continue to do so in the foreseeable future. As a result, more and more large retail institutions are organized along the western line and adopting the new and up-to-date management techniques.

CHAPTER I

The salient features of these department stores can be summed up in the words of the President of the Chinese Chamber of Commerce, Singapore, as follows:-

INTRODUCTION

Large-scale retailing is still a relatively new phenomenon in the retailing scene of this country. Although no one can deny that there are already numerous small retailers operating all over the places.

The history of retailing in this country dates back to a few centuries ago when petty traders bartering among themselves within limited geographical precinct. With the advent of the Tin Revolution¹ in the late 1800's and then the Rubber Revolution² in the early 1900's, the country began to emerge from the self-contained economy. Trade with the outside world was made possible with the coming into existence of the Agency Houses which undertook the task of exporting local mineral products, rubber and other agricultural produce to the western world and importing from there the manufactured finished products. Since then the distinctive feature of retailing had been that of small scale and with limited capital. Retailing was considered more as a means of providing a livelihood to the people than as a final channel of distribution, as defined in all marketing texts, to provide place and time utilities to the consuming public.

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¹ See Lim Chong-Yah, Economic Development of Modern Malaya, Kuala Lumpur, Oxford University Press. London, N.Y., Melbourne. 1967, pp.37-71.

² Ibid., pp.72-127.

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The salient features of these department stores can be summed up in the words of Mr. Soon³, the President of the Chinese Chamber of Commerce, Singapore, as follows:-

@ CLASSLESS CUSTOMERS: These stores do not confine themselves to the upper class, middle class or the lower class alone but aim at serving people from all walks of life irrespective of class.

@ THEIR OBJECTIVES: Their objective is to offer high quality consumer goods at reasonable prices.

@ SHOPPING CONVENIENCE: The range of consumer goods they offer is so comprehensive that you can shop all your household necessities under one roof.

@ CENTRAL LOCALITY: They are situated at the central business localities adequately served by public transport.

@ TOURIST ATTRACTION: One of the major characteristics of these stores is the strong appeal they have on tourists, thus helping to boost tourism.

In August 1967, a new department store — Emporium Selangor Sendirian Berhad — was established in the Federal Capital of Malaysia, Kuala Lumpur. It is located along the Jalan Tengku Abdul Rahman (It was once called Batu Road) — in the centre of one of the principal shopping districts in Kuala Lumpur. It has the initial authorised capital of one million dollars. The modern building it occupies is accessible from all parts of the city by rapid transit. It occupies six floors out of the eight-storey building, with a total floor area of 6,000 square feet. Four floors are devoted to as selling space, the remaining two are used as stock rooms and non-selling general administrative offices.

3

See Straits Times, Monday, January, 15th., 1968. p.14. Straits Times Feature — on the occasion of the opening ceremony of the Eastern Emporium Limited, Singapore. Message from the President of the Chinese Chamber of Commerce, Singapore.

The Store is exquisitely decorated and offering a wide range of commodities of the latest designs at reasonable prices.

The Store is financially independent from the nine other emporiums selling mostly goods imported from China in Singapore. But a few of its directors sitting in the Board are men who have an interest in its Singapore counterparts. Thus we see that the expertise of the top management is drawn from a wider circle. It is not surprised to find also that ideas of general management and other related store-wide activities like layout and promotion etc. are derived from the experience of its Singapore counterparts. Through such connection in the field of management, more efficient system of running the Store is expected since knowledge and experience of the Singapore pioneers are pooled and applied in this young and new department store here in the Federal Capital of Malaysia --- Kuala Lumpur.

Although the country has a long history in the field of retailing, not many serious attempts have been made to study this area, not to say the newer retailing outlet such as the department stores. Undoubtedly, endeavour made in this direction, namely, to have more case studies of the prominent department stores now in existence will be very rewarding both from pure academic research point of view and the general benefit that these studies will accrue to those "practitioners" of retailing. Particularly, this pioneering exploration into this area --- the study of a department store selling mostly goods imported from China --- will be, it is hoped, a step forward in the more fruitful understanding of the retailing process in this country. Answers to such questions like: Does the management have any political motive? What sorts of appeals are used to attract its customers besides the conventional promotional gimmicks? Is the Store's main aim to help bring down the cost of living of this 'metropolis' since most of the made-in-China goods are comparatively cheaper? etc. can be found in the analysis that follows in the subsequent chapters.

In brief, an understanding of all these as well as its main marketing mix are essential to evaluate the role that this new retail institution is going to play in the economy of this country.

Objective of Study

The main objective of this study is to make a critical

The word Store in capital letter will henceforth be used to refer to the Emporium Selangor Sendirian Berhad, Kuala Lumpur, for the rest of the text.

analysis of the marketing programmes, including policies and strategies, of the Emporium Selangor Sdn. Berhad, Kuala Lumpur.

Being a revolutionary new retail outlet appearing in the Malaysian retailing scene, the Store processes a unique feature of its own. Partly as a result of the kinds of merchandise it carries and partly due to the distinctive and calculated policy of the management, it has established itself as a "popular-priced department store."

To what extent will the Store live up to this name? This study is aimed at finding out the various aspects of the management of this new retail institution with the emphasis on its marketing mix. In addition, as a department store with an oriental set-up, the management of the Store inevitably has a different approach in tackling its problems. And this is the second task of this study to probe into the differences or similarities between the Store and those department stores run by western capital and western-trained management team.

In short, this paper will, all the time, attempt to drive home the main theme ---- How well can the Store management achieve its objective of being a viable and dynamic retail institution by constantly manipulating its marketing mix?

Scope of Study

Closely in connection with the objective, the scope of this study will cover the following areas:-

1) The basic set-up of the Store: Since the organisation structure constitutes the backbone of the whole enterprise its soundness or otherwise determines the success or failure of the Store. Chapter II will be devoted to explaining the structural set-up of the Store. The functional relationship of the various divisions as well as those departments serving on a staff capacity to the top management will be examined in detail. On top of all these, a more searching effort will be made to find out whether the Store is rightly concerned itself with its main task, namely, selling.

We shall see, also, how the human factor fits into this impersonal organisation chart. Staffing and personnel problems are by no means trifle. Thus, Chapter II is to examine how the organisation and personnel of the Store can contribute to its efficient running.

2) The lifeblood of the Store ----- Product: A description of the merchandise carried by the Store in relation to such things as product and floor strategy

the Store product branding and packaging; sources of supplies; shop losses etc. makes up the Third Chapter. This effort has been left out during the previous two occasions. Furthermore, a gross review from people of the writing texts, with and depart

3) The enigma of the Store ---- Pricing: A full discussion of the pricing objective, policies and strategies of the Store is made in Chapter IV. Other related aspects of pricing include markup percentage of the Store, retail price maintenance and the initial versus maintained mark-up situation of the Store. More trading, journals and published articles⁶ are consulted. Much of the materials found in these sources, although

4) The promotional activities of the Store: To complement the efforts and activities of merchandising and pricing, the promotional activities of the Store are varied and heavy. How these activities are organised? To whom are they directed? How effective are they in pushing sales and maintaining the Store's image? What are the common media used for these purposes? All these are answered in Chapter V of this study.

5) A appraisal, evaluation and proposals made by the writer will conclude this study. The primary problem encountered in this study is that no specific management of the Store to reveal any useful statistics is due mainly to the fear that such information may in any way

Research Methodology

A series of interviews⁵ were carried out by the writer with the management of the Store. These interviews took place from the middle of February to the middle of April, 1968, roughly two months' duration.

As an example, it took two months from the time the writer of These interviews are classified into three stages. During the initial stage, the top management (here refers to the Managing Director of the Store Mr. Lim Tow Yong) of the Store was interviewed. Questions pertaining to the general policies of the Store were asked. Two such interviews were planned. of the 'old school' which have a doubtful attitude over the usefulness of such a study.

In the second stage, a number of informal discussions with the senior executives of the Store were held. Store day-to-day management problems and techniques constituted the main theme of such discussions. Then, namely, April 1968) therefore no historical data are available for comparison purposes.

Towards the end of the predetermined period, some of statistics within a year do not form a sound basis for comparison. Intelligent comparison can be made only, if, for instance, this particular monthly figures are compared with the corresponding

months⁵ The questionnaires used during the interviews are compiled and presented in the Appendix. a phenomenon very

⁶ See Bibliography in the Appendix.

the Store's supervisors and salespersons were interviewed. This effort is attempted to make up information that might have been left out during the previous two occasions. Furthermore, a grass-root approach to obtain more realistic information from people on the selling floors is secured.

Besides such primary sources whereby the majority of the written materials of this text are obtained, marketing texts, with special attention on those dealing with retailing and department store trading, journals and published articles⁶ are consulted. Much of the materials found in these sources, although American oriented, are useful to this study. No hesitation is made by the writer to adapt certain materials from these sources to supplement what is found to be inadequate to be obtained from the primary source.

Limitation of the Study

The primary problem encountered in this study is that no specific and statistical data are obtainable from the management of the Store. The reluctance and hesitation of the management of the Store to reveal any useful statistics is due mainly to the fear that such information may in any way fall into the hands of the competitors. Therefore, the lack of factual statistics is a great impediment to a more complete analysis of the Store's operation. Under such circumstances, this study cannot be expected to produce anything which is miraculous.

As an example, it took two months from the time the writer of this study approached the management of the Store requesting for permission to carry out a case study of the Store to the time when the request was officially approved. The initial suspicion of the management was further aggravated by the fact that the management of the Store consists mainly of people of the 'old school' which have a doubtful attitude over the usefulness of such a study.

Another serious limitation to this study is that the Store has just established not more than a year (up to the time when the text is written, namely, April 1968) therefore no historical data are available for comparison purposes. Owing to the seasonal nature of the retail trade, monthly statistics within a year do not form a sound basis for comparison. Intelligent comparison can be made only, if, for instance, this particular monthly figures are compared with the corresponding months some time in the past. As a matter of fact, the sales figures of the Store were rather inflated during the first two or three months of its birth. This is a phenomenon very

peculiar to the new business. Usually a very sluggish situation will characterise most of the new businesses. But, for the Store, during this period the reverse situation holds true. The Store attracted many people since it is the only department store in Kuala Lumpur which sells almost mainly goods made in China under one roof. Newness, curiosity and the realisation of the public of getting a real 'bargain' greatly increased the traffic of the Store and thereby sales. Thus, the sales figure for the first few months of the Store should be used with caution when comparisons are made with corresponding figures of the later years. Thus, no judgement can be passed on the performance of the Store since individual absolute figures do not make much sense.

Although profit and loss figures are computed monthly (at the end of each month), they are not accessible to the writer for inspection for reason that is obvious.

Other information like shop losses, daily forward stock in the shelves and individual salesperson sales figures are not computed at all. These information will be proved to be very useful especially the possibility that these information can greatly enhance the general efficiency of the Store is realised.

Last but not least, the rule-of-thumb and experience-based judgement in dealing with the various problems of management will greatly reduce efficiency. In many instances, much needed information are not available because of "memory failure" on the part of the Store executives!

All these, one way or another, will limit the writer from making a more searching and thorough analysis basing solely on compiled statistics. But, since the purpose here is to find out how this Store organises itself and how it carries out its operation, much of our attention will be confined to the analysis of such techniques and policies as practised and advocated by the Store. Thus, the whole analysis will be complete in a sense we mean it.

The Store's Organisation Chart

An organization chart is indispensable as an aid to

1. H.T. Lewis and W.B. England, *Procurement: Principles and Cases*, (3d ed.; Homewood, Ill.: Richard D. Irwin, Inc., 1957), p.43.

clear thinking and proper co-ordination of activities in the building of the organisation, especially when the size of the store is increasing.

CHAPTER II

ORGANISATION STRUCTURE AND PERSONNEL OF THE STORE

Introduction --- Organisation for Efficient Management

Since organisation is very essential to the success of a store, we shall try to examine in detail the structural relationship of the Emporium Selangor. Nowadays, the question of personnel and organisation has assumed a prominent place in the management of many retail institutions. The poor quality of much retail selling has prompted much attention to be focused on personnel problems like organisation, selection and training, secondly, the increasing consciousness of the employees in demanding from their employers for better treatment, necessitates from time to time a general review of wage rates, hours, working conditions, compensation scheme and labour relations.

We notice that good organisation is to help achieve the desired goal. Therefore, once the top management has formulated the over-all policies, an organisation must be built to carry out these policies and this organisation must be administered effectively to accomplish the desired results. Thus "good organisation in itself does have a very definite value to the retailer. It defines the function and authority of the various units that comprise the whole; it defines the relationship of one department to another; it definitely places responsibilities for accomplishment of certain objectives; it tends towards a specialisation of effort and the development of skills in particular phases of the company's task; it facilitates better planning and less waste effort; and in general, it results in greater over-all effectiveness".¹

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¹ See Synopsis, p.iii.
H.T. Lewis and W.B. England, Procurement: Principles and Cases, (3d ed.; Homewood, Ill. : Richard D. Irwin, Inc., 1957), p.43.

clear thinking and proper co-ordination of activities in the building of the organisation, especially when the size of the store is increasing.

As the president of a supermarket chain has written: "An organisation chart removes confusion in the administration of business. It defines 'who is to do what is to be done.' That big question, if it is left unanswered, is bad for morale."² Even though an initial organisation chart has been set up, keeping the structure of the business in step with the constantly shifting scene is a major task for the management. For instance, the planning of establishing a few more branches by the Store³ in the foreseeable future as part of the expansion program will add extra load to the present administrative set-up of the Store. In other words, new departments have to be added and so are the personnel.

As a matter of fact the Store does not have an organisation chart drawn in black and white but a careful analysis of the types of jobs performed in the Store reveals that they fall into four major categories.

- a) Those connected directly with buying and merchandising.
- b) Those connected with selling function.
- c) Those involved in the physical operation and maintenance of the Store.
- d) Those which are primarily of a general and administrative nature.

Basing on these four major activities it is not difficult to visualize its structural set-up.

² E.W. Edward (President, Alpha Beta Food Markets), Cutting Down to Specifics, Supermarket Merchandising, July, 1956, p.47.

³ See Synopsis, p.iii. a medium-sized department store. With an average daily turnover of \$10,000 and with over 150 employees on its payroll list, the problem of proper assignment of responsibility to different persons and the determination

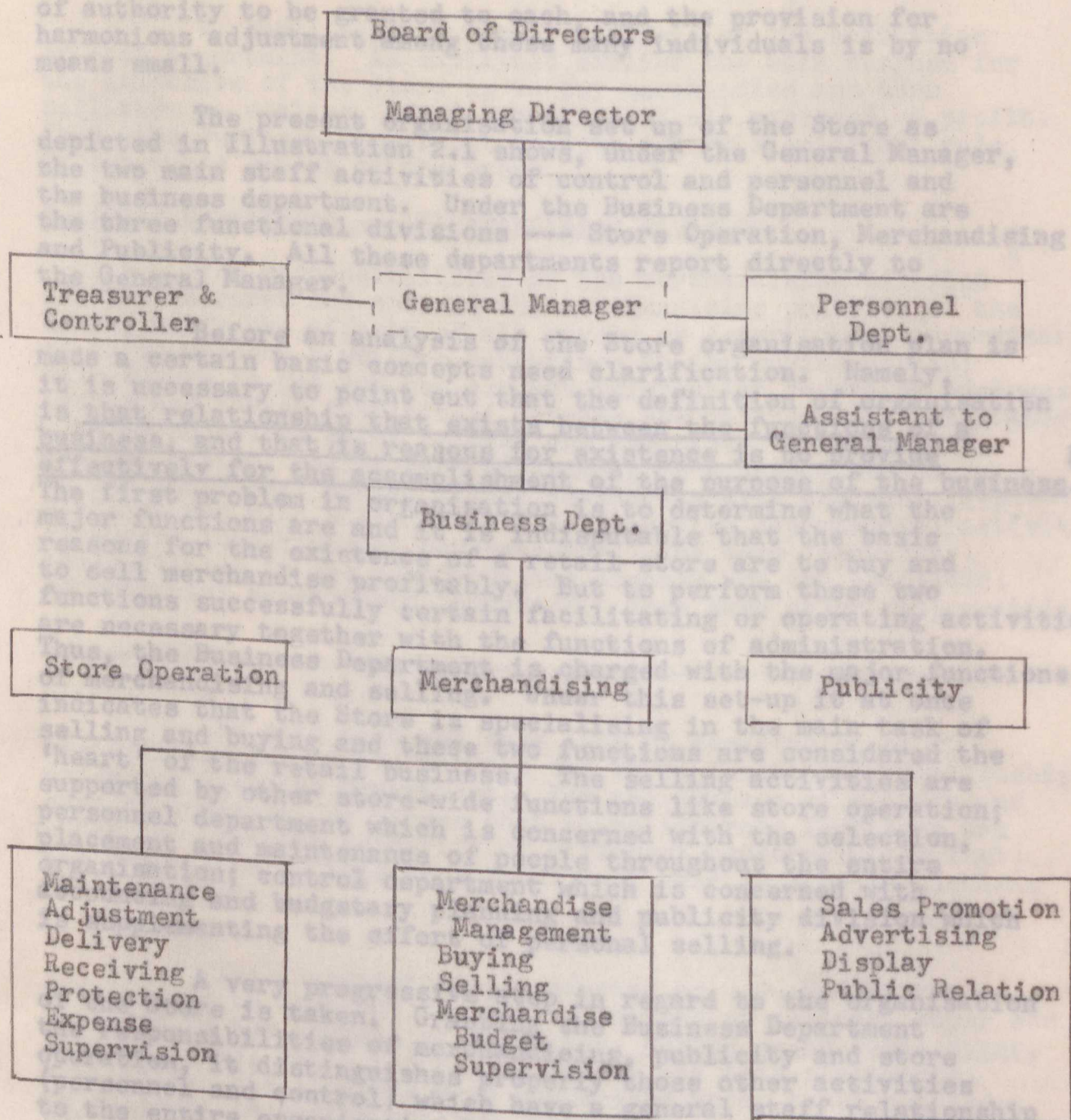


Illustration: The Store's Organisation Chart 2.1

Emporium Selangor is a medium-sized department store. With an average daily turnover of \$10,000 and with over 150 employees on its payroll list, the problem of proper assignment of responsibility to different persons and the determination

of people. They are regarded as the staff function and therefore not given a functional relationship in the organisation.

of authority to be granted to each, and the provision for harmonious adjustment among these many individuals is by no means small.

The present organisation set up of the Store as depicted in Illustration 2.1 shows, under the General Manager, the two main staff activities of control and personnel and the business department. Under the Business Department are the three functional divisions --- Store Operation, Merchandising and Publicity. All these departments report directly to the General Manager.

Before an analysis of the Store organisation plan is made a certain basic concepts need clarification. Namely, it is necessary to point out that the definition of organisation is that relationship that exists between the functions of a business, and that its reasons for existence is to provide effectively for the accomplishment of the purpose of the business. 4

The first problem in organization is to determine what the major functions are and it is indisputable that the basic reasons for the existence of a retail store are to buy and to sell merchandise profitably. But to perform these two functions successfully certain facilitating or operating activities are necessary together with the functions of administration. Thus, the Business Department is charged with the major functions of merchandising and selling. Under this set-up it at once indicates that the Store is specialising in the main task of selling and buying and these two functions are considered the 'heart' of the retail business. The selling activities are supported by other store-wide functions like store operation; personnel department which is concerned with the selection, placement and maintenance of people throughout the entire organisation; control department which is concerned with accounting and budgetary planning and publicity division which is supplementing the effort of personal selling.

A very progressive step in regard to the organisation of the Store is taken. Granting the Business Department the responsibilities of merchandising, publicity and store operation, it distinguishes properly those other activities (personnel and control) which have a general staff relationship to the entire organisation by placing them under the function of administration. As such, the personnel activity is recognised as a specialised job applying with equal importance to every phase of the organisation. Likewise, the function of record keeping, financing and controlling are additional administrative jobs which require the services of large numbers

4
Malcolm P. McNair, Charles I. Gragg, Stanley F. Teele,
Problems in Retailing, (1st ed.; 13th Imp. McGraw-Hill Book
Company, Inc. N.Y. and London. 1937) p.411.

of people. They are regarded as the staff function and therefore not given a functional relationship in the organisation.

We shall begin a closer analysis of the activities of each department. As explained earlier the main purpose for the existence of the Store is to buy merchandise and then sell them to realise, after reduction of all expenses, a profit. Thus, the Business Department assumes a very significant role in the whole set-up of the Store.

Business Department --- Merchandising Division

The responsibilities of the merchandising division⁵ are to interpret and execute the merchandising policies of the Store; unify the efforts of all buyers or departmental supervisors so as to present a uniform appearance to the buying public; help buyers to get and use correct information regarding business trends and market conditions; provide the departmental supervisors with an objective point of view and administer a merchandise control system; assist each department in planning and carrying on its individual buying plans; co-operate with the publicity division and plan sales promotion; supervise departmental activities of buyers (departmental supervisors). The very important personalities in the merchandising process are the individual departmental supervisors (buyers)⁶. They have major responsibilities

⁵ No such hard and fast line of demarcation of responsibilities exists between the three functional relationship under the Business Department. For the purpose of clarity and ease of analysis, we assume that these separate functions are under the separate authority of different personnel. In fact, the executives of this department work hand in hand in tackling their problem.

⁶ The investigation, conducted by C.O. Dudley three decades ago to find out the qualifications of an ideal buyer and appeared in the Journal of Retailing, Wanted -- An Ideal Buyer, January, 1933, still represents one of the best statements available. His findings were summarised under three headings, as follows: (A) Buying ability, including (1) an aptitude in following changing in consumer demand, (2) a comprehension of merchandising figures and their interpretation, (3) a knowledge of merchandise qualities and value, (4) a knowledge of, and acquaintance with resources, (5) good taste and a "feel" for merchandise, and (6) bargaining ability. (B) Selling ability, including (1) leadership in interesting in the goods, (2) imagination or creative ability and (3) organising and managerial ability. (C) Personal qualifications, including (1) the mental characteristics of (a) co-operativeness and ability to get along with others, (b) industriousness, (c) judgement and the admission of mistakes, (d) courage, and (e) integrity; (2) physical characteristics of (a) alertness, (b) health, and (c) appearance.

for buying and selling activities within their departments and therefore influence more than anyone else the results obtained. Usually, the departmental supervisors, through their daily contact with the salespeople and the customers are able to obtain first hand knowledge about the demand of the customers. Such knowledge includes the proper qualities and grades of merchandise in the styles which are most eagerly sought after by the majority of the customers and those merchandise which do not appeal much to the customers and require special attention. All these information are reported to the higher executives in the Business Department in charge of merchandising so that when decisions in buying are taken these decisions are based on factual data and not simply on the whim and fancy of the executives.

Because of her detailed knowledge of the merchandise she hopes to purchase and because of her familiarity with fashion trends in her particular field, she instructs salespeople on these points and ensures conformance to her instruction through close supervision. She also cooperates in the preparation of merchandise display in her department and does everything possible to ensure customer satisfaction and the profitableness of departmental operations.

Responsibilities of Buying and Selling activities in the Merchandising Division

The organisation of the Store is such that the responsibility of buying and selling is centralised. The executives of the Store are of the opinion that these two activities should always be in the responsibility of the same, or same group of persons. They believe that only the person who buys the merchandise can convey the necessary information and enthusiasm to the salespeople, or, the other way round, only person who has the responsibility of selling knows intimately what to buy. Separation of selling and buying will result in poor coordination. But, when we try to look further especially in many of the Chain organisations in the U.S. where buying is the sole duty of the headquarter we find that such central buying produces better and more efficient merchandising result. The inherent fear that the task of buying may overshadow selling is ruled out where these two activities are performed separately. But, the more vehement argument in favour of the separation of these two activities goes: buying and selling are two entirely different jobs which require different types of ability, personality and training.⁷

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See footnote 6 for the qualities of a good buyer.

Despite all the recent trends in most of the big stores in attempting to divorce these two activities from one another, Emporium Selangor is sticking to the 'good-old-practice' of combining these two activities in the charge of the same individuals. Its pros and cons will verify itself as time passes when the Store, through trial and error, will realise from sheer experience the merits and demerits of each system and thereafter be able to make the necessary adjustments.

Business Department --- Publicity Division

The publicity division of the Store is a responsible for all selling efforts not classified as personal selling. In the words of Mazur, it "presents the store and its merchandise so that the public will be constantly attracted to purchase from the Store."⁸ The responsibilities of the publicity division are those of the supplementary nature. But, the unique significance of its task in connection with the selling activities of the Store has made its existence more outstanding. It prepares all forms of advertising, window displays and interior displays. It is also entrusted with the job of planning and executing sales events, in close cooperation with the merchandising division. Although other special forms of sales promotion like fashion shows and educational exhibits have not, so far, been used by the Store, their later appearance lies in the initiative of this division. In carrying out its duties, the general store policies regarding to, for instance, the Store advertising budget and the extent to which institutional or product advertising should be used etc. are few of the many policies that it has to conform to.

3. Store and Merchandise Protection

Business Department --- Store Operation Division

This division undertakes many activities which are divorced from the main selling and buying operations with the exception of accounting and financial control. As publicity, store operation is a major complementary duty to the main function of the Store --- buying and selling. The activities for which the Store Manager is responsible are multifarious. A list⁹ can be presented to show the various activities that

The Store employs the services of the Security

⁸ P.M. Mazur, Principles of Organisation Applied to Modern Retailing, (N.Y. Harpet and Bros.; 1927) p.203.

⁹ Adapted from the list appears in: Phillips and Duncan, Retailing: Principles and Methods, (5th ed.; Richard D. Irwin, Inc.; Homewood, Ill.) p.165.

are under the jurisdiction of this division in the Store.

A. Store Maintenance:

1. Construction
2. Repairs and renovations
3. Maintenance of mechanical equipment
4. Ventilation, including air conditioning
5. Light and power
6. Junitor service

B. Customer Service

1. Adjustment bureaus
2. Loss and found service
3. Product information service

C. Operating Activities

1. Receiving, checking and marking
2. Stock rooms
3. Warehouses
4. Deliveries
5. Returned goods

D. Purchasing of Store Supplies, equipment, and other Property

1. Supplies needed for store use
2. Fixtures and equipment of all kinds
3. Fuel

E. Store and Merchandise Protection

1. Night watchmen
2. Outside protective agencies
3. Insurance (in co-operation with control division of treasurer).

10

The Store employs the services of the Securicor guards. One of them stations at the main entrance (also exit) of the Store. His duty is to see that all customers going out of the Store, if carrying any goods at all, they should be properly wrapped in packages bearing the business name of the Store --- Emporium Selangor. He can stop anyone going out of the Store carrying goods unwrapped. This extra precaution of shop-lifting works well.

Control Department

Serving in a staff capacity it provides store-wide service. The control department is headed by the treasurer. His main task is to protect the company's assets and to provide adequate working capital to meet the need of the business. The usual activities under the supervision of the treasurer include: devising and maintaining adequate accounting records of the Store; planning, taking and calculating the physical inventory;¹¹ ascertaining the credit worthiness of the customers who solicit credit in collaboration with the business department and their collections; merchandising budgeting and control in co-operation with the merchandising division; expense budgeting and control; preparing reports for top management, insurance, safekeeping of all records prepared by or furnished to him, preparing reports for government and other agencies.

General Management

After analysing separately the three departments and the three divisions of the Store, we shall now try to obtain an overall view of the entire store by looking at the function of the General Management. With its strategic position in the organisational set-up and reporting directly to the top management --- Board of Directors --- the General Manager's main task is to direct, correlate and coordinate and control the activities of the three departments through their respective heads, so that the entire organisation will operate effectively and yield a profit.

Departmentising to Optimise Profit

The degree of specialisation practised by the Store is evident from the fact that it departmentises the whole Store into twenty eight units¹². Each unit is called a department and each department is characterised by the complete line, or, two or more related small lines of merchandise it carries and operated more or less as a separate unit. By so departmentising profitable lines are revealed and unprofitable lines are brought to management's attention. Since the Store does not apply an overall markup percentage on all the merchandise it carries but price within a certain range (between 10% to 30%) according to the nature of the merchandise, margins are easily

11

Retailing Inventory method is used by the Store to point control inventory.

12

See Chapter III on Products.

Satisfied candidates are then called for interview. Such important attributes of a good salesperson, as the management of the Store puts it, as personal appearance, personalities as well as the capability to speak various languages and converse fluently in several Chinese dialects are ascertained during the interviews. Majority of the existing salespersons are recruited this way, the remaining are recruited through recommendation of relatives or friends. No specific educational qualifications are emphasized but an expectation by the management is that these salespersons must be reasonably intelligent and diligent enough to learn on the selling floors the various aspects of salesmanship. Successful candidates are put on probation for three months. Upon successful and satisfactory completion of such period (almost ninety-five per cent fulfilled this requirement) they are treated as permanent staff of the Store.

Personnel Training

It is generally understood that well trained and well informed employees result in more effective job performance and greater productivity; it insures conformance with established rules and regulations, thus reducing errors and increasing customer satisfaction; it lowers selling cost both in the short and long run, thus enhancing profits; it reduces employee turnover, improves morale and strengthen loyalty; and it simplifies management's job by lessening the task of supervision. Despite all these possible advantages, no attempt is made by the management of the Store to conduct any centralised training program for its salespersons. It is believed that persons actually performing various jobs have much more knowledge of their work and can better command the respect of the trainees. Thus, the supervisors of the Store are entrusted with the duty of training the salespersons right on the job. At this point, the writer is skeptical that the supervisors are properly qualified to do the job. On top of this, occasionally, the senior executives of the Store will brief the salespersons on various aspects of sales techniques and other relevant information at the end of the business day before the employees go home.

In view of this lack of training in the various aspects of selling techniques, the salespersons themselves are expected to be able to learn fast and adapt fast from their daily contact with the customers on the selling floors. It is unquestionable that there is much room for improvement in this direction. Until the time, may be, as the profit picture of the Store begins to take shape only will the management realise the axiom that 'personnel work is a dollar and cents matter' and a vigorous program will then be instituted to retrain its salespersons because a well-trained and well informed group of selling staff is an aid in maximising the Store's total profits.

During the peak period of the Store sales, for example, in the annual festivals of Christmas, Chinese New Year, Hari Raya Puasa etc, the volume of transaction will increase manyfolds. In order to cope with such seasonal peak sales, extra part-time or temporary employees will be needed. Such plan to employ temporary employees is envisaged by the management of the Store as a means to reduce recurrent expenses in payroll if the present army of salespersons' selling time can be best utilized and do not increase the number of permanent post for salesperson, assuming the same facilities and building. The potential problem that will demand an answer from the management in regard to the employment of temporary salespersons during peak season is that concerned with training for these 'extras'. Since their service to the Store is of a short-term nature, no specific training program is feasible or economical. As the management puts it: The best we can do to train up these people for their temporary employment here is to take them in a few weeks before the peak period begins so that on the job training will be given. The management seems not to be able to find out a better solution. But, under such arrangement much efficiency of selling will be sacrificed or lost.

Compensating salespeople

No elaborate wage payment scheme is used. Both the selling and non-selling staff are paid a straight monthly salary with a purely arbitrary bonus. Such bonus is arbitrary in the sense that it will be paid only when the profit of the Store for year is substantial. No obligation is placed on the part of the management to pay bonus to its staff even when the profit picture for that year is satisfactory. So far no bonus has been paid because the Store has not yet reached its first year of its life span.

Since the salaries of the salespersons are not evaluated on the basis of their respective personal performance, no attempt is made to establish a system of evaluation so that a greater incentive is spurred on the part of the sales people to attain higher sales goals. Thus, we can say that the compensating scheme is relatively simple and straightforward. Without introducing a more sophisticated and well-conceived compensation plan --- the incurrance of extra administrative work load thus increasing expenses is the main reason for its absence --- it is expected that more supervision work on the selling staff is needed. In addition, employees are not rewarded for improved performance and they are neither better-off or worse-off as a result of speeding up or slowing down in their work, lukewarm attitudes and low morale will be the rule of the day if no change in this direction is undertaken by the management of the Store in the near future. Top management should ponder over whether the above-mentioned two hidden costs, namely, cost of supervision and the cost involved as a

result of low morale, are more than the necessary expenses that will be incurred in case a well-conceived compensation plan is introduced.

Even in introducing such flexible compensation plan, top management of the Store should take into consideration that any proposed incentives should be set and administered with care, otherwise adverse effect like high-pressure selling and other undersirable actions will result.

Aspects of Industrial Relations

Today, various legal, social and political influences come into play with the business environment. Selangor Emporium, operating under such business environment will have to face up to all these influences. The most outstanding of these is in the field of industrial relation. Many firms, through various ways and means have tried not to get themselves involved in the whirlpool of such unhappy events, viz., in which the employers and employees come into open clash. To ensure a congenial working relationship between the employees on the one hand and the employer on the other, a sympathetic understanding by both parties is inevitable. Being a young and fast growing retail institution employing over 150 persons, the management of the Store, at least, for the time being, is able to maintain a congenial relationship with its employees.

But under the Trade Union Ordinance of 1959 (now incorporated into the new Industrial Relations Act, 1967) we know that seven or more persons are allowed to form a trade union. Since any union can be formed for workers in the similar trade, occupation or industries, the prospect that the employees of the Store will organise themselves into union of its own or join the other existing outside unions is not impossible. As the writer is told, so far, the management has not heard of any move by its employees to organise themselves into union. The opinion of the management of the Store is that they do not see any reason why their employees should take such a move to organise themselves while they are already well treated. Even when in a later stage, the employees of the Store really feel that it is necessary to organise themselves into the union the management will not be able to stop them from doing so! It is understood that the management is not very sympathetic with the employees in organising themselves into union. The management further pointed out that so long as the minimum statutory requirements in the treatment of workers of the existing laws are observed, the employees should not try to disrupt the status quo.

This figure is given by one of the executives of the Store.

6. Gent's wear

7. Cotton goods

8. Gift voucher

9. Ladies wear

10. Children's wear

CHAPTER III

PRODUCT

First Floor

Introduction

The Emporium Selangor has twenty eight departments. A wide range of goods from China (approximately 95% of all the merchandise's worth¹) and other foreign countries as well as local manufacturers are stocked.

Merchandise carried by the Store include confectionery and canned goods; cosmetics; patent medicine; wine and cigarettes; tea; gent's wear; cotton goods; gift voucher; sundry goods; glass ware; embroideries; arts and crafts; china ware; enamel ware; musical instrument; furniture; hardware; shoes and leather goods; sewing machine; carpet; stationery and drawing instrument.

Insofar as modern departmental store business is concerned an attempt to investigate the floor strategy as an integral part of the whole question of products under discussion is necessary.

It is noted earlier that the Store at present has four main selling floors. The sketches of the floor layouts of the Store are presented on the following pages to illustrate, the relationship of product to the floor, or, in the technical term, the products and floor strategy.

At a glance, we notice that the ground floor consists of the following departments.

1. Confectionery and canned goods.

2. Cosmetics.

3. Patent Medicine

4. Wine and cigarettes

5. Tea

¹ This figure is given by one of the executives of the Store.

6. Gent's wear
7. Cotton goods
8. Gift voucher
9. Ladies wear
10. Children's wear.

First Floor

1. Sundry goods
2. Glass ware
3. Embroideries
4. Arts and crafts
5. China ware
6. Enamel ware
7. Curios

Second Floor

1. Ladies wear
2. Toys
3. Electrical appliances
4. Suiting and dress material
5. Children's wear.

Third Floor

1. Musical instrument
2. Furniture
3. Hardware
4. Shoes, leather goods
5. Sewing machine
6. Carpet
7. Stationery
8. Drawing instrument
9. Bargain Counter

Product and Floor Strategy

There are two widely recognised principles regarding product and floor strategy. First, the ground floor, the one which is on a level elevation with the thoroughfare in which the store is situated, is the floor space which will attract or bear the heaviest traffic. According to some surveys carried out on various huge department stores in the United States, consumer motivation researchers have come to the conclusion that majority of the shoppers show a human inertia to go beyond the ground floor in search of the merchandise, except by their very nature, those goods are shopping goods. In view of these, the ground floor is the most precious space from the retailer

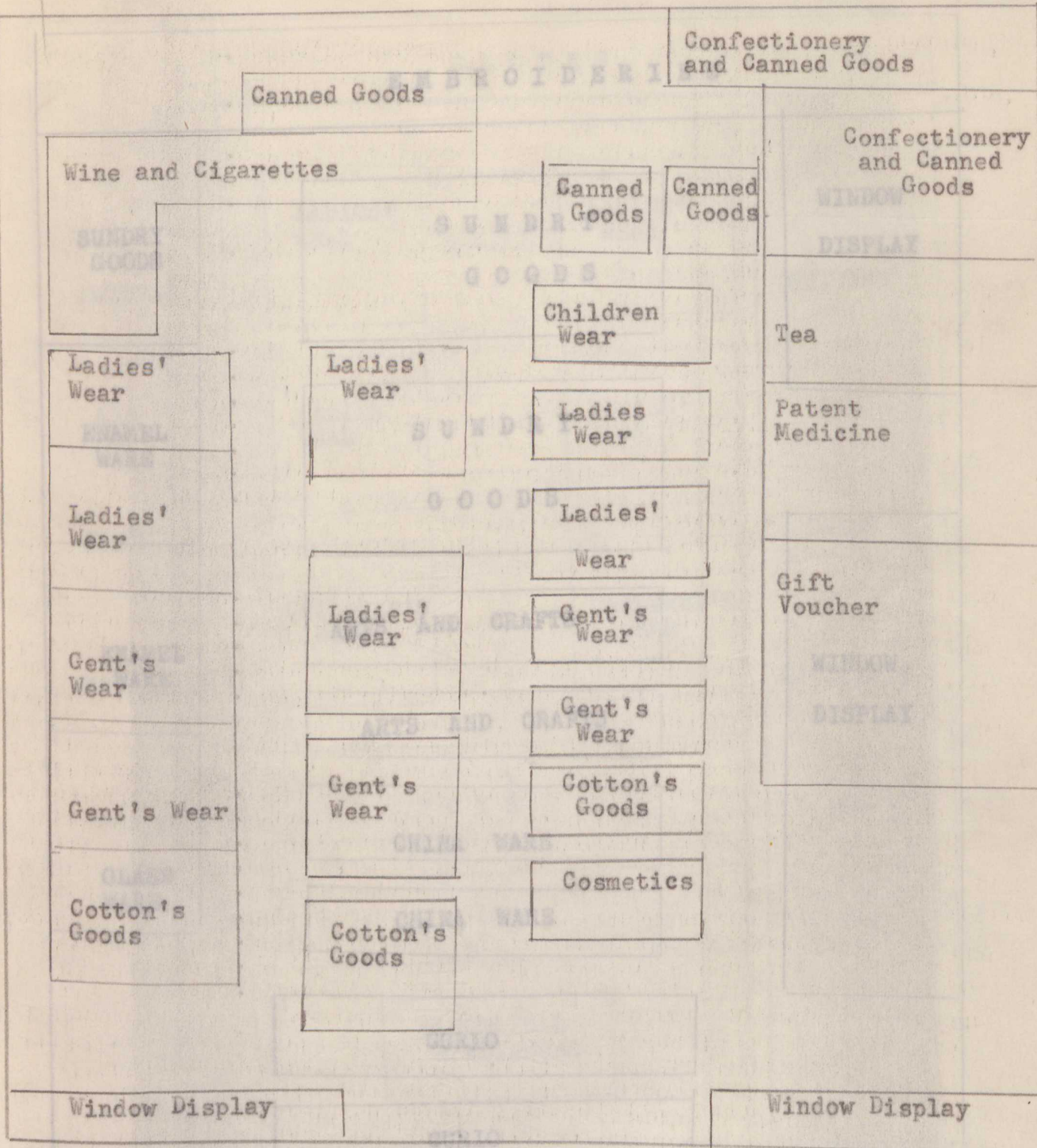


Illustration: 3.1 --- Ground Floor Layout Plan

EMBROIDERIES

SUNDRY
GOODS

SUNDRY
GOODS

WINDOW
DISPLAY

ENAMEL
WARE

SUNDRY
GOODS

ENAMEL
WARE

ARTS AND CRAFTS

ARTS AND CRAFTS

WINDOW
DISPLAY

GLASS
WARE

CHINA WARE

CHINA WARE

CURIO

CURIO

Illustration: 3.2 --- First Floor Layout Plan

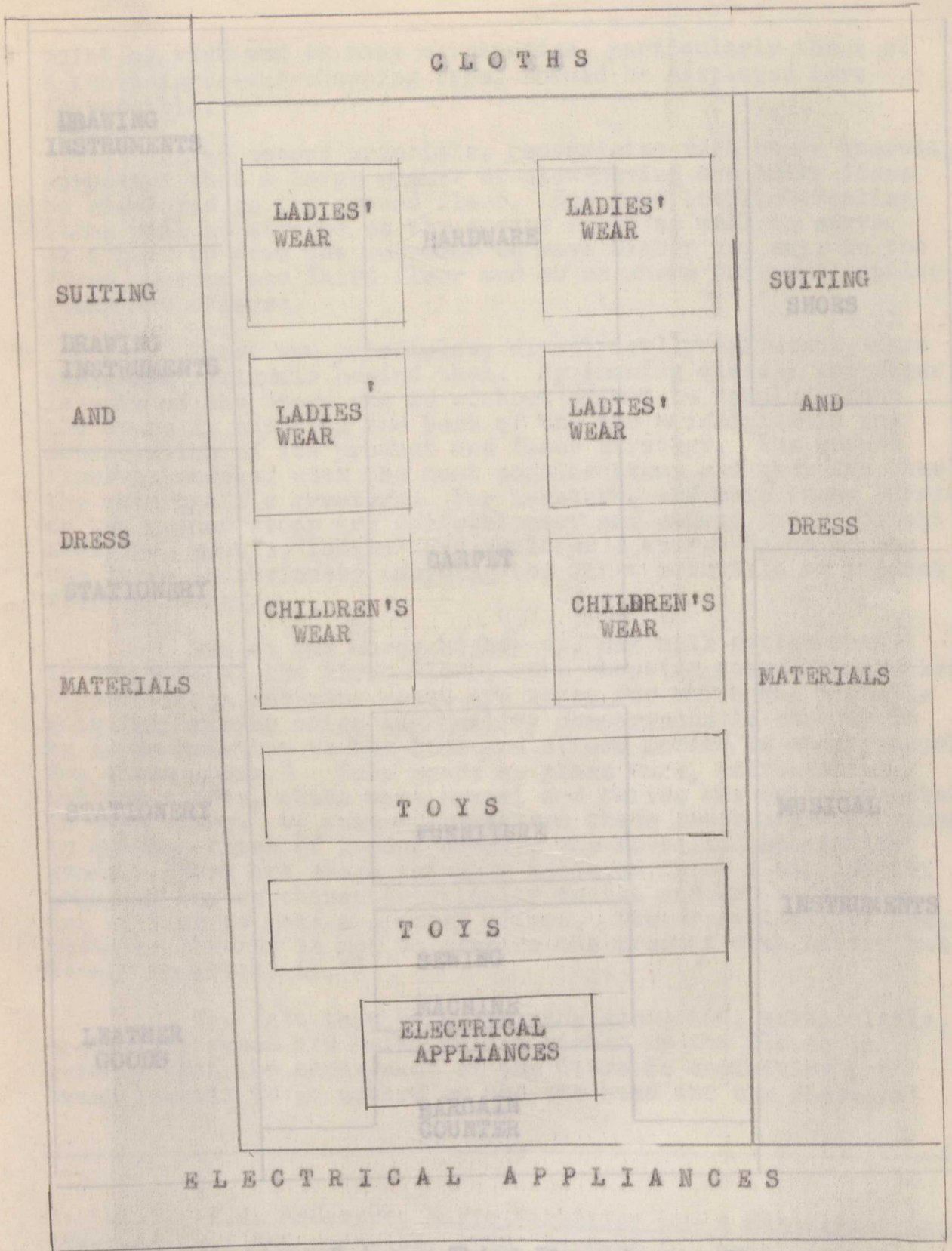


Illustration: 3.3 --- Second Floor Layout Plan

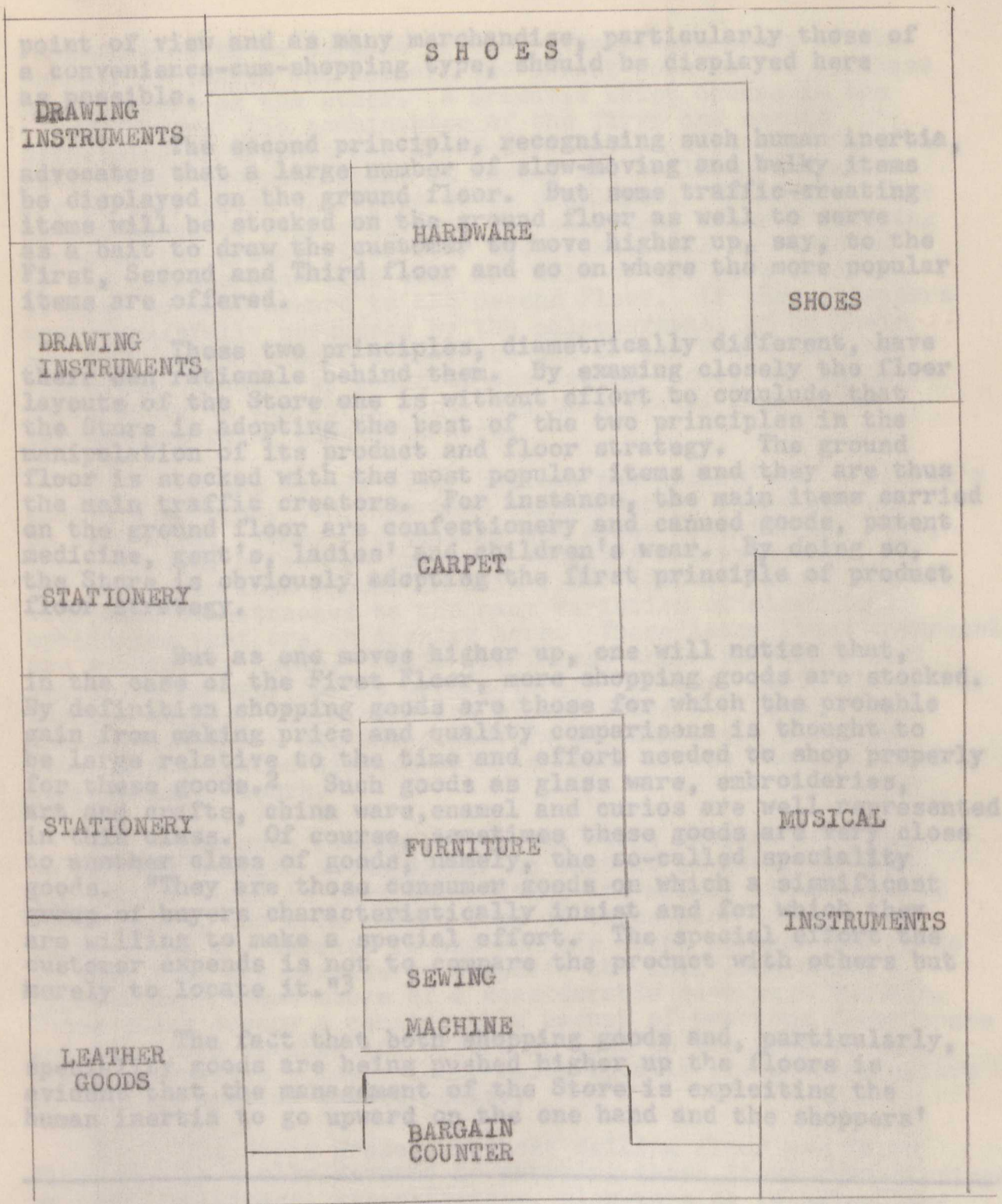


Illustration: 3.4 --- Third Floor Layout Plan

point of view and as many merchandise, particularly those of a convenience-cum-shopping type, should be displayed here as possible.

The second principle, recognising such human inertia, advocates that a large number of slow-moving and bulky items be displayed on the ground floor. But some traffic-creating items will be stocked on the ground floor as well to serve as a bait to draw the customer to move higher up, say, to the First, Second and Third floor and so on where the more popular items are offered.

These two principles, diametrically different, have their own rationale behind them. By examining closely the floor layouts of the Store one is without effort to conclude that the Store is adopting the best of the two principles in the manipulation of its product and floor strategy. The ground floor is stocked with the most popular items and they are thus the main traffic creators. For instance, the main items carried on the ground floor are confectionery and canned goods, patent medicine, gent's, ladies' and children's wear. By doing so, the Store is obviously adopting the first principle of product floor strategy.

But as one moves higher up, one will notice that, in the case of the First Floor, more shopping goods are stocked. By definition shopping goods are those for which the probable gain from making price and quality comparisons is thought to be large relative to the time and effort needed to shop properly for these goods.² Such goods as glass ware, embroideries, art and crafts, china ware, enamel and curios are well represented in this class. Of course, sometimes these goods are very close to another class of goods, namely, the so-called speciality goods. "They are those consumer goods on which a significant group of buyers characteristically insist and for which they are willing to make a special effort. The special effort the customer expends is not to compare the product with others but merely to locate it."³

The fact that both shopping goods and, particularly, speciality goods are being pushed higher up the floors is evident that the management of the Store is exploiting the human inertia to go upward on the one hand and the shoppers'

² E.J. McCarthy, Basic Marketing --- A Managerial Approach (Revised ed.; 5th printing, 1966. Richard D. Irwin, Inc. Homewood, Ill.) p.398.

³ Ibid.; p.403.

satisfaction to be derived or sheer functional needs of the shopper to search and compare and insist upon in the purchase of the goods on the other. A dramatic twist occurs in the Second Floor. The combination of the first and second principles of product and floor strategy is applied. Here we notice that shopping items as ladies and children's wear are further given the space to be displayed. The effect that is attempted to create is that the shoppers, after a shopping spree on the ground floor over such items will be reminded by the salespersons that they are able to get more choices if they do move upward to the Second Floor. If these shoppers are successfully persuaded by the salespersons, or by their own initiative to move upward the aim of the Store will be achieved. Because by going to the Second Floor, the shoppers may drop in on the First Floor and thus seeing many other merchandise being displayed here.

On the Second Floor besides the ladies' and children's wear are offered, two important complementary items are put up here also. These are suiting and dress material and toys. Their drawing effect on the same shoppers are apparent. If one pauses to look around on this floor (Second Floor) one's view will be attracted to the many varieties of electrical appliances that are on display here. These later items apparently are speciality goods. Their bulkiness, their special appeal featuring on many famous manufacturers' brands, their slow-turners nature, their relative higher price per item, their exclusiveness --- all these factors explain their place up here on the second highest selling floor of the Store's total four selling floors.

The main rationale, as the Store manager puts it, to put the bulkier items higher up instead of lower down on the ground floor is that these items are mainly slow-turners. Furthermore, the main reason some of these slow turners and bulky items are carried in the Store's total merchandise range is that they are carried to complete the full line which a typical department store of a considerable size must sustain. These items occupy a considerable amount of precious floor space and demands a substantial effort or time on the part of the Store executives because their sales entails promotional effort as well as special credit policy.

The Store present highest selling floor --- Third Floor --- is wholly devoted to carrying those items characterised by their bulkiness, expensiveness, slow-turning in sales, and other factors mentioned earlier. These items such as musical instrument, furniture, hardware, shoes and leather goods, sewing machine, carpet, stationery, drawing instrument are nearer to the rank of speciality goods where the factor of customers insistence on that particular products is dominant. Traffic on this floor will relatively be lower when compared with the other floors where more shopping and convenience or even

impulse goods are featured.

One particular department on the Third Floor that requires our attention is the Bargain Counter. The purpose that the Bargain Counter serves and its role in the pricing strategy of the Store will be discussed in the coming chapter, that is, Chapter IV on Pricing. But a few words can be said here in regard to its place in the relationship of product and floor strategy. As noted, the Third Floor (highest floor for the Store present set-up) is the floor that bears the least traffic. By examining the types of merchandise that are displayed on this floor we are not surprised to learn that the second principle of product and floor strategy is closely adhered to. Namely, all the slow turners find their place here. But realising the importance of the principle of "balance of Traffic" in department store trading, the management of the Store has established on this floor the Bargain Counter to counteract such low 'mood' of buying up here. As the name of the department implies, it is a place where customers can get a real bargain. Thus, by its very presence shoppers will be attracted right up to the Third Floor. Once shoppers are here, it is not so important whether they will make an on the spot or immediate purchase of the more expensive items like sewing machine or piano etc. as displayed here. But, at least, it is hoped they will have to confront these merchandise. The impression thus created or imprinted on the minds of the shoppers is what the Store management really hopes it will produce. "They will make a return trip to this floor next time when they happen to want such an item as they have previously seen here," optimistically says one of the Store executives. In short, the Bargain Counter, besides providing a place for the Store to dispose of its 'odds and ends' and shop-worn goods etc. and the haunt of those price-conscious shoppers, it serves the very purpose of traffic creator to the Third Floor in the context of product and floor strategy.

Sources of Supplies

The sources of supplies of the Store range from countries like China, Hong Kong, Singapore to the local manufacturers. The time required to obtain supplies from these sources varies. For instance, it takes three months for goods from China to arrive from the day when orders are first forwarded. Others like Hong Kong one month is needed; those re-exported from Singapore into Malaysia one week is enough. Of course, products available from our local manufacturers around Kuala Lumpur area can be despatched within hours once orders are placed with the manufacturers provided the manufacturers have the required stock on hand. Because of the relatively long lead time requires between the placing of orders and the delivery of goods, the Store has a policy of keeping, on an average, a two and a half months stocks for all the goods. The quantities of stock inventory carried at any one time are dependant on many factors. These

include the nature of the products. For example, fashion goods and those whose life span in terms of salesability are relatively short will be carried less. The seasonableness of the commodities accounts for the limited stock carried within their selling season. Demand factor should not be overlooked also. The increasing affluence of the buying public; their more subtle and discretionary buying power; the change in customers' taste, fancies and even income will exert a tremendous influence on their buying habit. The action of the competitors will, to a very large extent, also influence the inventory policy of the Store. No systematic inventory planning procedure are adopted and much of the job is done through experience of the Store executives. Such deficiencies in stock planning are deplorable.

Made-in-China Goods Versus Goods made Elsewhere

Canned Food and Other Food Stuff

One of the many significant features of the Store is that it carries a wide varieties of canned food and other food stuff imported from China. It is rather peculiar for a typical department store to carry such lines. Canned food and food stuff are usually items that are available from the supermarkets and other small variety stores appearing all over the towns. To include these two lines into its merchandise range, the management of the Store is not without its justification to do so.

Firstly, to cater to the need of the Chinese community whose eating habit is still unchanged despite the many influence by both the West and the indigenous cooking methods on their cuisine. Thus, prepared canned food and other food stuff from China are carried.

Secondly, since these items are handily packed and easily be sold over the counter without such secondary processing requirement on the part of the Store, they are taken in to complete the full lines of Chinese goods which the Store professes itself a 'reservoir'.

Thirdly, these items can be used as traffic creators because of their relatively low price per unit and their popularity among the Chinese. Consequently, a much bigger turnover will be ensured. The staple nature of these merchandise is the main reason why they can command a bigger turnover per unit of time than any other goods carried by the Store.

Lastly, we can say that the Store management is not afraid to break away from the conventional way of departmental store trading which confines its range of merchandise to dry goods other than food stuff. Hence, a bold step and a more dynamic outlook and foresight is seen on the part of the Store management.

the Store. According to the management it is the step taken in the right direction because the number of customers attracted to these few departments dealing in Chinese confectionery and canned food, wine and cigarettes are far greater than any other single department per unit of time.⁴

Thus, we can conclude that a deviation from the normal practice of the majority is by no means bad in its very principle, if, so long as the task undertaken really produces concrete result --- as in the case of introducing canned food items into its selves by the management of Emporium Selangor.

Made-in-China Goods Versus Goods made Elsewhere

Anthony Polsky, a writer in the Far Eastern Economic Review and writing in the March 1968 issue said that the Singapore Government was in the 'hours of dilemma' over its imports from China. Nine department stores featuring goods from China had open there in the last fifteen months and Singapore bought about US\$100 million worth of finished products and raw material from China last year.⁵ Although this despatch is concerned with the situation in Singapore, it has a significant relevance to the case under study now. It is noted in Chapter I ---- Introduction that some of the people sitting on the Board of the Emporium Selangor are men from the Singapore counterparts. What we are interested here is not to find out whether such institution is letting "ideology being peddled along with the sewing machines". But, we are interested in finding out, from the marketing point of view, its impact on the life of the people as a retail outlet selling exclusively (95%) Chinese goods.

Financially the Store has an overwhelming position over others. The Bank of China operating in Singapore is readily to give six-month interest free credit to the notable businessmen whose credit-worthiness is beyond doubt through their long association with the Bank authority to purchase goods from China. Thus, through its counterpart in Singapore the Store is probably able to secure such facility and purchase goods from China on such generous credit term. Consequently

Upper-middle class: These are the successful business men and professionals and the best salesmen.

Lower-middle class: This is the white-collar class -- small tradesmen, office workers, teachers, technicians, most salesmen.⁴

⁴ No actual survey has ever been undertaken. Such pronouncement is based on the executive's own rough observation.

⁵ See Straits Times, 18th March, 1968. p.5.

the Store is able to offer its merchandise at a relatively lower price to its customers. Such a boon to the Store also has an indirect economic advantage to the purchaser because they are, in turn, able to get cheaper goods. We thus see that the Store is contributing to the national economic growth by helping to bring down the already high cost of living in this Metropolis --- Kuala Lumpur.

The second feature of the Store that is related to products is that it utilises such opportunity to promote itself as the "reservoir of Chinese goods" in the Federal Capital. Such appeal has the promotional influence on the mind of the prospective customers that whenever they wish to buy any Chinese goods they can get them all here under one roof. In addition, it has the further effect that the customers can expect a real 'bargain' from the Store because it is a well-known fact that Chinese goods are relatively cheaper, quality factor aside, of course.

Since the Store's main target customers belong to the, using Lloyd Warner's classification, upper-middle, lower-middle and upper-lower class people,⁶ such economic appeal is important.

Insofar as trade is concerned, the policy of the government is liberal, therefore the sales of most of the Chinese goods here are legal except those similar products which are being manufactured locally. Although the Store's objective and goal are apparent, namely, a purely profit-making business concern without any political motive, the public opinion or public suspicion on such a retail institution may turn out to be formidable if the management is to neglect them. As a result, a meager five per cent of the Store's total merchandise carried are devoted to taking in goods produced locally or from other foreign sources other than China. On a way, in its advertisement, the management is able to claim that

⁶ Op. cit. E.J. McCarthy, pp.251-252.

Upper-middle class: These are the successful business men and professionals and the best salesmen.

Lower-middle class: This is the white-collar class --- small tradesmen, office workers, teachers, technicians, most salesmen.

Upper-lower class: These are the factory production workers, the service workers, and the local politicians and union leaders who would lose their power if they moved out of this class.

it is helping to build up the local industry by stocking the local products.

In conclusion, we may say that the Store is genuinely the "reservoir of the Chinese goods" both by intent and coincidence. Coincidence because Chinese goods are relatively cheaper thus fitting into the Store's overall policy of being a popular-priced department store. Little local goods (local industries are still in their infancy stage to produce such a full lines of products as are basic or common to a department store's stocking) and other foreign goods are stocked here because the management of the Store is attempting to create an atmosphere of 'exclusiveness'. And this explains for the overwhelming Chinese products that the Store carries.

Branding And the Store's Private Brand

One peculiar aspect of the Chinese goods is that there is a multitude of brands. Such phenomenon can be attributed to the fact that the resource is not marketing-oriented enough therefore no effort is seen to create brands loyalty on the consumers. Thus, whenever a person purchases something made in China, she is more readily to say she buys a Chinese product. In other instances, if products other than those imported from China are purchased, the purchaser will always refer to the brands of the products and not the country of origin in which they are made.

It would be very interesting to probe deeper to find out the reasons why Chinese goods have had such a popularity among the many Malaysian consumers irrespective of race and despite the fact that minimum institutional type of advertising is carried out by the resource. In the first place, the relatively cheaper price of the Chinese goods is the main factor for their popularity here in the Malaysian market. Secondly, the large section of the Chinese community is the main consuming units of the Chinese food stuff which account for the majority of the import figures.

Undoubtedly, therefore, these two factors, cheaper price and eating habit, enable the Chinese products to hold a loyal customers here. Although we recognise that price is also one of the chief variables in the marketing mix that any marketer can manipulate to achieve his objective, no effort should be spared to effectively making use of other variables, especially promotion. The marketer can manipulate price only to certain extent and once the optimum level is reached further reduction in price is disastrous. In view of this, and the mass of brands that are in existence and with no particular one that is strongly entrenched in the mind of the customers the Store must have its own device to capture the loyalty of the customers, thus ensuring repeat patronage. Private branding is thus a way out for the retailer to create its own image on

the mind of the buying public. In the case of the Store we find that only shoes are privately branded, bearing the brand name of 'Emporium Selangor' which is also the business name of the Store. For the start, the Store is only experimenting with this product and observing the response of the buying public before it commits itself further to other goods.

The main reasons for the Store to adopt private branding in its product mix are as follows:

1. The Store is in a better position to vary the prices of its privately branded products, viz., it is free from the manufacturers' dictating pricing policy. Consequently, with such price flexibility a larger-than-normal gross margin can be realised.
2. It may charge a higher than competitive price and yet maintain or even increase profits with a higher gross profit on a small volume because of inelastic demand. It is hoped that the brand name of 'Emporium Selangor' is what the customers can put their trust on the products offered. And through the three degrees of brand familiarity, namely, recognition, preference and insistence, the ultimate aim of the Store will be achieved.

In the present situation, the customers preference for Chinese products is not based on the factor of brand but others. Such patronage bond is not strong enough if these other factors are affected by the changing conditions. To ensure that the customers will insist on the products of the Store, certain private brands will serve the purpose.

Shop Losses

Following the principle that merchandise that are freely accessible to customers or shoppers can sell better, the Store is stocked with well-exposed merchandise to facilitate freer selection and inspection. Such a merchandise display tactics poses another serious problem to the Store, namely, it has made shop lifting easier to get away with. As an example, in 1967, shoplifters across the U.S., mostly housewives and teenagers, walked off with over \$2 thousand million in goods.

Wrote Chris Welles in an article entitled 'Most of the Snitches are respectable housewives' in the January 8, 1968 issue of the Life magazine that "There is a popular misconception that most shoplifting is committed by kleptomaniacs and professionals Actually about 95% of these pilfering is done by 'snitches' --- respectable, middle-class apparently well-adjusted individuals Perhaps a more

important motivation for shoplifting is a desire for thrill of getting something for nothing or of having taken successful revenge in a hostile, impersonal world Another attraction for shoplifters is that so few of them are caught."

Since the opening of the Store from August last year(1967) to date (when this Exercise is being written viz., somewhere in the middle of March 1968), recalling from memory, the Store executive said there were only a few reported cases. Mostly the articles stolen are not those of considerable monetary value, therefore, once these shoplifters are caught, they are demanded to return the merchandise. No further action has ever been taken. The chief reason given is that the Store does not intend to get involved in expensive lawsuits and face the countersuit of false arrests. Furthermore, the Store is painfully striving to maintain the goodwill of its customers, as a result, many of these incidences are summarily dealt with. As experience tells, a cross-section of shoppers are involved in shoplifting --- it ranges from small and mischievous children to some respectable and well-to-do housewives.

Thus far, shop losses due to shoplifting is not substantial, but, if this problem is not given proper attention, it may in a later stage turn out to be very nasty. A thorough understanding or motivation of shoplifters is no small matter. According to Professor Joseph Roger, a criminologist of Kansas State University, "normally law-abiding people turn into shoplifters through an elaborate rationalisation process that allows them to 'neutralise' their guilt feelings. Their rationalisation works like this: How can the Store possibly be hurt by the loss of a \$5 set of earrings? They tell themselves that a lot of people are doing it, so why shouldn't they get their share. They blame the store for high prices or for discourteous service, stealing becomes justifiable retaliation.... Some are being propelled irrevocably into crime because they are victims of a broken home or their mothers rejected them. So why shouldn't they steal?"

Shop losses as a result of external theft will become a perennial headache to the Store, internal thievery is more difficult to detect. Unsatisfied Store employees is the main cause for alarm. Meager pay, long hours and hard work and temptation that is all the time working in the heart of an ordinary person who watches an alluring stream of merchandise flow through the Store but he has no means of buying them himself are all contributory factors to such incidences. The management of the Store is quite aware of such problem. And to combat such losses both internally and externally, the Store has its own devices. The Store has one own full time security officer (in plain clothe) on duty. Under him five full time Securicor guards are employed. One is planted at the entrance (exit) of the Store, other four members have patrol duty around the four selling floors. In addition to this, Senior Store

executives may, from time to time, reinforce the already big army of salesperson and supervisors (averaging 4.3 persons to each department) to tighten the 'security ring' of the Store. To counter internal theft, every night the salespersons, and other personnel have to go through a 'screening' procedure before they can leave the Store for home. Is the present security system adequate? The management of the Store is not in a position to give a positive answer.

If one were to close one's eyes and imagine the assortments of merchandise the Store carries, it is not surprising to find that they are 'innumerable'. If security problem is not properly tackled the losses that it may suffer until the moment they are unveiled (say) years later, the situation may be too late for the Store to handle.

It is suggested that when need arises the Store should resort to more 'deterrent devices'. It is widely understood that people do not like to steal when they realize that they are being watched. Exploiting this human tendency, an anti-shoplifting camera, installed in some strategic position of the Store, equipped with flashing red light and making it to rotate and producing a whirring sound --- a dummy in fact --- will be very effective. Or, as an alternative, a more advanced and sophisticated device can be used. This is a minute transmitter resembling a tiny dot affixed to the price ticket which will be deactivated at the paying counter, otherwise, the transmitter will trigger off the alarm system when the shoppers try to smuggle the merchandise out.

By and large, we can conclude by saying that the management is not yet fully aware of its seriousness because no records are being kept for the losses. It is understandable that a record classifying the race, age, sex, status, monetary position of the arrested shoplifters will provide a very useful source of information for the management to have a clearer picture of the situation, and, consequently, ways and means might be sought to counteract them.

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CHAPTER IV

PRICING

Introduction

Pricing is one of the four major variables at the marketing manager's command and since price bears an important position in the merchant's search for profit, we shall examine more closely the meaning of price in relation to cost and markup as practiced by the Store in this chapter. Before this is done the Store's pricing objectives, policies and strategies will be explained. The difference between the cost and the original retail price of merchandise is technically known as the initial markup. The rest is the

1.

Wingate and Schaller, Textbook of Retail Merchandising (2nd ed., Englewood, N.J. Prentice-Hall, Inc. 1950), 2-31

Initial markup is also defined as "cumulative markup," or simply "markup".

$$\text{Initial markup} = \frac{\text{Maintained markup} + \text{Reductions}}{\text{Sales} + \text{Reductions}}$$

By means of this equation, the merchant is able to determine what percentage of markup he must realize on his purchases if he is to cover all expenses and the necessary markdowns and still make a profit. As we shall see it is not necessary for the Store management to follow the predetermined markup for his Store or Department on each purchase. Sales opportunities may change, therefore, he should deviate from the predetermined figure to take care of the changing situation. But as a matter of planning the formula does provide a useful guide in showing what markup is necessary on an average to realize a wanted profit. The Store itself will not undertake much planning in this direction, and, in the event of any change, say, in consumers' demand and competitive tactics, the Store will adjust its price accordingly.

invoice price² plus inward transportation expense. This is also known as the 'gross delivered cost' because the usual cash discount appearing on the invoice is not deducted before applying the initial markup. Moreover when a buyer is a retail store initially places a price on a product, the price is usually called the 'original retail price.'

As usual, the CHAPTER IV must cover the following items.

1. The direct PRICING for example, the expenses of handling and selling the article.

Introduction

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In defining billed cost, however, trade and quantity discounts are not included. For example, goods bought at a

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As usual practice, the markup must cover the following items.

1. The direct expenses, for example, the expenses of handling and selling the article.
2. The indirect expenses or the store overhead. These include light, floor space occupancy, maintenance, insurance etc.

² Barry L. Hansen, Marketing --- Text, Cases and Readings, (Revised ed.; Homewood, Ill. Richard D. Irwin, Inc. 1961) p.44. Cf. Wingate and Schaller, op.cit.; the term "billed cost" is used. p.103.

In defining billed cost, however, trade and quantity discounts are not included. For example, goods bought at a list price of \$600 with a trade discount of 25% and a cash discount of 2% would have a billed cost of \$450. To this the buyer must add the transportation charges in order to figure the cost for markup purposes. In other words, billed cost is arrived at by subtracting from it the quantity and trade discount (if any) and including the cash discounts in the billed price for computing markup on inventory and purchases. The practice of using the inflated billed figure is to provide the retailer a 'cushion' for possible losses due to not so optimistic market situation. And a correction for discounts will be made in the 'cost of merchandise' figure in the profit and loss account. The management of the Store reasons that cash discounts are included in the "billed cost" because much of the purchases are financed through bank loans and these loans bear interest which is payable by the Store within a certain specified period. And the cash discounts thus realised by paying promptly which is in turn financed by loans from the banks should therefore legitimately be used or considered as part contribution to the payment of the interest incurred for the whole purchase operation.

$$^3 \text{ Original Retail} = \frac{\text{Cost in Dollars}}{100\% - \text{Initial Markup \%}}$$

3. Any possible price reduction which is made necessary to move or clear shop-worn or semi-damaged articles.

4. A profit.

But, as a result of competition, custom, elasticity of demand or through sheer management promotion techniques prices are often above or below a mathematical price based on costs. Thus, operating under the competitive environment, goods must be so priced that they will sell and not priced so as just to suit the mathematical formulae. In practice, in establishing the retail price, the Store manager does not usually apply predetermined markup percentage to all cost price of merchandise bought.⁴ Goods which have exclusive appeal may be sold at higher-than-average markups whereas some articles can be sold only when they are priced below the average percentage markup. But, as a whole, also as a good hallmark of good pricing policy, attempt is always made by the Store to achieve the predetermined average markup which is thirty percent (30%) at the highest and ten (10%) at the lowest.

The dollar markup --- the difference between cost and retail --- may be expressed for comparative purposes as a percentage either of cost or of the retail. We find that Emporium Selangor uses the markup as a percentage of cost. The tendency for its use is understandable because the cost basis is older in use especially in smaller business establishments and is better understood by men of the 'old school'. Furthermore, the reason for the adoption by the management the cost basis for the markups of all merchandise can be attributed to the fact that it is easier to multiply and add than to divide and make use of the markup complement.⁵

4. This point is stressed by the Store executives in the course of interview.

5. Formulae for markup as a percentage of cost:

$$R = C \times (100\% + Mc\%)$$
$$C = \frac{R}{100\% + Mc\%}$$
$$C = \frac{\$M}{Mc\%}$$

where R = retail price; C = cost; Mc% = markup cost percentage; M = dollars markup.

The Store's Pricing Objective

The pricing of merchandise is an art, not a science. The Store must spell out its objective clearly otherwise it may develop aimless or even faulty pricing policy. It can be said that profit maximization on a long term basis is the dominant pricing objective of the Store and this objective is the natural outflow from the Store's overall policy of "low margin but bigger turnover". By profit maximization on a long term basis is meant that the Store is not to seek as high a dollar contribution as to cover, firstly, the department's or Store's variable expenses, and secondly, the store-wide fixed expenses, with the residue as profits. Hence, the profit maximization objective of the Store is not associated with high prices, but, as the top management of the Store puts it: "to achieve reasonable margin of return." This long term pricing objective of the Store is far-sighted, especially when the management of the Store realises that they are operating under a very competitive environment.

The Store's Pricing Policies ---- One Price

We shall proceed to see how the pricing policy is implemented within this framework of the pricing objective. Within the customers' mandate the Store must develop a set of pricing policies which can be blended with the other three P's in order to accomplish the Store's objective. The writer is told that no attempt is made by the Store to high-price the merchandise it carries so as to get back within a relatively short span, say, five years, the initial total investment. On the contrary, the relatively low price is compatible with the goal of good will building and repeat purchase that the Store is painfully seeking to secure.

To maintain a definite pricing policy is important otherwise the Store has to re-examine its strategy everytime a customer quotes a price. Judging from the nature of the business, viz., the amount of transactions that take place within a day, it will be a sheer waste of time if haggling allowed. In view of this, the pricing policy of the Store is that of one-price which means the Store will offer the same price to all customers who purchase goods under essentially the same conditions and in the same quantities.⁶ The adoption of such a pricing policy by the Store is mainly for administrative convenience and the maintenance of good will. But the Store management is still flexible in adjusting the prices under special circumstances. For example, when large quantities are purchased

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Op. cit., E.J. McCarthy, p.821.

by a single customer or institutions like hotels etc. quantity discount will be granted. Sometimes markdowns have to be taken as a result of falling demand and physical change or obsolescence, replacement prices of merchandise may go up or down and competitors' prices may change --- all these changes can affect the movement of the prices of the merchandise arrived by the Store, but, in essence, it still follows a one-price policy.

Reasons for having the Store's Own Pricing Policies

Administering a price policy which is exclusively the Store's own, the management of the Store is trying to appeal to its target market, namely, the so-called 'economic shoppers', or, using the word of the Managing Director of the Store: those who seek to buy what they think it is of their money's worth. In arriving at the Store's own pricing policy or 'own margin' the following reasons are given to justify it.

Firstly, The strategic locality of the Store in one of the busiest shopping districts in Kuala Lumpur. The Store is accessible from all parts of the city and its outskirt with the commonest modes of transportation like private cars, public taxi, buses and even by foot. A metered car park is situated just right in front but across the road (Jalan Tengku Abdul Rahman) of the Store.

Secondly, The factor of convenience of shopping under one roof. The modern building, which is fully air-conditioned and with an approximate total area of 6,000 square feet as selling space, is stocked with a great assortment of merchandise. Shopping under such cosy and friendly conditions, the shopper are able to obtain the thousand and one thing that they might probably be able to get only by trekking from store to store under the scorchingly hot sun along Petaling Street in down-town Kuala Lumpur.

Thirdly, the courteous, friendly and helpful service of a bevy of charming, well trained and well informed salesgirls. The customers are given the fullest attention in all the selling floors.

With the target customers and these three main reasons in mind, the management of the Store is confident that it can ignore the competitors' pricing policies. It is believed that the Store may offer prices which are a few cents higher for identical goods available in the other small shops in other shopping districts in Kuala Lumpur but relatively lower than those sold in other comparable departmental stores like Robinsons, Gian Singh and Globe Silk Store, it can still maintain a good will of the general consuming public and thus ensuring their repeat patronage through the above-enumerated three forceful factors.

Special Price Policies

Besides the general one-price policy adopted for the Store as a whole, we notice that the Store does employ a few other so called 'special price policies' in its marketing mix. The most prominent one is price lining. This is the policy of setting prices on given classes or lines of merchandise and marking all items at one of these established prices, with nothing priced at points in between.⁷ Such pricing is most extensively applied in men's, women's and children's ready wear departments where a great variety of colors and sizes are available. The shoppers will be puzzled by the multiplicity of its prices if each size or each color is classified and priced separately. In order to alleviate confusion both on the part of the salespeople and the shoppers, prices are simplified. For instance, in the Men's ready wear department, sizes of shirt range from 12 to 14½ with the same material but with different colors and cuttings are classified as within the same price line and sold at \$6.50 each and so on. By means of this, the innumerable variety of goods are classified into a relatively few and customers will consider them as single price and the major decision then is which item to choose at that price. The Store will benefit from such price lining policy also because it can offer a larger assortment in each price line and it is easier to get customers to make decision within one price line. Besides, the planning of stock levels is simplified because of larger demand at relatively few prices and price lining can lend to reduced expense because of smaller total stock requirement, although ample stocks are carried in each line --- all these culminate in greater turnover rate, fewer markdowns, quicker sales and simplified buying procedures. In short, the Store, besides the few departments point earlier, does not make use of price lining for other merchandise.

As regards to multiple-unit pricing, the management of the Store explains that they have not intended, at least for the time being, to implement it. It feels that such pricing policy is necessary only when the Store is embarking on a special sales event like clearance sales or something of that sort where more promotional gimmicks will be needed to attract potential customers to the Store so as to persuade them to take away from the Store those shop-worn or slow-moving items. Except such occasions will justify its use, the management of the Store thinks that such offers if implemented not timely may be merely 'borrowing' sales from future periods or other items and they do not seem to help increase sales of the items offered. No doubt, the Store will adopt such multiple unit pricing policy also, may be just in the near future.

Since the management is consistently trying to create an image that the Store is a popular-priced department store, the necessity of using Loss Leader pricing technique to attract customers to the Store is ruled out. Such an offer of the leader-priced items as bona fide bargains having the effect of promotional lure merges into the overall policy of the Store. Therefore, no attempt is made in this direction to occasionally bringing out a few items and priced them at a loss to serve as a bait.

Odd pricing where the items are purposely priced so that their prices always end in odd figure but a few cents lower than the next higher dollar is not extensively used also. In other words, no definite policy has been formulated by the Store to execute such pricing policy whose main aim is to play on the psychological side of the customer's rationalisation.

It is noted that majority of the prices end in odd number like \$4.30 for a man's shirt and \$1.45 for a can of prepared chrysanthemum beverage etc. Upon further enquiry, a more subtle and functional purpose is revealed by the management of the Store with regard to the pricing system of much of the goods carried. The underlying reasons for the Store to avoid pricing all the the articles in the round number, or, for example, \$4.50 and \$1.50 for the above two quoted examples are that such pricing technique serves twin purposes. Firstly, it helps to reduce the chances for the salespersons to pocket the money by not ringing up the cash received in the cash register. In most instances, when a customer purchases an odd-priced item she will pay for it by giving, for example, two one-dollar notes or any other notes which require change. Thus, the salesperson is able to give back the change only if she rings the cash register and obtain the change from the counter. Secondly, it is believed by the management of the Store that while waiting for the change, the customer may look at other goods displayed around her and may therefore make additional purchases.

Of course, such pricing technique is heavily weighted to serve the control and promotional ends, and, the other side of the story, namely, customers may get impatient for having had to wait for change, is neglected by the Store management. But, on the whole, a discreet application of such technique is exercised. Customers can even hardly feel that they are made to wait and look around for possible further purchase because not all the merchandise carried by the Store are thus priced.

higher up the existing demand curve of the Store. The management

is wise to follow such strategy of pricing. In such highly competitive field as retailing where essentially similar products are available in all other department Stores as well as other smaller shops, straight price cutting strategy will be ruinous to all.

Retail Price Maintenance and the Store's Pricing Policies

Although there is no legal enactment concerning resale price maintenance in this country as we can find in the legislation for a Resale Price Maintenance Act such as on the lines of the fair trade laws in the U.S. and the Resale Price Act in Britain, it is not surprising to notice that, tacitly at least, there is such agreement between the manufacturers or distributors and the retailers e.g. in cigarettes and petroleum products.

The 'own margin' pricing policy of the Store is so overwhelming that the Store disregards in toto even the markups and discounts which are supposedly to be fixed by the manufacturers of certain nationally advertised products e.g. 'National' brand of transistor radios and other electrical appliance. With such practice the Store may sometimes price such products a bit higher than those selling on the market but as a rule they are deliberately priced slightly lower than the manufacturer's 'fixed' prices. The Store openly flouts at such retail price maintenance practice because the top management of the Store also believes that "RPM prevents an efficient retailer from sharing the benefits of his efficiency with its customers by charging a lower price. Since there is a great range in costs in any business, a trader should be allowed to reflect his efficiency in his selling price. RPM prevents this from happening since all traders are required to charge the same price for a particular product. An inefficient trader is then sheltered under the RPM umbrella. Competition is in the form of services rendered which the customers may not really want."⁹ Thus we see that retail price maintenance does not in any way prevent the exercising of the discretion as to pricing policy of the Store.

The relationship between pricing and private branding of the Store will be discussed in Chapter III on Product.

The

4. It costs more to sell some goods than others, they

advertising.

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Chong Sin Jee, Ekonomi, --- Journal of the Economic Society, University of Malaya, Vol. 8, Dec. 1967. p.39.

desirable to adhere rather closely to these markups.

In general, those slow turners, especially those that

are carried just to complete the full line of merchandise offered, for example, piano and other bulky items will occupy the upper range. These items require more advertisements are needed to inform the available.

The Markup Percentage of the Store

As explained earlier, the Store has a 'own margin' pricing policy and this 'own margin' is established on the belief by the management that repeat business is more important than immediate sales. Such a policy is in conformance with the personality or character it is attempting to create. Namely, the main attraction is the reputation of being a popular-priced department store and carrying a broad assortment of merchandise for the customers to choose from. Thus the prices it sets will provide a markup that will compensate for the expense of stocking slow turners. In other words, the markup policy, then, is to plan individual prices, not in terms of percentage of markup, but in terms of volume, good will and total costs. However, an average percentage markup goal set for the aggregate for the purchases over a period must provide a total dollar markup that will be adequate to cover not only direct expenses and reduction but also overhead expenses. Since it is not possible exactly to determine volume direct expense and markdown at different price points, average percentage markup goals are necessary for every class of goods ---- provided no attempt is made to markup everything just to this average.

The Store's predetermined average markup ranges from 10 per cent at the lowest to 30 per cent at the highest. Within this range of predetermined average markups adjustments are made to take into account the various classes of merchandise to be priced. Exactly how the Store arrives at the decision that this particular class of merchandise should be priced at a higher markup than the other class is dependent on the sheer experience and judgement of the Store's executives.

Phillips and Duncan in their book, Retailing --- and Methods, given the following reasons for pricing at different levels of markups for different classes of goods.

1. Goods having the same cost vary markedly in appeal to customers.
2. Competition may be too strong on some items to allow the store to get its desired average markup.
3. Some goods are subject to markdowns that are unprofitable unless their initial markup is very high.
4. It costs more to sell some goods than others, they require more display, more time for salesperson and advertising.

The retailer will find customary markups --- some high and some low --- in wide use; and he usually finds it desirable to adhere rather closely to these markups.

In general, those slow turners, especially those that

are carried just to complete the full line of merchandise offered, for example, piano and other bulky items will occupy the upper limit on the predetermined markup range. These items require a bigger display area. More advertisements are needed to inform the availability of such products in the Store. Sometimes after-sales services are necessary to keep the customers further satisfied. In short, they taxes a lot of the Store's or salespersons time before a sales is consummated.

The other main items besides those slow movers that require substantial markups are fashion goods. The Store faces a dilemma in pricing the fashion goods. Owing to the nature of such types of goods --- danger of over-stocking and ensuing markdowns --- a full 30% markups are sometimes required. But, being a popular-priced Store, it is generally dangerous to increase the markups on the better quality goods because it will cut down the opportunity to increase the average sales and limits business to the lower and highly competitive price lines. As a result, we notice that the Store, in order to strike a compromise, does not carry much of women's high fashion items.

On the contrary, such volume contributors like Gent's wear, canned foods and other daily household necessities are priced at the lowest range to take further advantage that such competitive price will stimulate further sales.

One aspect of the pricing strategies of the Store shows an interesting peculiarity. Namely, when demand for a particular merchandise or class of merchandise is multiplying, instead of taking the advantage of such increased demand by raising the prices, the Store will attempt to scale down the price, usually not very substantial, and, hoping the customers will be moved further down the demand curve which slope downward from left to right. With such lower prices, volume will be expected to increase. One thing to note, such action of scaling downward prices in response to increased demand is not practised by the Store haphazardly, it will implement such action when the management is fully convinced that such scaling down really warrants the trouble involved on such changeover in prices and that the good will be of the earlier customers are in no way hurt.

Furthermore, the situation that warrants any price change can be attributed to the vicissitude of the wholesale price. This is the main cause that influences the one-price policy of the Store. Although the management of the Store is fully aware that consumers prefer to pay the prices to whom they have been accustomed and rather to encounter numerous small up and down in prices, it is emphasized that the Store's policy is to pass on to the customers if such increase in wholesale price has a tendency to remain so for a long period. But, small and temporary increases in wholesale price due to short-term unforeseeable circumstances such as delay in supplies etc, the Store will, in general, absorb such small variations.

The Initial Versus Maintained Markups of the Store and thus making more efficient use of the show space. Other considerations like keep

It is noted that when the Store gives a retail price to goods at the time of purchase, the markup percentage is based on the retail price of the goods that the Store hopes to realise. Occasionally, the Store is confronted with the problem of reducing the price¹⁰ of the merchandise before further sales can be made. As a result, the Store will realize a lower markup. This lower markup, or maintained markup, as it is called is the difference between the actual sales price and the gross cost of the goods sold expressed as a percentage of cost.

According to the management of the Store, it does not have a fixed maintained markup percentage which is as clear-cut as the initial markup (10% to 30%). The absence of such a definite maintained markup --- after all reductions are accounted for --- is attributable to the policy of the Store, viz., no merchandise will be markdowned once they are priced and put in the forward stock. But, when markdowns on certain merchandise are really necessary due to, for instance, buying or pricing mistake on the part of the Store; salespersons reluctance to push certain items; the 'odds and ends'; poor inventory control etc., a Bargain Counter situated at the third floor of the building is created to cater for such need.

Thus, all merchandise that are markdowned for one reason or another will then be placed at this Bargain Counter. Since no special sales event like cheap sales or clearance sales is anticipated in the near future in which markdowns on unsaleable merchandise are usually carried out, the Bargain Counter serves as a permanent 'dumping ground' for the Store's 'markdowned' merchandise.

Those merchandise sold at the Bargain Counter of the Store and usually those after three months in the forward stock or warehouse (with the exception of those bulky items like piano and sewing machine etc. whose life of saleability is relatively longer), are markdowned as low as forty percent (40%) of the original cost price. According to the executives concerned, most of the goods that are put at the Bargain Counter are sold at a loss, some are tremendous.

Following the policy of keeping the general lines of merchandise only three months in the forward stock and then trying to dispose of at the Bargain Counter, the Store is at

10

Price reductions include markdowns, stock shortages and discount to customers (no discounts are made to the Store's employees when they purchase goods from the Store).

attempting to make room for the more saleable goods and thus making more efficient use of the show space. Other considerations like keeping the Store's good image of selling only new and fresh merchandise and the fear of not being able to sell those merchandise at all if they have already shown that they are slow-moving --- are the paramount reasons that such a permanent system of disposing those odds and ends, those obsolete or shop-worn goods is established.

Another good reason put forward by the management of the Store for the creation of the Bargain Counter is that the good will of the customers will not be hurt since no sudden markdowns will be taken on the merchandise carried by the Store. Such uneasiness and complaints on the part of the customers who have bought the originally priced goods just one day or so before the markdowns are executed will not occur. It is said that when the goods are placed at the Bargain Counter though at a much lower price than before, the customers tend less to be hurt than when they see the same articles they bought yesterday are now being sold at a much lower price at the same department of display selves. Here the subtlety of the customers psychology is exploited so that they will be more satisfactorily served. Other aspect of Bargain Counter, for instance, when it is used as a promotional gimmick and product-floor strategy, will be discussed in the Chapter dealing with those two other functions of the Bargain Counter.

All these measure, to be really effective, should build

The matter of store layout is treated under the caption - Product and Floor Strategy - in Chapter III on Product. A few more words are needed here to complete the analysis of store layout as an important component of the entire function of sales promotion.

Once the customer is in the store, the layout or location of merchandise becomes important in sales promotion. A modern department store having four selling floors and stocked with such a myriad of merchandise such as the Emporium Selangor may easily prove confusing to a customer. Where can she find the merchandise in which she is interested? Theoretically, it is easy to say that store layouts should accord with customers expectations and that homogeneous types of merchandise should be located in proximity to one another, but just what are customer expectations and just what is homogeneous commodity? Such question may arise, for instance, when Mrs. Lim come in to buy a dress, is it her expectation that street dresses, sports dresses, afternoon dresses, low-price dresses, all will be located close together, or at least all on the same floor; or is it more likely her expectation that sports dresses will be situated near sports millinery, sports shoes, and other sports apparel? Does she expect to find handbags with shoes, with dresses, or with leather goods?

It should be pointed out customer expectations are not the sole determinants of layout. There are other numerous considerations from the point of view of the Store management. How much time is needed for their sales of the goods? How much space is needed for their display? Where are competitors locating similar merchandise? For instance, in the case of Emporium Selangor, electrical appliances and toys are put on the first floor. Whereas, just a few yards away along the same side of Jalan Tengku Abdul Rahman, there we find another ultra-department store - Globe Silk Store. Here we find, toys and home appliances are placed on the first floor (see page 10).

CHAPTER V

PROMOTION

Intorduction

Up to now we have considered two of the three variables which are largely 'manipulable' by the Store executives to achieve its overall goals or objectives. We shall now move on to investigate how the third variable - promotion - can be used by the Store executives to supplement the efforts on pricing and merchandising. This remaining task is vital because it helps the Store to establish effective contact between the customers and the merchandise. In other words, the function of sales promotion is to seek out ways and means so that customers will be attracted to the Store and thus inducing them to make purchases. The performance of this function involves the use of advertising, display and various other types of sales promotion. In addition to these is the matter of layout, the location of the merchandise within the store. All these measure, to be really effective, should build

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To conclude this analysis on the relationship between store layout and sales promotion, I should like to point out one distinct feature of the Store's layout plan, namely, the executives of the Store consider their layout plans are such a dynamic element that they themselves are not in a position to tell for how long the same merchandise will stay on the same display rack, and on the same floor! This is further fortified by the fact that many articles are purchased by customers on an impulse basis, thus frequent changes in layout are necessary in order to preserve a novelty appeal and to forestall the tendency to declining interest which they fear will develop if the customer sees the same familiar types of merchandise always in the same familiar places!

~~build~~ good will for the Store so that continuous patronage from satisfied customers will result. It is understood that operating in a very competitive environment, repeat purchase of satisfied customers is most important. When the Store is able to secure the repeat patronage of its satisfied customers then its sales volume can be maintained on a profitable level and make the Store a viable institution which comes to stay. The function of sales promotion is to accomplish these purposes.

Three types of sales promotion efforts can be distinguished here for the purpose of our exposition:

- 1) Personal selling --- which involves direct face-to-face relationships between sellers and potential customers
- 2) Mass selling --- that seeks to communicate ideas or information to large numbers of customers at the same time. Advertising is the main form of mass selling. and,
- 3) Sales promotion --- stresses the use of point-of-purchase material and premium.

The Store's Advertising Objectives - Institutional and Promotional

Advertising is the main form of mass selling. Advertising is any paid form of non-personal presentation or promotion of ideas, goods or services, by an identified sponsor. 2

For analytical purposes, several distinct objectives may be recognised in the advertising of the retail store. We shall see how these objectives can fit into the context of the case under study. Frequently these various objectives blend almost imperceptible into one another.

The commonest among all the objectives is advertising which is directed to initiate the immediate sales of particular goods. From the experience of the Store thus far, this objective of advertising is not emphasized. The reasons given by the Store executives concerning the lack of this kind of advertising appeal are ambiguous. It is probably true to say that the Store executives are not very sure about which specific products or merchandise should be selected out of the wide range of merchandise that the Store carries so that they can be featured in such ads. They tend to argue that if such direct-action

advertising is adopted the potential customer may be led to think that the entire Store is selling only these few products. Furthermore, it is stated that the Store is comparatively new in the mind of the general shoppers, therefore, those advertisements with an institutional favor are preferred. Thus, the more frankly institutional in character or type of advertising which undertakes to impress prospective customers with the merits of the Store and promote good will for the Store is the main form which has been used all along by the Store. Illustration: V-1 is a typical copy of the institutional type of advertisement used by the Store. Here no reference with regard to the purchase of any particular merchandise, patronage of any particular department nor the business hours of the Store are made. Will this type of advertisement, without any message from the advertiser speak well for the advertiser? The answer can be found only by the management when, as days go by, the pinch of competition is really felt. Then, rethinking and perhaps more vigorous efforts are needed to undertake this task of sales promotion. Despite all these weaknesses, conviction is made by the Store executives about the importance of this institutional appeal on the ground that most of the merchandise sold in the Store are so similar to those available elsewhere (except that theirs are mostly made-in-China goods) and if only such merchandise are used to advertise to attract customers to the Store, it would be a total flop for the potential customers can get them anywhere in the town. Therefore, their intention or policy, as put to life in their advertising campaign, is directed to weave a considerable amount of Store characteristic into the promotional advertising. This main characteristic is, as mentioned in Chapter IV in connection with pricing, the appeal of the Store as reservoir of goods made in China.

Another typical piece of ads of the Store which is strongly smack of the institutional favor is Illustration: V-3. This is more informative than the previous one (Illustration V-1). Here business hours are stated hoping that no potential customers will be disappointed if they visit the Store within the stated hours of business. Well, besides this, the rest is left to the imagination of the potential shoppers!

After an analysis of the above two typical specimen ads of the Store, it can be said that the institutional type of advertisement has ignored one very vital part of the customer psychology, that is, customer buying motive or the patronage motive of the customers. Here, the customers buying motives are not rightly 'respected'. Instead, the seller's image is overemphasized. Nowadays, customers have greater discretionary buying power. Unless their needs and motives are at the same time stressed and roused, no matter how powerful the image of the seller may be, they can always seek out those who really claim to be able to satisfy their need. In summary, we can say that institutional type of advertisement per se cannot do the effective task of attracting customers to the Store, it must be

supplemented heavily also by the more action-direct or promotional type of advertisement which, as the name implies, will prompt immediate action on the part of the customers to come into the Store to purchase specific items of merchandise.

By examining Illustration: V-2 closely, we discover that here the advertiser is trying to convey to his customers a special message, namely, the special season's offer by the Store. It is, no doubt, still very informative in nature, but, its impact on the potential shoppers will considerably be increased. For comparison purpose, if we examine an ads by another untra-modern department store in Kuala Lumpur --- Robinson's (these two ads, Illustration: V-2 and Illustration: V-4 both appeared in the Straits Times on the 15th., April, 1968) we see a real contrast in them. Illustration: V-4 is an indirect-action institutional type of ads. Apparently the advertiser of this ads is more ingenious and artistic in their presentation. The copy --- make a bee line to --- with an illustration of a bee with head nosing toward the letterhead of the Store's name conveys a different type of atmosphere altogether. It is both realistic and poetic. Whereas the institutional ads of Emporium Selangor (Illustration: V-3) is functional, no doubt. But, it may mean nothing to the readers of the papers! It is possible, had it not been for the keen interest that the writer taken in scrouging the pages of newspapers for the ads of the Store, he might not have been bothered to look at such miserable space stuck in the corner of the papers and which has nothing special to appeal to him. Well, the Store could possibly miss him as a potential customer, who knows!

A further look at another department store's ads and some more comparisons made with those of the Emporium Selangor, a clearer picture of what is lacking of the Store in this important function of its marketing mix will emerge. Illustration: V-5 is also a typical piece of ads of the Globe Silk Store. Though this is Institutional in character, the exploitation of the ingenuity of the Store's executives is clearly seen here. The anatomy of the types of merchandise carried by the store on a floor-by-floor basis is greatly useful in facilitating the mental perception of the Store's potential customers who might drop in-to the store any time after seeing this ads. To the store's first time shopper, the 'mystery' of the store --- that the ordinary or not so sophisticated shoppers may have --- will be discarded and the possible embarrassment resulting from entering such 'mysterious' place is also done away with. Therefore, a positive image is created in the mind of the potential customers after seeing this ads. And she may like to step into the store in her next shopping trip 'just to have a look at the store.' If such action can be secured, the advertiser money spent is well worth. For the store's 'loyal' customers it may serve as a reminder to them. But none of the ads of Emporium Selangor depicts such ingenuity.

Another representative ads of the Globe Silk Store is Illustration: V-7. The Globe Silk Store puts up this type of ads, emphasizing on family^{buying} on every alternate Saturday in the Malay Mail. This is mainly promotional or direct-action advertising aiming to bring customers into the store to purchase specific items of merchandise. The price appeal is dominant here and emphasis in on savings. Again, none of the ads of this nature is ever put up by Emporium Selangor. This is important because the retail institutions unlike those manufacturing concerns which market heavy industrial products. For the former, fast and immediate action on the part of the potential customers is all what is wanted because these stores carry many fashion or perishable goods that require fast disposal. Therefore, the promotional type of ads must be more extensively used to achieve such aim. For the latter, by the nature of technicalities of the products and big financial commitment involved in their purchase institutional type of ads are more suitable.

The Advertising program of the Store

The advertising program of the Store will be considered in the light of the following headings, namely, setting of advertising appropriation, planning of advertising, preparing of actual advertisements, testing of advertising and selecting of appropriate media. We shall see whether the Store has a coordinated and well-planned advertising program to achieve its overall policies and objectives.

With the Store's advertising objectives in mind, coupled with such other factors as the Store's age, policies, size, location, trading area and competition, the next step is to see how, the appropriation is made for the advertising budget of the Store.

Several methods³ of budgeting advertising expenditure are commonly used by both the retailers and manufacturers. They include the following:

- 1) Match expenditure with competitors.
- 2) Set budget as so many cents or dollars per sales unit (by case, by thousand, or by ton) using past year or estimated year ahead as a base.
- 3) Set aside all available funds. Companies willing sacrifice current profits for future sales may use this approach, i.e.; invest in advertising. They may

³ Ibid., p.723. 100: V-1

EMPORIUM SELANGOR

SDN., BERHAD



Illustration: V-1

**SPECIAL
SEASON'S OFFER!
FREE GIFTS**

for every purchase of \$1/-
or more at

**EMPORIUM SELANGOR
SDN. BERHAD**

(DEPARTMENT STORE)

**THE MORE YOU BUY THE
BIGGER GIFTS YOU'LL GET!
BUY NOW!!....DON'T DELAY!!**

Shop in cool comfortable atmosphere

our sale.

STARTS TODAY

BUSINESS HOURS:

Monday to Saturday

from

10.00 a.m. to 9 p.m.

CLOSED ON SUNDAY



71-75, Jalan Tuanku Abdul Rahman,
Kuala Lumpur. Tel: 89396-8.
FULLY AIR-CONDITIONED DEPARTMENT STORE

EMPORIUM SELANGOR SDN. BHD.

DEPARTMENT STORE

(Fully Air-conditioned)



Business Hours

Every Monday,

Friday Saturday.

From 10 a.m. to

9.00 p.m.

Every Tuesday, Wed.

Thursday From

10 a.m. to 6.00 p.m.

CLOSED ON SUNDAYS

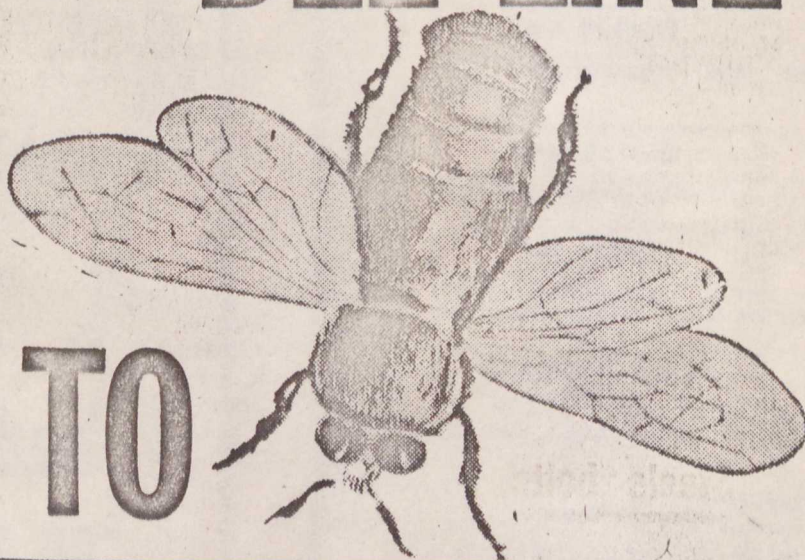
Jalan Tuanku Abdul Rahman, K.L.

Tel. 89397, 89379.

Illustration: V-3

Illustration: V- 2

**MAKE A
BEE LINE**



TO

Robinson's

JALAN MOUNTBATTEN • KUALA LUMPUR

OPEN AS USUAL TODAY
from 9 a.m. to 5 p.m.

Illustration: V-4

the
all dressed
women in
our set.

\$1.50
DEPARTMENT

3rd. FLOOR —

Just unpacked

DIYED BROCADE 38"

In 8 lovely designs & colours

DIYED PLAIN CURTAIN
NET 40"

In many designs & colours

PRINTED POLYNO 36"

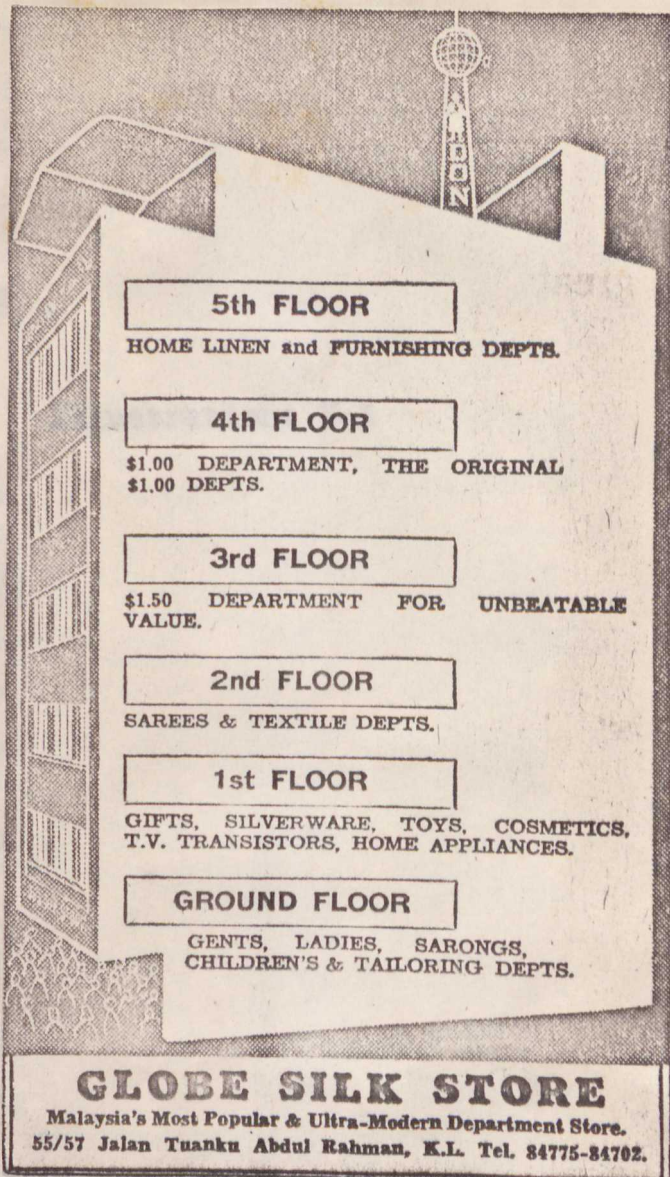
In various designs & colours

and many more items.

GLOBE SILK STORE

MALAYSIA'S MOST POPULAR AND ULTRA-
MODERN DEPARTMENT STORE.

55/57 JALAN TUANKU ABDUL RAHMAN,
KUALA LUMPUR. TEL: 84775-84702.

5th FLOOR
HOME LINEN and FURNISHING DEPTS.

4th FLOOR
\$1.00 DEPARTMENT, THE ORIGINAL
\$1.00 DEPTS.

3rd FLOOR
\$1.50 DEPARTMENT FOR UNBEATABLE
VALUE.

2nd FLOOR
SAREES & TEXTILE DEPTS.

1st FLOOR
GIFTS, SILVERWARE, TOYS, COSMETICS,
T.V. TRANSISTORS, HOME APPLIANCES.

GROUND FLOOR
GENTS, LADIES, SARONGS,
CHILDREN'S & TAILORING DEPTS.

GLOBE SILK STORE
Malaysia's Most Popular & Ultra-Modern Department Store.
55/57 Jalan Tuanku Abdul Rahman, K.L. Tel. 84775-84702.

Only the Best

FOR YOUR FAMILY'S SAVINGS!



**BIG!
BIG!!
BIG!!!
SAVINGS**



CHILDREN'S DEPARTMENT — GROUND FLOOR —

Here is your opportunity
of SAVING MORE!!

babies wear at
SLASH PRICES

STRIPE T. SHIRTS
Usually \$4.50 each
NOW \$2.90 EACH

SUITS
Usually \$6.50 each
NOW \$4.90 EACH

PANTS AND BIBS
Usually \$2.50 each
NOW \$1.50 EACH

**DON LONG SLEEVES
NYLON JUMPERS**
Size S.M.L.
Usually \$6.50 each
NOW \$3.50 EACH

GOLDEN EMPORIUM

— 1st FLOOR —

Men's jewellery
luxuriously styled by

ANSON

(Made in U.S.A.)

- **CUFF LINKS**
- **TIE PINS**
- **TIE TACKS**
With initials and other
attractive designs



GENERAL DEPARTMENT

— 2nd FLOOR —

- **FANCY METALLIC
TETORON 36"**
- **FANCY LACE 36"**
- **HAND PRINTED
THAI COTTON 40"**
OVER 50 UNUSUAL DESIGNS

**ALL AT
\$1.80 PER YARD**

M.O.B.S.T.Y.A.

presents
THE HAN RIVER ANGELS
All girls band from Korea
AND OTHER INTERESTING SHOWS
at the
"A NIGHT IN WONDERLAND"
at STADIUM NEGARA
on 29-6-68 at 7.30 p.m.
Tickets: \$1.00 & \$2.00

\$1.50 DEPARTMENT — 3rd FLOOR —

- **PRINTED CREPE
DE-CHINE 36"**
In attractive designs & colour
- **PRINTED TRICOT 36"**
In lovely designs & colours
- **FANCY RAW SILK 36"**
In 10 lovely colours
- **PRINTED POLYNO 36"**
In different designs & colours

**NOW ALL AT
\$1.50 PER YARD**

\$1.00 DEPARTMENT — 4th FLOOR —

- **PLAIN NYLON SAREES**
35 lovely shades
- **PLAIN NYLON POLYNOSIC
SAREES**
15 beautiful shades.
- **PRINTED NYLON SAREES**
In many lovely designs
- **PRINTED NYLON
POLYNOSIC SAREES**
In many lovely designs

**ALL AT
6 YARDS FOR \$6.00**

HOME FURNISHING DEPARTMENT 5th FLOOR

Just arrived

- **AR-AD FANCY WOVEN
FURNISHING 58"**
(suitable for cushion covers)
- **AR-AD FANCY NETTING
CURTAIN MATERIAL 58"**

● **PRINTED FURNISHING 48"**
**OFFERING AT
\$1.80 PER YARD**

GLOBE SILK STORE

MALAYSIA'S MOST POPULAR AND ULTRA-MODERN DEPARTMENT STORE
55/57, JALAN TUANKU ABDUL RAHMAN, K. LUMPUR. TEL: 84775 & 84702.

use all or only a percentage of profit.

4) Set budget on the number of new customers desired or the amount required to realise predetermined sales goal, as when entering new territories, increasing volume, or other objectives. This method is frequently called the 'task' method.

At the time this text is written, the Store has not reached the age of one year therefore no past figures are available for the management to base their calculation. Everything of the Store is new and fresh. There is no exception for such marketing problems as advertising budget also. Therefore the second method of setting the advertising budget by basing on some past sales figures is not possible here.

According to the management of the Store, they do not have any definite plan or budget for their advertising program. What they are doing now are purely on a haphazard basis, i.e., they advertise whenever the Store executives feel there is a 'need' for it. How this 'need' is defined is rather ambiguous. Definitely the Store is in no intention to match its advertising expenditure with those of its competitors. Looking at both the intensive and extensive advertising campaign of the parallel rival department stores in Kuala Lumpur, the writer was astonished to learn that the management of the Store is rather oblivious of their existence!

The possibility that the Store will adopt the policy of 'investing in advertising' is ruled by the following reasons:

- 1) The unawareness on the part of the Store management with regard to the force of advertising in department store trading,
- 2) the heavy financial commitment in other aspects of the store operation like the carrying of a higher and more variety of inventory; the store layout renovation, etc. has taxed exhaustively into the resource of the Store to devote more expenditure for its advertising program,
- 3) the belief by the management that interior store and window displays are the more overwhelming factors in attracting the customers to the Store. Upon such belief we can see that much effort and resource are concentrated in these two areas of sales promotion. The recent renovation of the entire window displays area converted the entire front facade of the street-floor of the Store for such purpose (as compared to the 1/3 of the present space area devoted to window display when the Store was just open about nine months ago). This is a concrete proof of the management's

different emphasis, and including Rediffusion

4) The lack of qualified personnel to specialise on in the task of preparing the actual copies of the advertisements, its administration including such responsibility as seeking out the appropriate media and their arrangement as well as the responsibility of evaluating their effects.

The 'task' method of setting the advertising budget involves some marketing research and other costs. With the present set-up and management knowledge the use of this more logical method will be far from possible.

It is generally accepted that the amount of expenditure appropriated for such purpose will have an important effect on the consequent sales performance. However, such effect may not be direct or proportional. It must be remembered that the success of the Store's advertising is influenced by factors independent of the actual money involved also. For instance, choice of the right merchandise and selling appeals, proper timing, judicious pricing, effective presentation and co-ordination of program among different media --- all these are instrumental in determining the productiveness of the advertising expenditure. These factors are all considered previously. The last factor --- coordination of the program among different media shall be discussed at the end of this Chapter.

No effort has ever been attempted by the Store thus far to measure the effectiveness of its advertising program. This task is rather formidable to the Store, therefore, we shall leave this out in our discussion.

A checklist⁴ of the more important advertising media is given below. Against these media the sign " " is used to indicate the types of media that are currently being used by the Store.

1) Newspaper advertising

- a) Daily newspapers
- b) Weekly newspapers.

2) Direct-mail advertising

- a) Letters
- b) Postal cards
- c) Circulars and Booklets.

⁴ D.J. Duncan and C.F. Phillips op.cit., p.503.

- 3) Radio advertising including Rediffusion
 - a) Spot announcements from local radio station
 - b) Sponsored programs from local stations
- 4) Television advertising
- 5) Outdoor advertising
 - a) Billboards
 - b) Store signs
 - c) Signs on delivery trucks
- 6) Streetcar advertising
 - a) Streetcar cards
 - b) Bus cards
 - c) Suburban train cards
- 7) Motion-picture theater advertising
 - a) Colored slides and movies
 - b) Slides
 - c) Commercial trailers
- 8) Advertising by personal distribution
 - a) Handbills and dodgers
 - b) Shopping news
- 9) Classified advertising
 - a) In newspapers and trade papers
 - b) In telephone directories
 - c) In buyers' directories
 - d) In school yearbooks
- 10) Advertising within the store
 - a) Window banners and placards
 - b) Counter signs
 - c) Elevator bulletins
 - d) House organ

With the ten commonest advertising media in the checklist we find that only seven of them are being made use of by the Store. Here we find that newspapers constitute the most widely used advertisement medium for the Store. This is due to such advantages as low cost per reader, wider market coverage, more general readership, quick response, quick check on results, availability for regular and frequent advertising,

flexibility and speed, fewer size restrictions and acceptance. In newspaper advertising only daily newspapers are used. The two main newspapers in which the Store advertises are the Straits Times and Nan Yang Siang Pau. These are the two newspapers which have nation-wide circulation. The former is a national English daily while the latter is a national Chinese daily. Since the circulation of the Straits Times is nationwide, the charges for ads in this paper are therefore comparatively higher. (See V-1). However, the target customers of the Store are people staying in and around the Kuala Lumpur town and its satellite town --- Petaling Jaya. With this in mind, to advertise in a national daily may be a waste because of the great number of waste circulation. Since the Straits Times is also widely read by the residents of these two main trading areas of the Store, occasional insertions in this national daily is necessary also. As a result, it seems that the Store puts up, once a month, an institutional type of ads in the Straits Times to remind its customers. Other than this, extra ads are inserted here only when there is any special sales events that need extra publicity effort. In the case of Nan Yang Siang Pau, according to the belief of the Store management, the situation is different. It is found that the bulk of the Store's newspaper advertisements is channeled into this national Chinese daily. It is said that the readership structure of the Chinese newspapers is different. Although Nan Yang Siang Pau's average daily circulation is lower than that of the Straits Times (the average daily certified sale for the Straits Times exceeds 150,000 and the average daily certified sale for Nan Yang Siang Pau is 95,000), it is believed that a single copy of the Nan Yang is read by a higher average number of readers. In other words, the number of readers per copy of Nan Yang Siang Pau is greater than the number of readers per copy of the Straits Times although the latter has a higher total average circulation figure per day. This is due to the fact that the Chinese newspapers reading public are not in the habit of buying newspapers individually as in the case of the English newspapers reading public. With such an estimated higher rate of readership, the Store advertises heavily in this newspapers (averaging \$5,000 for the first six months of the Store's operation). Another reason why the Store advertises extensively in this particular Chinese daily newspapers is that the majority of its target customers are the consuming public of the Chinese community in its two main trading areas. But, some advertisements (it is always on a haphazard basis as stated earlier and no statistics are available to the writer as to how often it is used) are put up in the more localised English noon-

daily --- the Malay Mail. Comparatively speaking, the frequency of their appearance in these two most important English daily newspapers are negligible. Even if it does appear its effect will be negligible also.

Besides the newspapers just mentioned we find occasional appearance of the Store's advertisement in such newspapers as the Utusan Melayu, the Hindu Nisan, the China Press and other more localised newspapers like the Sin Pin Jit Pau in Penang.

Only local Rediffusion station is being used to make spot announcements. This is a very popular medium for the Store because of its localised network which serves Kuala Lumpur and Petaling Jaya. It is stated by the Store management that spot announcements through Rediffusion is the most effective advertising medium used to put across to the potential customers the Store's message. No waste coverage by the network occurs here. Spot announcements are made through the various language channels of the network. The main ones are Cantonese, Bahasa Kebangsaan, English and Mandarin. The frequency of such spot announcements is not fixed. Since it is the most appropriate medium for retail trading business which has a localised target customers, the Store makes one to two spot announcements everyday --- one during the lunch hours, between 12 p.m. to 2p.m. and the other during dinner hours, between 5 p.m. to 7 p.m.

For outdoor advertising, the most prominent one is the store sign --- the neon-lighted letterhead of the business name of the Store --- Emporium Selangor. (see Illustration: V-1). This store sign is put up on both sides of the eight-storey building so that traffic coming up or down from both ends of Jalan Tengku Abdul Rahman can notice the whereabouts of the Store easily either in daytime or at night. Besides this, people coming down from the north along the Jalan Tengku Abdul Rahman while passing the Store will be attracted to a huge billboard which says: Selamat Datang (Illustration: V-2).

Another outdoor advertising which the Store uses is the signs on the Store's delivery van. These have promotional effect also whenever the van bearing the signs of the tall building (one of the tallest buildings along the Jalan Tengku Abdul Rahman) of the Store goes. It carries the advertisers message to a new potential customer of the Store, for example, when the van is unloading goods to its customers. Such activity may attract the neighbour to come out and look at the van which will automatically transmit the advertiser's message to her when she looks at the store sign painted on the sides of the van.

One notices that, the typical tall and slim architectural structure of the Store's building has been personified and institutionalised by the management of the Store to convey to the public a special image of the Store. This effect the

is tremendous. The building has now become a status symbol to the Store. It signifies grandness and dignity. It is hoped through this effect the customers may identify themselves with such status symbol of the Store and are thus motivated to frequent it.

Slides are used by the Store as an advertising media only when there are any special sales events. The limited use of this medium by the Store is not understandable. All the cineman audience in Kuala Lumpur and Petaling Jaya can be considered as potential customers of the Store and the more extensive use of slides in the cinema halls will surely go a long way to getting attention, holding interest, arousing desire and finally obtaining action from the viewers, namely, to visit the Store. Furthermore, their cost are not prohibitive as television advertising. The absence of this type of advertising medium in the entire advertising campaign of the Store may be just due to the obstinacy of the Store management to go ahead with this type of advertising otherwise there is no reason why the Store should not make full use of it to achieve its purpose.

The cheapest and commonly used advertising medium is handbills and dodgers. They are distributed through personal distribution. It is especially used when the Store is executing some special sales events like special season's offer or Christmas season's special sales offer etc. The costs of these handbills or dodgers are very low and their effect sometimes is quite astonishing if the Store's main trading areas are adequately 'flooded' with this type of the advertiser's message. Usually, the message conveyed to the potential customers are more informative in character with the expectation that after reading this they will make immediate action i.e., to call at the Store and make purchase.

Occasionally, the Store advertises in some school yearbooks or school souvenirs magazine. These ads usually do not have any practical importance to the Store in terms of their ability to solicit immediate action on the part of their readers. But, advertisements of this nature is doing more a function of public relation than that of promoting immediate sales for the Store. Therefore, this type of advertising is not important from the point of view of immediate sales promotion but it has the indirect effect of building up good will for the Store by establishing a friendly bond or tie with these coming generation. Thus, such advertisements are far-reaching and long run in effect and only those with enough far-sight can perceive their possible outcome in the future to come and be ready to invest in them.

Those materials, used in the Store as point of sales materials, do on the spot promotion job will be discussed under the caption of sales promotion later in this Chapter.

Here we see that direct advertising through the use

of postal cards, circulars and booklets is not practised by the Store. The reason is obvious because the consumers in this country are not used to this type of sales promotion technique yet therefore their acceptance is doubtful. Anything that is doubtful is not worth the while for the Store to sink its limited resource into it for a trial.

Television is not being used by the Store is due to two reasons. First, the cost is beyond the reach of the Store, Secondly, there is too much waste coverage by the network under the present nationwide channel. May be, in the near future, when a commercial station is set up with regional service its possible use by the Store will then be under review.

Thus far the Store has not made use of bus panels or bus signs for its advertising campaign. Other department store like Globe Silk Store, makes extensive use of this medium to advertise the Store's own private brand shirts --- The Don shirts. The Store, at present, has no plan of embarking on street-car advertising campaign. This is an ideal medium also because of its localised nature and wide exposure to the general public.

Store Displays --- Interior

Both window and interior displays have undergone a tremendous change and retailers are devoting more attention to their co-ordination with advertising efforts and personal salesmanship to build a balanced and effective sales promotion program.

Interior displays, the first form of store display, assume a very significant role in the Store's total sales promotion program. Their importance to the retailer as a stimulant for additional purchases is indicated by the many surveys which show that from one third to two thirds of purchases are the result of decisions made by the customers after entering the Store. Interior displays are sometimes used to be coordinated with newspapers advertising. For example, at the time of the Store's special season's offer (see Illustration: V-2) the Store's interior displays are geared to such event as advertised in the newspapers.

Earlier, in Chapter II on Product where an searching analysis has been made on the Store's general layout plan in relation to the items of merchandise displayed on each floor. Furthermore, at the beginning of this Chapter (footnote 1) additional points are raised and discussed. Here, no repetition of what has been said previously is needed. But a brief description of the more detailed aspects of interior displays of the Store will suffice.

There are numerous kinds and types of interior displays

but for the purpose of our analysis of the Store we can conveniently classified them into three groups.

- 1) Merchandise displays
- 2) dealer displays, and
- 3) Store signs and decorations.

1. Merchandise displays. This constitutes the most important type of interior display for the Store. Their importance in promoting sales is great. Two different forms of such displays are recognisable in the Store.

(a). Open Display. The purpose here is to make merchandise accessible to customers for handling or examination without the aid of a salesperson.

The Store makes extensive use of 'merchandise islands' in its layouts --- that is, counters, racks, selves, upon which merchandise is displayed and which are surrounded by adequate aisle space. These are designed chiefly to increase sales through attractive open displays and to promote circulation of customers throughout the Store. Illustration: V-8 to V-16 illustrate the use of both closed and open displays. For instance, in the confectionery and canned food department (Illustration: V-15), the open display racks are used. Here the merchandise are arranged or displayed in a manner designed to induce customers to pick them up, as opposed to the 'old idea' which emphasized a balanced symmetrical arrangements chiefly for decorative purposes.

Of course, the particular type of display chosen will depend to a certain extent upon the relative importance to the customer of merchandise features. These will vary among different types of goods. The *consensus* of a number of retail executives concerning such features is shown in Table V-1. In the case of toys, for example, age group and sex of user are more important factors to the customers than activity and variety.

(b). Closed Display: The second form of merchandise display is the closed display --- a display of merchandise inside a wall case or showcase, inaccessible to customers without the aid of a salesperson. Such displays cannot be 'open' because of the nature and value of the merchandise and because of the need for protection against soiling. An examination of the wine department (Illustration: V-8) a different display form is used. The display counter here is a closed one and the display selves behind it are beyond the reach of the customers.

2. Dealer Displays: The second type of interior

TABLE V-I

CLASSIFICATION OF FACTORS GOVERNING CHOICE OF SELECTED COMMODITIES
IN MASS RETAIL MARKET

Item	Order of Importance of Merchandise Feature in Customer Choice			
	1	2	3	4
Cloth Coats	Size	Color	Style	Material
Coffee pots	Use (drip, Percolator vacuum etc.)	Material	Capacity	Make or price
Corsets	Size	Type	Price	Brand
Gloves	Fabric or leather	Size	Color	Style
Greeting Cards	Occasion	Relationship	Humorous or Formal	Price
Hosiery	Material or Weave	Size	Quantity or weight	Color
Jewellery	Kind (earring, bracelet, pin, ring, necklace etc.)	Price	Material	Color
Lamp Shades	Size	Material	Color	Construction
Men's shirts	Style (fancy or plain)	Collar size	Sleeve length	Material color, brand or collar style
Men's ties	Season (material)	Color	Design	Quality
Millinery	Color	Style	Material	Size
Price goods	Material (in terms of use for aprons, dresses, drapes, etc)	Color or Design	Price	Width, shrinkage etc.
Ribbons	Color	Width	Material	Price
Rugs	Color	Size	Material or weave	Brand
Shoes	Size	Color	Style or brand	Price
Sweaters	Size	Color	Material	Style
Table Cloths	Size	Material	Quality	Design
Towels	Kind (bath, face, kitchen, etc.)	Size	Color	Weight
Toys	Age group	Sex of user	Activity	Variety
Women's dresses	Kind (formal, street, house, maternity, etc)	Size, with junior miss separate	Impressive and better dresses	Color or Style

Sources: Adapted from E.R. Hawkins and Carl E. Wolf, Jr., Merchandise Display (U.S. Office of Domestic Commerce) Industrial Series, No. 61. Washington D.C., U.S. Government Printing Office, 1946. p.7.

display is the dealer display, also known as point-of-sale advertising. This type of display consists of all forms of advertising assistance to the Store, provided by the manufacturers, including that used in windows. For reason of limited space in the Store, this form of interior display is not extensively used.

3. Store Signs and Decoration: These are also important aspects of interior display and can be an effective means of promoting sales. The term 'store sign' includes such things as counter signs, price cards, window signs, hanging devices, posters, flags, banners, streamers, and similar devices. Decorations of the specials types are seen in the Store only in connection with some special sales events or some seasonal sales offer.

Generally speaking, the Store's interior display design is adhering to the modern concept in departmental trading, viz., of exposing as much as possible the merchandise to the customers so that they can pick them up for inspection any time they like without much aid from the sales staff. One serious limitation to the Store's display design is that the racks and selves used for merchandise display are too high (five to six feet) so that visibility of the entire store from one corner of the selling floor to another is obstructed. The management of the Store is well aware of such drawback because it prevents the customers from getting a general view of the entire floor once she enters it. Most of the Store's present display racks and selves are made so high because this is the only way to display all the merchandise to the customers in such limited space area available.

Store Displays --- Window

The primary purpose of window displays is to prevent passers-by from passing by.⁶ If window displays accomplish this purpose, other common and desirable objectives of the Store may be attained. These include the attraction of customers into the Store, the sales of specific merchandise and the creation of prestige for the Store. The result is that sales volume is increased and profit possibilities are enhanced.

One of the important factors that determine the effectiveness of window displays is the frequency with which the displays are changed. We notice that the policy of the Store in regard to window displays is very illuminating. They are changed every week. The task of window displays is entrusted

6

D.J. Duncan and C.F. Phillips, op.cit., p.509.

to a part-time artist of the Store. His responsibility is to transalte the idea of the management into life. The messages convey through window displays are varied. But they may relate to any one of a numbers of the following ideas --- the variety of values offered; the fashion leadership of the Store; the atmosphere that the Store is a reservoir of goods made in China; or the tie-in with holidays like the Christmas, the Chinese New Year, Hari Raya Puasa or with the occasion of any special sales events of the Store. Despite the fact that the Store has limited space for window display the concerted effort of the Store management in its window dressing as part of its sales promotion program is commendable.

Sales Promotion

In addition to the forms of retail sales promotion --- advertising and displays --- discussed in the previous few sections, a variety of other forms are used by the Store to attract customers, hold their patronage and increase sales.

Sales Promotion through Consumer Premiums:

Generally speaking, premiums are used by the Store as traffic builders and as sales stimulators. Usually premiums are given away to the patrons of the Store if their single purchase exceeds a certain specified dollar amount. This 'specified dollar amount' is flexible. It may be one dollar in one occasion and fifteen dollars in another occasion, it all depends on the 'timing' of such occasions. For instance, in the dull period of the Store's sales, the Store may put up an advertisement stating that: For every dollar of goods purchased in the Store, attractive gifts will be given away with and so on. Under such circumstances, premiums are offered to attract people to the Store, i.e., premiums are used as sales stimulator.

It is noted that premiums as a sales promotion device is introduced to the Store's total sales promotion program only recently --- after nearly nine months of operation since its inception. In the most normal situation we find that premiums are usually used as traffic builders or sales stimulators when the business is just new. In the case of Emporium Selangor as mentioned earlier in Chapter I, during its initial appearance in the retailing sphere of Kuala Lumpur, it scored a 'Novelty Claim' or 'atmosphere of exclusiveness' in the eyes of the general consuming public. Therefore, during that period (approximately a duration of three months), the Store was every hour crowded with people who had their curiosity to be satisfied. At one stage, recalled one of the Store's executives, they were thinking of closing the main entrance to the Store to limit the number of people who kept on streaming in! The entire staff of the Store at certain stages of the period were unable to keep

Business name - Emporium Selangor. The promotional effect of their eyes on this crowd. Such fantastic appeal of the Store during its inception months therefore ruled out the necessity of using premiums as a means to stimulate sales. And for most other stores, these inception months are time that require most promotional effort. As from the ads of the Store we learn that only now, when the 'ferment' is over and life is returned to normal, the Store is embarking on a more conscious program to attract attention of the general consuming public of its existence. But, still we find these measures are temporary in effect because the offer of gifts by the Store to its customers in connection with a special season's sales event has no guarantee that these customers will come back when the special sales event is over. What is needed now is for the Store to devise a new system of premium sales promotion so that it becomes a 'built-in' or permanent characteristic of the Store. That is, the Store should think of the possibility of introducing trading stamps into its total sales promotion mix. The employment of trading stamps necessitates the incurrance of certain costs, for example, the costs of organisation and later administration of the trading stamps system. These are the considerations that make the Store management hesitate with the idea of going ahead with such program. But, what should be pointed out is that their potentialities have already been realized by the Store management. Their implementation should, then only be a matter of time.

Sales Promotion through Packaging:

The importance of packaging as a tool of sales promotion has increased considerably especially when the Store is emphasizing on self-selection in all its selling floors. It is true that goods attractively packaged sell well. As a retailer, the responsibility of packaging the goods is not heavy. It can be said that the Store only undertakes about ten per cent of the packaging task, the rest are done by the manufacturers of the respective products. For example, the wide use by the Store of polythene papers is the major task of packaging done by the Store. But, this has a more functional motive of protecting the articles from soiling through excessive handling and rehandling by the customers. The basic ideas that strike the customers when they look at the polythene papers wrapped articles are cleanliness, neatness, hygienic, fresh etc. --- not the satisfaction that they may expect from the content of the package. And this package appeal is thus amply exploited by the Store to achieve its purpose of promoting sales.

Closely connected with packaging is the wrapping of articles by the use of the Store's special wrapping papers or paper bags after the customers have selected them from the 'open' selves or racks. These wrapping papers and paper bags of various sizes are printed with the typical symbol of the Store, that is, the picture of the tall Slim building of the Store and

business name - Emporium Selangor. The promotional effect of these wrapping papers and paper bags of the Store is far-reaching because every customer walks away with any purchased article from the Store is actually being forced, whether she likes it or not, to help the Store to do the job of promotion. She may walk, she may take a taxi, she may take a bus back from the Store to her house, on the way, the advertiser's message is bound to be looked at or read by many passers-by of her. Through this, the Store achieves its purpose on a very cheap way.

Personal Selling

Regardless of the method by which customers may be attracted inside the Store - be it newspaper advertising, special sales, or window displays --- in most cases "over-the-counter" contact between the customer and the salesperson is essential in order to consummate a sale. The Store at present has a sales staff of 125 manning the four selling-floors. It thus comes to an average of thirty one salespersons per selling-floor. From this statistics we know that the Store management puts a great emphasis on personal salesmanship. One reason that such a great number of salespersons are employed per selling floor is the need that arises from the open displays system of the merchandise. Such open displays system increases the incidence of shop-lifting and pilferage. To counteract this, the number of salesperson in each floor is thus increased. Such action is purely of precautionary motive and it is thus of secondary importance to the Store from the point of view of sales promotion. The primary motive of having such a great number of salespersons is to serve the customers more effectively. In the past the doctrine of caveat emptor (let the buyer beware) prevailed. We can even say that such practice still dominates the daily transactions of the smaller retailers in this country. But, being a modern department Store, whose sales volume is dependent on the good will that it can build up among its customers, the forces of persuasion and cunning that brought to bear upon the prospective customers, so that they would buy regardless of their intentions of the suitability of the goods for their requirements are too costly for the Store to try on. Instead, the presence of such a great number of salespersons per floor is to help people to buy so that the customers will achieve the greater possible value and service for their money.

Co-ordination of the Store's sales Promotion Program

After a panoramic survey of all the promotional methods that are being practised by the Store, we shall now pause to review how these various activities are coordinated into a single integrated program to achieve the Store's ultimate objective.

It can be first pointed out that the overall emphasis

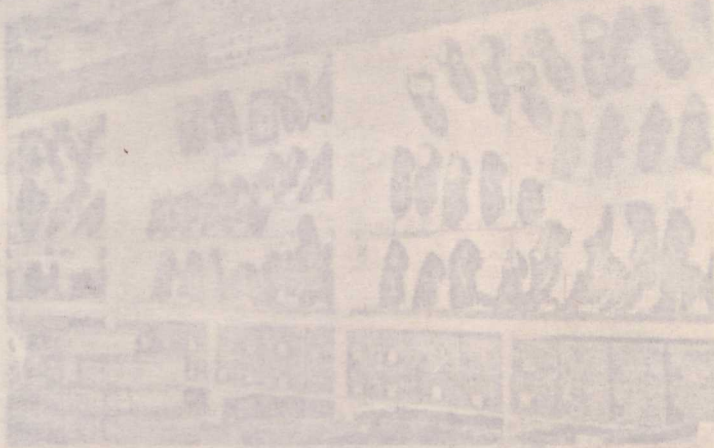
of the Store's sales promotion program is on Store displays, which embrace the two main areas, that is, interior Store display and window display. Closely related to store interior displays tactics is the aspect of personal selling. Personal selling is stressed here because it is believed that the salespersons are the important link between the Store's merchandise and the customers. Sales can be consummated only when the salespersons are there to perform this final task in the long process of attracting the customers into the Store. In this respect, we find that these two efforts are well coordinated

With regards to the first task in the long process of getting finally to close a sale, namely, the advertising efforts of the Store, no one will hesitate to question the adequacy of this effort. Although the Store interior and window displays are excellent, no sales are likely to be forthcoming if the potential customers are not timely or fully informed of the existence of the Store. Much have been done to stimulate the customers to make purchases while they are already inside the Store, but much have been neglected also to attract the customers to come into the Store. We can rightly say that the sequence of the occurrence of event is not properly perceived by the Management of the Store. How can a sales be consummated before you first attract the customer into your Store? Therefore, for a better coordinated promotional program the Store's emphasis on such sequence of event must be revised to take into consideration such principle as 'priority' in order to achieve its overall objectives.

Last but not least, the Store should try to coordinate its advertisements with what is actually going on on the the selling-floors. For instance, premiums are being given always to all customers, should this be emphasized on the advertisements of the Store, or, to let the customers find out such fact themselves while they are already in the Store? The window displays of this week may portray the theme sales of the Store for the week for instance, the clearance sales. Can advertisements of the Store at this time be geared to such sales event so as to get the maximum publicity for the Store? All these can be achieved only if conscious and calculated effort is made by the management of the Store.

The Shoes Department

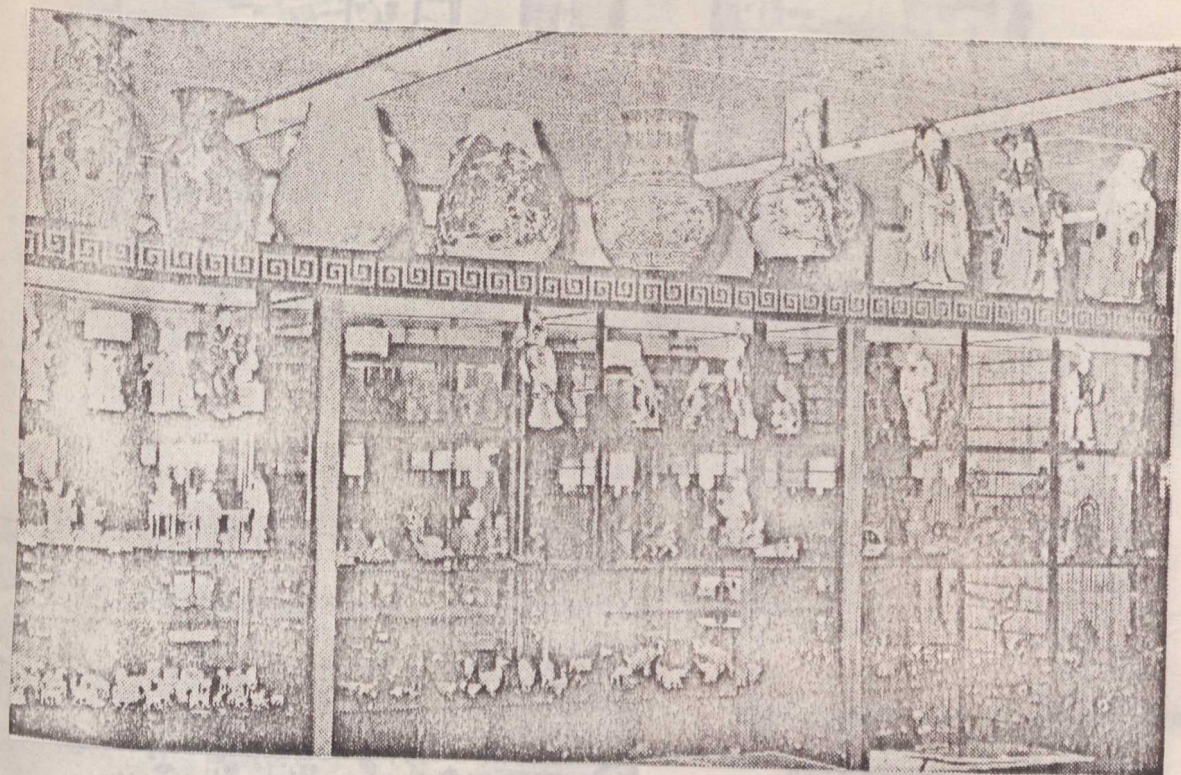
Illustration: V-10





The Wine Department.

Illustration: V-8



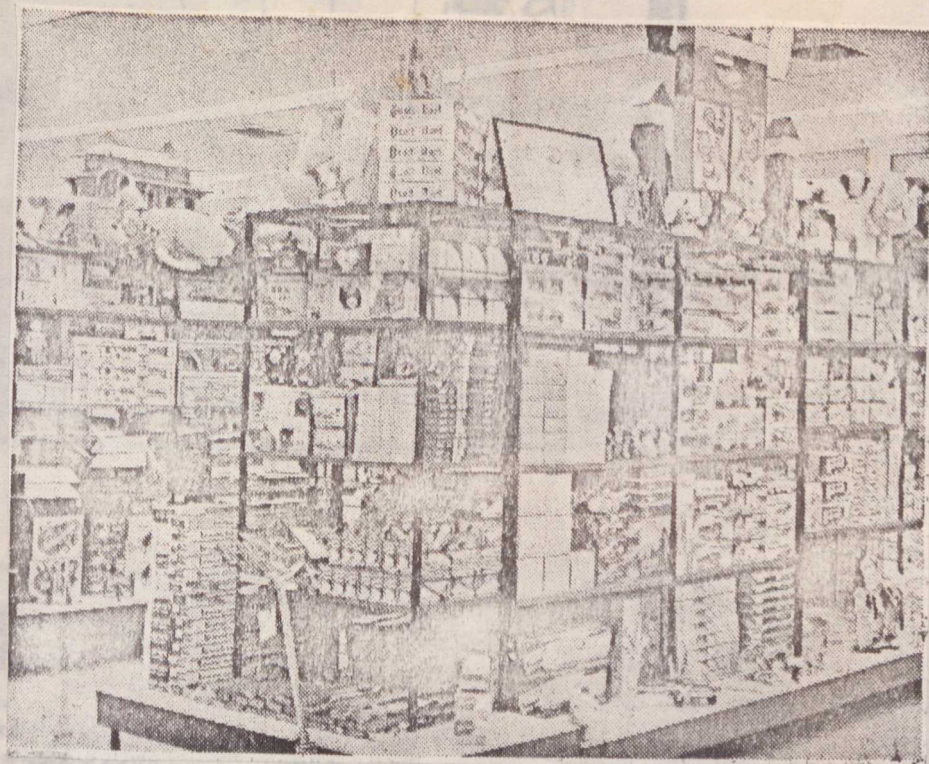
The Curios Department

Illustration: V-9



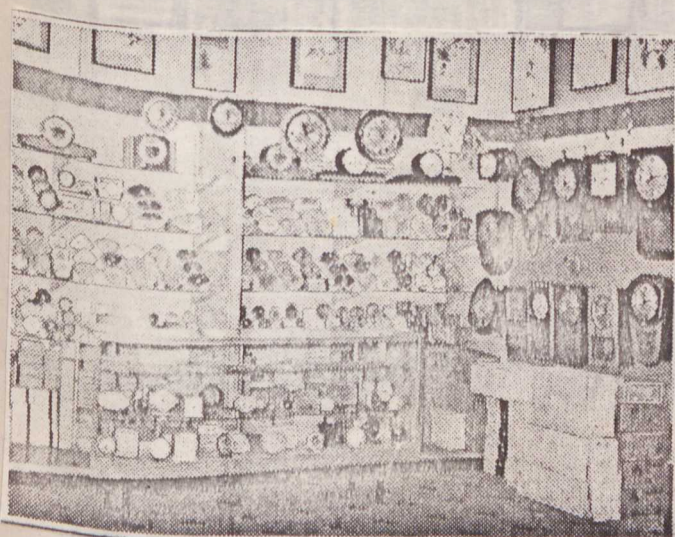
The Shoes Department

Illustration: V-10



Toy Department

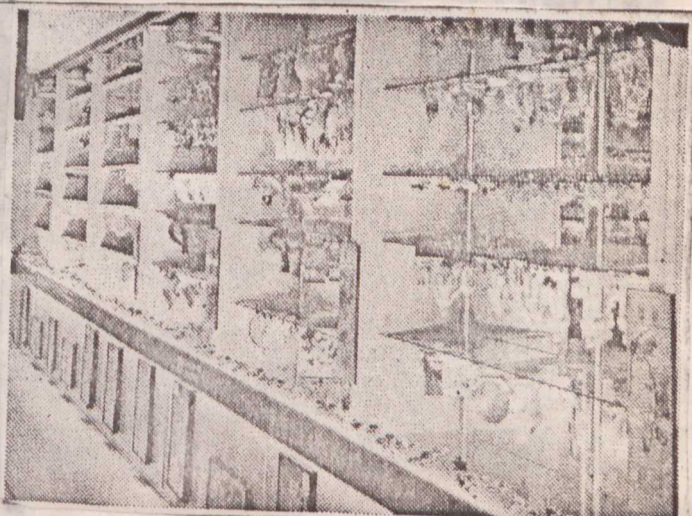
Illustration: V-11

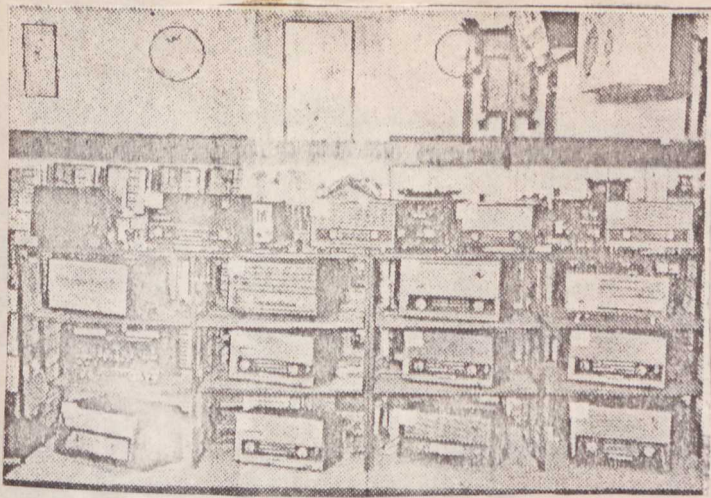


Arts and Craft Department

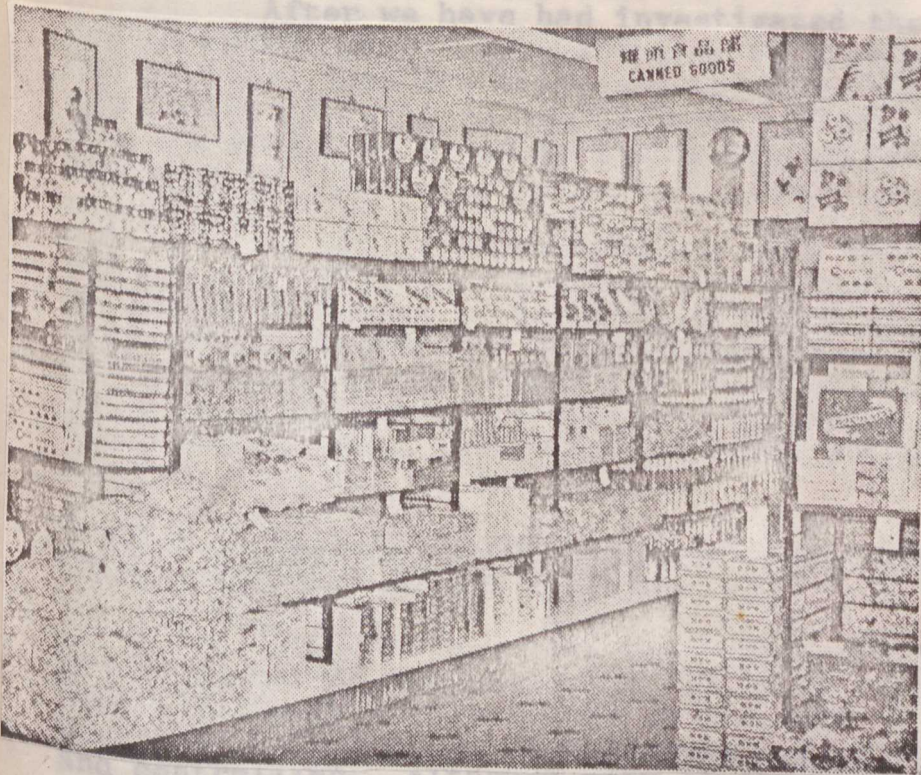
Illustration: V-12

Curios Department
Illustration: V-13



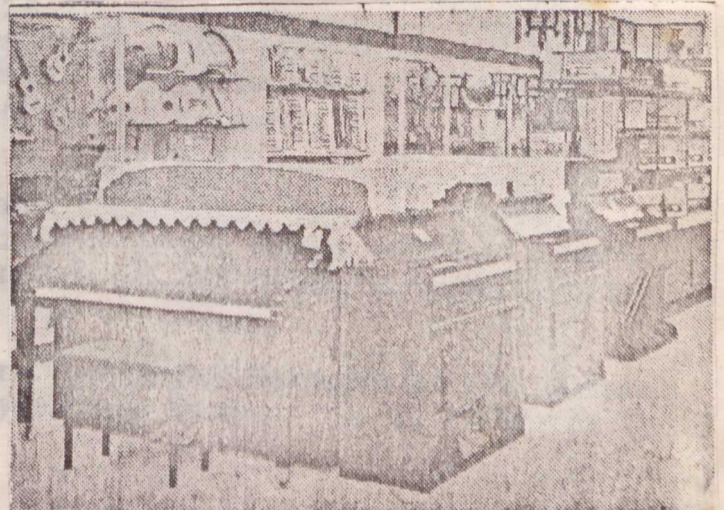


Electrical Appliance
Department
Illustration: V-14



Confectionery and
Canned Food
Department
Illustration: V-15

Musical Instrument Department
Illustration: V-16



buried with all sorts of jobs ranging from drafting out the Store's floor layout plan to the final say on such matter as customer returned goods. In order to speed up work more authority should be delegated to the other functional departmental heads (supervisors). And he should be freed of these day to day operational details but concentrating on planning and appraising the overall performance of each functional activities.

CHAPTER VI

CONCLUSION

Problem 2: The intense competition of other Store 3 and the major promotional activities.

Introduction

After we have had investigated the various aspects of the marketing mix of the Store, it is time now to evaluate and appraise what are being practised by the Store at present are really adequate or appropriate. If not, what steps or actions should be taken to remedy or improve on the present programs.

It should be pointed out that despite the many appeals that the Store command, for example, the central location of the Store in one of the busiest shopping districts of the metropolis; the popular priced merchandise of the Store; the exclusiveness of the Store; its ultra-modern Store interior and window displays; its adequate selling service etc. etc., the Store is still confronted with the following problems:

Problem 1: Rule-of-thumb Judgement and concentration of responsibilities on one person.

The fact that many managerial decisions of the Store are still based on hunches and intuition is disheartening. Such deficiency is due mainly to the lack of qualified management personnel to carry out such important functions as purchasing and controlling. Although many of the senior store executives are men with many years of business experience behind them, their 'responsiveness' to new ideas, concepts are not very encouraging. Retail trading is dynamic, the ability to adjust oneself to new changes is paramount. The situation is aggravated by the many incidences of "memory failures" that are common under such management atmosphere.

The writer does not suggest that the experience of these men should not be properly harnessed, but, to increase overall efficiency and thus finally total gross profit, a more qualified man should be put on top of the store's organisational set-up.

At present, the Store's General Manager is the person who has overall responsibility of the Store. He is practically

buried with all sorts of jobs ranging from drafting out the Store's floor layout plan to the final say on such matter as customer returned goods. In order to speed up work more authority should be delegated to the other functional departmental heads (supervisors). And he should be freed of these day to day operational details but concentrating on planning and appraising the overall performance of each functional activities.

Problem 2: The intense competition of other Store's and the meager promotional activities.

The most serious retarding force in the Store's total effort to serve the customers is that there seem to be a complete unawareness or helpless oblivion on the part of the management in regard to the competitive situation they are facing now. It must be pointed out again that the Store does not face competition from the few parallel department stores offering the same types of merchandise alone, its greatest competitors are the numerous small independent stores operating all over other shopping districts of the metropolis.

Such negligence is reflected on the quality and quantity of promotion done by the Store. Practically very little advertisements are put up by the Store to remind or inform its potential customers compared with the activities of its main competitors. This is shocking. Such inertia is attributable to the 'unappreciativeness' of the management toward the impact of advertisement in retail trading, otherwise there is no reason why the Store should not embark on an extensive program of advertising. Fund requirement for this purpose is limited, but, such fund can be secured from other sources besides from the accumulated earning of the Store. Furthermore, without the repeat patronage of the Customers, the prospect for the Store to generate further revenue is doubtful. This involves the attitude of the management toward the problem of 'priority' or 'order of importance'. The Store does not advertise itself now because its profit figures have not shown itself up, but, one may question, how can the Store expect to attract more traffic while few people only know about its existence? Even those potential customers who know about its existence, they are just an inert mass which requires extra 'pushes' to make them to call at the Store. In other words, operating under such a competitive environment, with the customers having higher and higher income and thus more discretionary purchasing power, they must be rightly or timely motivated so that they will frequent your store.

What must be done now is a complete change of attitude by the management of the Store in this direction. Further delay will only aggravate the situation and later effort will not be so effective.

Problem 3: How to overcome the prejudice of the Customers?

It is noted many times earlier that the Store is using the fact that it is a reservoir of Chinese products as a main theme to appeal to its customers. It must not be forgotten that such appeal can bring some adverse repercussion to the Store's image also.

Not all customers are particularly obsessed with such an appeal. Many will be led to believe that their choices will be limited since the Store stocks only goods from one particular country. Furthermore, such goods, made in China, are not usually very appealing in terms of styling, fashion, and even quality. Consequently, some sections of the potential customers will have a prejudice against the Store. This is a big problem also because the Store never knows what the proportion of the total potential customers included in its trading areas is really having such attitude or prejudice toward the Store since no such customers opinion survey has even been conducted.

In connection to such problem, we see that advertising can do a good job to help correcting this wrong image of the Store. Or, alternatively, the Store must not stress, next time, in its promotional theme too much on this single exclusiveness alone. A more balanced and well thought out slogan should be used instead. The management must be reminded that entrenched prejudice is most difficult to remove later. As a start now, effort must be initiated to rectify or alleviate such prejudice if it is found in existence.

Problem 4: The problem of multi-departments.

We have noted the advantages that will accrue to the Store as a result of departmentising in the discussion earlier. But too many such divisions will create problems also. The main drawback of having such multi-departments is the problem of effective control. As we notice from what is being practised by the Store now, cash registers¹ are being used to control receipts from sales of each department. Each cash register has keys to record from separate departments' sales per day. Therefore a total of seven such cash registers are used for the entire Store (which is divided into twenty-eight departments). The first problem arises when a customer has bought a good and later found it unsatisfactory and wanted to return. Since the

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See Appendix II for the major arguments favouring the use of cash registers in retail Store. Adopted from Phillip and Duncan, op.cit., pp.571-573.

policy of the Store is not to return cash once goods are sold. What she can do is to return the unsatisfied goods to the department from which it has bought and exchange something hence. It often happens that the customer who returns the unsatisfied goods wants something else from other departments. And since the cash register is made to record each department's sales account; it cannot record such transferring of one department account to another. Well, the salespersons on the floor are just helpless, and the customer is often unwillingly persuaded to take something back which is of equal value as the returned goods but not something really to her need. This rigid system of department accounts control by each register has created a lot of grumbles from customers. Ill-will is thus created.

Another problem connected with rigid departmentisation is that the Store, besides totalling up the sales figures that appear in cash register at the end of each business day, no effort is made to cross check these figures with the amount of goods that goes out of the forward stock in each department. Although this is purely an accounting problem, we mention here because it is part of the inherent drawback found in the multi-department system of the Store.

To overcome the first problem of creating ill-will as a result of rigid departmentisation, it is suggested that a more flexible policy be adopted with respect to returns of goods by the customers. A special cash register may be used for such purpose for the entire Store, so that any adjustments made here can be readjusted by some accounting entry process at the end of the business day. With such flexibility, the Store can be expected to serve better their customers because the Store can ill-afford to mistreat its customers. Only goodwill can create repeat purchase, and only repeat patronage will ensure continuous and increased gross total profit over the period.

Problem 5: High margin and low margin goods are not balanced

It is important that constant watchout should be exercised to ensure a satisfactory sales relationship between high margin and low margin merchandise so that the Store may realise a profit or thus minimising any loss. It has been seen also that the Store has put many canned food stuff on the ground floor as the traffic creators. These are all low margin goods because their selling price per unit is relatively low. Thus far, the sales performance is seen to bear heavily on these low margin products and other more profitable lines (in terms of higher margin per unit) are neglected. This is not a healthy development from the point of view of securing a higher total gross profit for the Store. It has been pointed out to the writer by the management of the Store, in the immediate future the store is not

The solution to this problem still lies on the promotional efforts that the Store are prepared to undertake and its detailed mapping out of emphasis on each ad. Only through such publicity programs can the Store's customer attention be directed to other departments where other higher margins products are stocked. This, of course should not be done at the expense of the low margin merchandise which are selling like hot cakes at the moment.

Problem 6: Expansion and its related problems

When the Store first started operation in August 1967, three floors were only available as selling floors and the other three floors were used by the Store as warehouses. But, five months after its inception another selling floor is added to the initial three selling floors. Thus an alternative warehouse is found (at the back of the Store's building - a leased building) to make way for this new selling floor. The need for the Store to expand its business is ever-present. If further selling floors need to be added room is still available in the building. The eight-storey building is one in which the Store has four selling-floors and two floors used by the Store as warehouses. The remaining two floors are at present occupied by the Office machine importing firm - Olivetti Co., Ltd. In case the need arises, the Store can vacate the other two floors which are being used as warehouses and use them as selling floors and warehousing facilities must be found somewhere around the Store. Such a future expansion plan faces some problems also. If the warehouses are situated further away from the main Store transportation cost will increase. In addition to this, the speedy and effective replenishment function will be discounted. If the floor space occupied by another company is to be demanded, either a big compensation sum should be paid to the occupants to induce them to move away, or costly legal litigation may be involved to evict them. These are the physical problems that will be encountered by the Store in the future if any expansion programs then justify such acquisition of the property.

The other expansion problem is the need to establish a wholesale department when the need warrants. At present majority of the transactions of the Store are carried out through retail sales to both transient and regular customers who purchase a relatively small quantity of goods for personal or household use per shopping trip. If the Store hopes to increase its total sales volume, one way to achieve this targets, is to extend its sales to other smaller retailers in the metropolis and its satellite town - Petaling Jaya plus having its own salesman travelling to various parts of the country to secure business. The establishment of a whole sale department to take charge of this expanding activity is inevitable under such circumstances. It has been pointed out to the writer by the management of the Store, in the immediate future the store is not

concerning of extending into the wholesale field although it is stressed, such activity will be a natural sequence of the growth of the Store's business. The difficulties faced in establishing a wholesale department in the present organisational set-up of the Store are that heavier administrative load will have to be coped with, substantial amount of extra funds are needed to operate such department and more staff will be needed. I think all these can easily be overcome in case the expansion really warrants its establishment.

Problem 7: The poor performance of its sole privately branded product -- Leather footwear

In spite of the many advantages that are associated with private branding such as low prices and higher gross margins; greater price flexibility easy to switch suppliers; getting greater consumer loyalty etc. the Store now has only one product privately branded i.e., leather footwear. In other parallel department Stores in Kuala Lumpur, the use of private branding is extensive, for instance, Robinson's even has its private brand "Robinson's" for bicycles. And Globe Silk Store has its famous 'Don' shirts. The brand name "Emporium Selangor" for leather footwear is practically unknown to the public. Although too many private brands are difficult to administer, a few more will be just adequate. But, the hesitation of the Store to put other products under its own private brands may be due to the poor performance of the one already in existence. The problem here is not one of choosing the products to be privately branded but the problem of selling them. The failure of its sole private brand -- Emporium Selangor -- for leather footwear is attributable to the lack of publicity. It is not realized that with its promise of higher profit, privately branded products should be given due promotional 'push'. The Store is probably doubtful about the effect of committing extra fund to do the job of promotion. And the result is its unknown private brand which not only does not sell but creating a burden to the Store. Therefore, we observe that many problems that encounter the Store boil down to the fundamental problem of promotion.

A Program of Action

We have diagnosed, some of the problems of the Store, some need immediate action, others, action to rectify them can be delayed. All in all, the 'problem child' of the Store is 'promotion'. Its inadequacy or negligence has contributed to the many unhealthy symptoms that Store has now. Therefore, it is strongly recommended here that the Store management must take immediate action to re-examine its efforts in this particular area of its total marketing mix so that remedial actions shall be initiated to correct them. To achieve this, the following

steps must be followed.

1. A complete re-examination of the entire promotional activities thus far undertaken by the Store. Detailed information concerning the various past promotional activities should be tabulated for easy reference. Past informations that require classification includes:

(A) The total expenditure thus far spent on the entire promotional activities.

Detailed breakdown includes:

(I) Expenditure for newspapers advertising.

The Straits Times	.....	\$_____	per annum
Nanyang Siang Pau	.....	\$_____	"
China Press	.....	\$_____	"
Malay Mail	.....	\$_____	"
Utusan Melayu	.....	\$_____	"
Berita Harian	.....	\$_____	"
Others	.....	\$_____	"

(II) Expenditure for rediffuson advertising spot announcement \$_____ per annum

(III) Expenditure for outdoor advertising

Billboard	.....	\$_____	per annum
Store signs	.....	\$_____	"
Others	.....	\$_____	"

(IV) Expenditure for personal distribution Materials
Handbills and dodgers \$_____ per annum

(V) Expenditure for advertising within the Store

Window banners and placards	\$_____	per annum
Counter signs	\$_____	"
Window displays (estimated)	\$_____	"
Store interior displays(estimated)	\$_____	"

(VI) Frequency in which these media are advertised.

2. Examine what the competitors were doing during the same period in the past. (if these information are not readily available, observation should start now to keep track of what they are doing).

3. Compare what have been done by the Store with what the competitors are doing in the field of promotion. List down those theyStore are not doing.

4. Re-examine critically these findings and choose those most suitable for the Store, to be retained for use.

5. Initiate a program - A completely new one - to launch the newly found ideas into action.

6. Seeking the necessary fund and appointing the qualified personnel to administer it through.

7. Execute the new program or plan according the schedule, taking into consideration the dynamic situations of both the business world and customers' buying habits, etc.

8. Results of this new program must constantly be fed back to the management to detect any deviations so that either alternations are needed to the plan proper or certain portions of the plan should be completely abandoned.

9. Corrective action must be taken at this final stage to refine the pre-set program with the aim of ultimately achieving the overall organisational objective of the Store.

APPENDIX 1

The followings are the questionnaires used in the course of interviewing with the management of the Store.

Organization and Personnel

1. This is a limited Company. How is the structure of its share capital? What is the authorized and paid capital?
2. When was it established?
3. Before its establishment was there any feasibility survey, for instance, APPENDIX of customers that is well known, parking problem, great Kuala Lumpur Plan and traffic etc. undertaken by the management?
4. Do the Emporium in any way linked up with the Emporium in Singapore and the one in Penang?
5. Do you have a formal organizational chart? If yes, please show it to me?
6. How is the departmental layout? Do you have blueprints for the Store as a whole as well as each floor? Could show it to me?
7. How many departments are there in the Store?
8. Buying and selling responsibilities - are they separated or the responsibilities of the same person?
9. What are the buying procedures? For instance, how does and from where an idea to buy a certain merchandise is originated or originated? How orders are sent up to the delivery of merchandise by the suppliers to the Store?
10. As far as I know, most of the merchandise carried by the Store are goods made in China and these goods have a low price appeal. What is the main target customers whom the Store intends to serve.
 - 1) Upper income group
 - 2) Middle income group
 - 3) Lower income group
 - or 4) any combination of the above three.

11. How many categories are the staff of the Store divided into? How is the staff of the Store recruited, basing on academic qualifications, experience, on relationship, on recommendation of friends etc?

APPENDIX I

12. For salespersons - how are they recruited? Any preliminary interview carried out? Who compose the panel of interviewers?

The followings are the questionnaires used in the course of interviewing with the management of the Store.

Organisation and Personnel

1. This is a limited Company. How is the structure of its share capital? What is the authorised and paid^{up} capital?
2. When was it established?
3. Before its establishment was there any feasibility survey, for instance, the types of customers that it will serve, parking problem, great Kuala Lumpur Plan and traffic etc. undertaken by the management?
4. Do the Emporium in any way linked up with the chain of Emporiums in Singapore and the one in Penang?
5. Do you have a formal organisations chart? Could you please show it to me?
6. How is the departmental layout? Do you have plans and blueprints for the Store as a whole as well as plan for each floor? Could you show it to me?
7. How many departments are there in the Stores?
8. Buying and selling responsibilities - are they separated or the responsibilities of the same person?
9. What are the buying procedures? For instance, how, when and from where an idea to buy a certain merchandise as initiated or originated? How orders are sent up to the delivery of merchandise by the suppliers to the Stock-room?
10. As far as I know, most of the merchandise carried by the Store are goods made in China and these goods have a low price appeal. What is the main target customers whom the Store intends to serve.
 - 1) Upper income group
 - 2) Middle income group
 - 3) lower income group
 - or 4) any combination of the above three.

11. How many categories are the staff of the Store divided into? How is the staff of the Store recruited, basing on academic qualifications, experience, on relationship, on recommendation of friends etc?
12. For salespersons - How are they recruited? Any preliminary interview carried out? Who compose the panel of interviewers?
13. Does the company have any systematic programs for the in-service training of the salesforce? eg. Talk organised by the top management regarding the latest trend and development in the technique of salesmanship.
Educating them on such thing as style changes, fashion trends, customers buying behaviour etc.
14. What is your view of in-service training for salesforce? Formal types of training eg. organised class-room courses?
15. Who supervises the training of the salespersons?
16. How are courses for the training of the salesforce are conducted? eg. booklets explaining Store objectives and regulations, verbal instructions, morning meeting etc.
17. Who are responsible for the care and security of goods after they were placed in forward stock, for upkeep of equipment?
18. In case, there is any complaints from the customers will the management listen to them? How are these sorts of things handled?
19. Do you have a wholesale department here?
20. How is credit being granted? Who is responsible for identifying the customers for their credit worthiness?
- 21.2 Who is responsible for the efficiency of the salespersons?
22. Have the staff of the Store attempted to form their own union or join other existing unions?
23. What do you think, at least, in future, when some members of the salesforce agitate to form union, the situation will be for the Store?
24. How is the labour turnover to date?
25. How are the employees of the Store compensated?
 - 1) Straight salary with a without a purely arbitrary bonus?
 - 2) Salaries plus small commission or sales
 - 3) Quota - bonus plan.

26. Does the company employ any part-time workers in the peak seasons?
27. When are the peak seasons of sales for the Store?
28. How do you evaluate individual salespersons' performance?
29. Who assist buyer in the purchase of merchandise?
30. How many percent of sales are cash sales? C.O.D. sales? Charge sales or installment sales?
31. Any attempt to make more effective use of salespersons' time?
32. Is it important to schedule sales time so as to insure efficient service in all departments during peak sales periods and yet not be overmanned during inactive periods? How does the Store balance these two factors?
33. Does the business volume fluctuate widely throughout the Store as well as in individual department from the period to another?
34. Within a particular day, when are the peak hours? What days in a week?
34. What time of the year? With weather? With advertised Store wide sales?
35. Do you keep records of daily sales for each department? How is it carried out?
36. Shop losses : Do you employ any shop detectives? What are the main problems? What about internal theft? So far how many such cases are reported? How these arrested persons are dealt with? How to overcome this?
37. What are the expansion programmes and problems?
38. Has the Store management ever considered the provision of a ladies lounge, nursery or even a snack bar in the Store?
39. Any cheap sales anticipated?
40. How do you dispose of those slow moving and shop-worn merchandise?
41. Inventory problems:- Usually how many months of goods are kept on hands?
42. What are the types of costs involved in inventory carrying?
43. Where is the warehouse? Store-room? Is there any necessity for hiring extra storage space?

44. How the checking and inspecting operation is carried out?
45. How the Stock room people coordinate their effort with the sales floor people?
46. If there is inventory shortage or overstock what immediate steps are usually taken?
47. How long it will take for an order to be filled until the delivery of the merchandise to the warehouse?
48. How accounts are classified? By department, salesperson, merchandise or other criteria?
49. Since the margin is low, to maintain a large staff is costly. Do you have any plan of reducing the cost of operation by using more electronic equipment? eg. its inventory record keeping etc.?

Pricing

1. What is the pricing objective of the Store? eg. Profit maximization in the long term or short term basis?
2. What is the Store's pricing policy? eg. one price - no bargain.
3. What are your pricing strategies? eg. To price below competitive price and leader pricing etc.
4. Assuming profit maximization is the main objective of the Store, do you try to maximize total profit or profit on any particular goods? How do you achieve that?
5. Is the pricing policies of the Store to meet competitors' prices on every class of merchandise?
6. Is the relative low prices of the goods offered a short-run policy intended to build up a clientele or will such policy be continued in the long-run?
7. Your pricing policy is one that
 - 1) to price goods at market price
 - 2) to price them above market price
 - 3) to price them below market price
8. Do you give any discount? What about regular customers?
9. How do you reconcile your one-price policy with quantity discount?

10. What about durable goods, does the Store give discount?
11. Does the Store adopt the policy of selling to employees at a discount? Then, what is this discount rate?
12. Is the practice of resale price maintenance by the manufacturer of certain famous brands in any way affect the exercising of the discretion as to prices?
13. Do you think the increasing use of private brands controlled by the retailers themselves is a step toward reducing the encroachment on retailers' pricing function? Please illustrate the case of your Store.
14. When a merchandise is priced, are the factors of elasticity and inelasticity of demand taken into consideration?
15. Since the forecast of the nature of the demand and the action of the competitors is difficult, will prices originally set needed be changed when circumstances change?
16. eg. When demand increases or decreases. When replacement price increases or decreases or merchandise in stock deteriorates through physical change or obsolescence.
16. Is the wholesale prices, I mean the up and down of the wholesale prices, the main determinant of the retail prices? Will the Store itself absorb the small variation in wholesale process because customers prefer to pay the prices to whom they have been accustomed rather than to encounter numerous small up and down in prices set by the Store?
17. What about competitive pricing? The pricing policy of the competitors?
18. Do you employ any comparison shopper to find out competitors' prices?
19. What are the usual pricing problems confronting the Store?
20. How the various merchandise priced? Do you apply a predetermined markup percentage to all cost prices in establishing retail prices?
21. What is the mark-up policy?
 - 1) A particular markup percentage on one category of merchandise.
 - 2) A particular markup percentage on one particular department.
 - 3) A particular markup percentage for the Store as a whole.
 - 4) A particular markup percentage for whole range of products.

- 5) depends on demand
- 6) depends on competitors
- 7) others.

22. Prestige of the Store is an important factor that the Store expect to have a high markup - How do you attempt to increase the prestige of the Store through pricing?

23. Markup is the difference between cost and selling price. How do you calculate cost? In other words, How your cost is defined for purposes for markup calculation? eg. deducting from invoice total.

- I) the quantity discount
- II) the cash discount (do you deduct this) and
- III) add freight charges?

24. Do you try to provide a cushion or an extra margin as protection by not deducting the cash discount?

25. How flexible is your markup percentage?

26. What are the types of merchandised which are priced high to indicate good quality?

27. Do you have or plan to have a, eg. Dollar Fifty department or one-dollar department?

28. What about odd pricing, multiple pricing, and losses leader pricing policies?

29. I have seen that many of the prices tickets indicate prices like \$1.25, \$3.45 etc. Mostly not end in round figure. Can you tell me what is the logic behind this?

30. What are the conditions justified for a higher markup?

31. Price lining is particularly adoptable to (shopping) goods like clothing and home furnishing, in the popular price range. What are your Store's price lining? i.e. usually for what types of goods (convenience or speciality goods).

32. How many price lines does the Store carry?

33. When will you markdown a merchandise? For what reasons?

- eg. 1) buying or pricing mistake on retailers part
- 2) decline in wholesale price
- 3) shop-worn goods
- 4) for seasonal goods
- 5) returned goods
- 6) salespersons reluctant to push certain items
- 7) the 'odds and ends'

8. What 8) poor inventory control. I mean the main traffic creators? 9) during clearance sales.

34. Will markdown reduce the Store's gross margin? Is from other foreign countries or even from the local manufacturers?

35. Will customers be hurt by the sudden markdown? How do you overcome this type of problem? Please elaborate.

36. How large are the markdowns?

Promotion
37. Sometimes, instead of executing a price cut for certain items, it will be better to promote them? What do you think? Other activities of the Store?

38. When does the Store usually take markdowns?

2. It is said that advertising cannot succeed unless it is used a) taken to correct retail prices to which customers are not responding satisfactorily due to the fault of buying, selling or pricing.

4. b) those that are operational, representing shop-worn goods, remnants and broken lots.

5. c) used as a merchandising device to increase sales.

39. What are the steps taken to reduce markdowns?

6. How decision over such matter during what hours of the day? 40. What are the types of merchandise that require markdowns very often? Is it concentrated in a short period or spread over a long period? Are decided upon?

Products

7. What are the types of message, including copies and illustrations? 1. Can you give me a general classification of product types carried by the Store? Few copies?

2. Products in relation to floor strategy. I mean what are the types of merchandise displayed on each selling floor. Can you show me the floor layout plans? Why do you say that?

3. Private brands: How many are these used? Why choose these brands and these types of merchandise to be privately branded? 1) look at the competitors? 2) base on the percentage of past annual sale?

4. Where are the sources of supplies? Why? 4) decided by top management alone or in committee?

5. Any problem in packaging done by the Store? Confined to what types of products?

6. Does the Store carry also high priced articles? Is for its advertising campaign?

7. What are the products which are essential only from the viewpoint that they help to complete the lines of products carried and they are usually not revenue earners? Is of quality or values for money or some others?

8. What are the most popular lines, I mean the main traffic creators?
9. Besides Chinese goods, does the Store carry goods from other foreign countries or even from the local manufacturers?
10. How is the situations of shop losses like? Please elaborate.

Promotion

1. How do you co-ordinate your advertising campaign with other activities of the Store?
2. It is said that advertising cannot succeed unless it is used continuously. Do you advertise continuously?
3. What media are commonly made use of by the Store?
4. Who is/are responsible for the advertising campaign of the Store?
5. After choosing the media to use, how is the scheduling of the time decided upon?
6. How decision over such matter during what hours of the day over the air to make the spot announcement, in which page of the newspapers to advertise, whether the ads should be concentrated in a short period or spread over a long period - are decided upon?
7. What are the types of message, including copies and illustrations, used to communicate with the potential customers? Could you please show me a few copies?
8. How do you evaluate the effectiveness of your ads?
9. Which media are more successful? Why do you say that.
10. How is your advertising budget allocated?
 - 1) look at the competitors?
 - 2) base on the percentage of past annual sale?
 - 3) arbitrary basis.
 - 4) decided by top management alone or in committee?
 - 5) spend all you can?
 - 6) task method?
11. What is/are the main themes used by the Store for its advertising campaign?
 - e.g. a) In Saturday - family theme.
 - b) What emphasis - on department? image of quality or values for money or some others?

c) What it tries to associate? image of quality or values for money or some others?

12. The Store puts the emphasis on institutional type or promotional type of advertising?
13. What about festive seasons ads?
14. Is the Store engaged in such extra promotional activities like: fashion shows, free gifts premiums, participation in exhibitions, permanent display?
15. Window display - any change (say) over a week? Frequency of change, theme depicts etc?
16. What about special offers as a sales promotions' technique?
17. Do you always try to co-ordinate your window display theme with your advertising campaign theme?
18. Since the Store carries a large assortment of goods how do you decide upon the amount of display and the kind of display to give to certain items?
19. What about interior Store display?
20. Is cooperative advertising practised? I mean, you share the responsibility and cost with a manufacturer or wholesaler eg. resource's product advertised over your name with the resource paying part, say, 50% of cost.
21. Do you have any definite and concrete plan for ads?
22. As the population of the Metropolis are moving into the suburban area eg. Petaling Jaya and other reasons like traffic congestion and parking space problems, is the Store aware of such factors and attempting to use telephone order and mail-order as a means of maintaining contact with the customers so that to widen the Store's trading area?
23. How does the Store make use of packaging as a tool to promote its merchandise? Does the Store do any packaging itself and on what products?

6. Cash registers furnish a record of sales which may be audited quickly and economically. Under the so-called "floor-audit" system, for example, both cash and credit sales are rung up on a cash register which has been for classifying each sale by salesperson, type of sale, department or merchandise classification. Consequently, any moment sales totals for any salesperson, any type of sale, or by department or merchandise classification can be obtained from the cash register.

APPENDIX II

The major arguments favoring the use of cash registers in retail store.

1. Cash registers provide a fast and efficient method of serving customers who enter the Store. Customers expect and demand prompt, courteous service; and cash registers make this possible by allowing the salesperson to give the customer a receipt and change without a delay.
2. Cash registers are sufficiently flexible to permit handling peak periods of the day, week or month without confusion. The retail business is characterised by wide variations in sales volume, and such variations must be handled in the most economical manner and without upsetting the equilibrium of normal Store operation. Although management cannot control the occurrence of peak periods of business, it can, by the installation of a good system, minimize the confusion and reduce the expense of these periods. When cash registers are used, the covering of the daily or weekly peak problem is half solved because, instead of having to meet the situation at two points - on the selling floor and in the tube rooms - it is necessary to meet it at only one point - on the selling floor.
3. Cash registers are flexible on location. The mobility of most types of cash registers makes them particularly well suited for use in departments that have peak periods and seasonal changes on their fixtures and general layout. This flexibility of position, when properly carried out, reduces the failure of salespeople and increases productivity.
4. Cash registers are economical in the use of supplies.
5. The use of cash registers tends to reduce the number of packages delivered. Experience has shown that when the salesperson takes the customer's money, "rings" it on the cash register, and wraps the merchandise, the customers will in most instances take the package with her, especially small-bulk items.

Adopted from Phillips and Duncan, op.cit., pp.571-573.

6. Cash registers furnish a record of sales which may be audited quickly and economically. Under the so-called "floor-audit" system, for example, both cash and credit sales are rung up on a cash register which has been for classifying each sale by salesperson, type of sales, department or merchandise classification. Consequently, at any moment sales totals for any salesperson, any type of sale, or by department or merchandise classification can be obtained from the cash register. Both money and credit sales checks are placed on the cash register, so that auditing of the sales of each salesperson is reduced to balancing cash and sales checks covering all credit sales against the recorded sales. Because (1) the salesperson is no longer required to tally her sales, (2) sales by classifications are automatically available, and (3) the training of sales personnel in using sales check is simplified, the floor audit offers many advantages in addition to auditing economies. Even when the floor audit is not used, the cash register is an aid to auditing. Whereas poor handwriting of salespeople often results misinterpretation of sales check figures in the sales-audit department of store using handwritten sales checks for cash sales, cash-register tapes are clearly and legibly printed; and the chances of error in reading are very small. In a large store, for instance, the cost of auditing from sales checks as compared with cash register tapes is about 6 to 1. In other words, the numbers of transactions that can be audited by one girl from cash-register tapes would tax six girls to audit from sales checks.

7. Cash registers furnish adequate control of departmental sales operations for department managers. The customer counter (number of transactions) on cash registers permits department manager or floor superintendents to check the number of customers handled daily by each salesperson as well as at different period during the day. This permits prompt analysis to be made of some of the shortcomings of salespeople.

8. Cash registers provide a speedy and effective method for handling "cash-send" transactions as well as "cash-take" sales. When the sales check has been completed by the salesperson, it may be placed in a slot of the cash register before the amount of the sales is registered. Then through the use of a special key on the register, the sales check is stamped or authorised; the cash-register receipt is thus eliminated. It is unnecessary, therefore, for floor or central cashiers to be used; in this way, important savings are effected.

雪蘭莪百貨有限公司
EMPORIUM SELANGOR SDN. BERHAD.
71-75, Jalan Tuanku Abdul Rahman, K.L.

申請書

APPLICATION FOR EMPLOYMENT

(Please be guided by "Directions on use" on page 3)

請閱第三頁“如何填表法”

CONFIDENTIAL

(d)

(b)

(i)

(e)

Photographs are not Returnable.

Recent
Passport
Photo of
Applicant
相片

FOR COMPANY
USE ONLY

申請何種工作

1. POST OR TYPE OF WORK APPLIED:—

2. NAME & ADDRESS, ETC. 姓名及地址

中文姓名

(請用正楷填寫)

Full Name in Chinese

英文姓名

Full Name in English

(Please give full name in Block Capitals)

地址

Address

電話 住宅

Telephone No. (House)

辦事處

(Office)

3. PERSONAL DETAIL 申請人履歷

(a) 何日生 Date of Birth.....

(c) 何地生 Place of Birth.....

(e) 國籍 Nationality

(g) 公民 Citizenship

(b) Age at date 現在年歲
of application

(d) 出生証書
Birth Certificate No.

(f) 種族/籍貫
Race

(h) 宗教
Religion

(i) 何種護照及號數
Passport Type
and Number

(k) 居民証號數
Identity Card No.

(m) Old Identity Card No.

(j) 何處發出
Place of Issue

(l) 何處發出及日期
Place and Date
of Issue

(n) Work Permit No.

4. HEALTH 身體健康

(a) 請述身體內暗疾
Physical disabilities or handicap, if any (e.g. sight, hearing, speech, lameness, heart).

(b) 以前有發生意外疾病否請述大約日期
Illness or Accidents suffered since birth, with approx, dates

(c) 請繳醫生證明書
Please submit Doctor's certificate

5. EDUCATIONAL DETAILS 教育履歷

(Name in order the schools attended from the age of 6)

學校名稱 School/Institution	所在地 Country	入校日期 Date of Joining	離校日期 Date of Leaving	最高及格程度 Highest Standard Passed	年份 Year

OTHER EDUCATION 其他學歷

Languages

6. FAMILY DETAILS 家屬履歷

你結過婚否

(a) Are you married or single?

如已結婚請述結婚日期

(b) If married date of marriage.....

丈夫 / 妻子姓名

(c) Name of Wife/Husband

丈夫 / 妻子居民証號數

(d) Husband's/Wife's I/C No.

有幾個孩子

(e) Number of Children

孩子何日生

(f) Dates of Birth of Children:

(1) M/F (2) M/F (3) M/F (4) M/F

父親姓名

(g) Your Father's Name.....

父親之國籍

(h) Your Father's Nationality

父親做何工作

(i) Your Father's present (or past) occupation.....

母親姓名

(j) Your Mother's Name

母親之國籍

(k) Your Mother's Nationality

母親做何工作

(l) Your Mother's Occupation (if any)

請述你兄弟姊妹之年齡及做何工作
(m) Please list your brothers and sisters in order of age and give their occupations: —

	<u>Name</u> 姓名	<u>Age</u> 年齡	<u>Occupation</u> 職業
1.
2.
3.
4.
5.
6.

Have you any relatives in our Company? If so, please give their names.
汝有親戚在本公司做事否，如有請告其姓名。

.....

Give the name of anyone in our Company well known to you.
你有熟識人在本公司做事否，如有請告任何一人姓名.....

7. PREVIOUS EMPLOYMENT — including temporary work. 以前在何處工作—包括臨時工作
(Start with your present job and work back to the first)

由	至	何種工作	公司名稱	薪金	為何辭去工作
<u>From</u>	<u>To</u>	<u>Nature of Work</u>	<u>Employer</u>	<u>Salary</u>	<u>Reason for Leaving</u>
1.
2.
3.
4.
5.

其他經驗
OTHER EXPERIENCES:

.....

所得稅號碼

Income Tax Asst. No:

公積金號碼

E.P.F. Cert. No:

When can you start work with us if you are offered employment?
假使本公司同意錄用，你在何日能開始工作？.....

8. ACTIVITIES 生活情况

FOR COMPANY
USE ONLY

(a) What sports do/did you play? 你喜歡何種運動?

.....

有其他嗜好麼

(b) Present spare time hobbies, interests: —

.....

你有否加入各種俱樂部或其他工會

(c) Of what Associations/Unions were/are you a Member?

.....

.....

你在工會或社團有何種責任需要負擔?

(d) What positions or responsibilities did/do you hold in the Association or Union?

.....

其他參考

9. FURTHER INFORMATION & TESTIMONIALS

(a) 你有駕駛執照否?

(b) 你喜歡吸香煙嗎?

Do you hold a driving licence?..... Do you smoke cigarettes?.....

(c) **OTHERS** 其他

(d) **REFEREES** 請述二名對你熟識之姓名，地址，及職業，可使本公司調查你之情況

List the names, addresses and occupations of two referees and state whether we have your consent to approach them.

Name		Name	
Address		Address	
Occupation	Years Known	Occupation	Years Known
Relationship with Applicant		Relationship with Applicant	

I declare that the particulars in this application *and the sheets attached hereto, are true to the best of my knowledge and belief, and that I have not wilfully suppressed any material fact.
以上所填報者，全為確實無訛。

Should any false declaration be discovered after I am accepted for employment, I hereby agree that the Company reserves the right to terminate my services immediately.
假使錄用後被發現有假報事實，本人同意被公司無條件立刻開除職務。

日期
Date:

.....
Signature of Applicant.
申請人簽名

DIRECTIONS ON USE

1. Please read the form through carefully and decide on your reply before attempting to complete the form.
請詳細閱讀後再填入各項問題
2. Applicant should complete the form clearly (if possible use small block letters) and sign by him/her.
Two recent passport size photographs to be attached.
申請需用正楷填寫親筆簽名，並附相片式張(護照合用者)。
3. Copies of any certificates or testimonials should, if possible, be attached to the form. The originals should be brought to a subsequent interview.
如你有以前其他公司所出之証件否，請附副本一份在此申請書內，正本則備公司隨時查閱

