

DEPARTMENT STORE & SPECIALTY SHOP ADVERTISING AND OTHER EXPENSES

From Annual Report Just Issued by HARVARD University
Graduate School of Business Administration, Bureau of
Business Research; Study for Newspaper Advertising Men

DEPARTMENT STORES WITH NET SALES

Net Sales=100 Per cent.

Main Divisions Number of Firms	\$1,000,000 and Over		Less Than \$1,000,000		SPECIALTY SHOPS	
	1923	1924	1923	1924	1923	1924
	163	168	403	399	41	46
	Per cent	Per cent	Per cent	Per cent	Per cent	Per cent
Salaries and wages	15.4	16.2	14.2	15.3	14.8	15.9
Rentals	2.8	3.0	2.3	2.3	3.4	3.5
Advertising	2.9	3.2	2.0	2.2	3.8	4.1
Taxes	0.5	0.5	0.7	0.7	0.3	0.4
Interest	1.8	1.9	2.5	2.6	1.7	1.9
Supplies	1.2	1.3	0.65	0.75	1.1	1.1
Service purchased	0.6	0.6	0.7	0.75	0.7	0.85
Unclassified	1.0	1.0	1.0	1.1	1.0	1.0
Traveling	0.4	0.5	0.35	0.4	0.6	0.7
Communication	0.25	0.25	0.25	0.25	0.3	0.35
Repairs	0.25	0.25	0.2	0.2	0.2	0.35
Insurance	0.35	0.3	0.5	0.55	0.45	0.55
Depreciation:						
Losses from bad debts	0.2	0.25	0.3	0.35	0.3	0.35
Other depreciation	0.6	0.7	0.5	0.6	0.7	0.8
Professional services	0.15	0.15	0.1	0.15	0.2	0.25
Total expense	28.4	30.1	26.3	28.2	29.6	32.1
Gross margin	32.0	32.1	28.2	28.5	32.9	33.0
Net profit	3.6	2.0	1.9	0.3	3.3	0.9
Stock-turn (times a year)	3.7	3.5	2.4	2.3	5.9	5.0

COMMENTING on the showing, the Fairchild Publications, New York, the leading experts in the American textile and allied fields—manufacturing, wholesaling and retailing—have this to say on the sub-division of advertising

Rent and Advertising Costs Up

"Rental costs and advertising were higher in 1924 than in 1923 for stores in the \$1,000,000 and over group. The increases were 2 per cent and 3 per cent, respectively. While the rental variation was downward according to increase of stock turn, it was upward where the basis was the volume of sales and the size of the city. In other words, the highest ratios were incurred by firms with net sales of \$10,000,000 and over, and by stores in cities of 400,000 and over.

"The trend was not quite the same for advertising costs, the figures showing a low of 2.8 per cent in cities less than 50,000 population to a high of 3.7 per cent in

cities of 400,000 and over, but a low of 3.1 per cent of net sales for 20 firms, each with sales of \$10,000,000 and over as against a high of 3.3 per cent for 31 firms with net sales between \$4,000,000 and \$9,999,000. The medium of 3.2 per cent was made by 117 firms with net sales in the lowest volume class, between \$1,000,000 and \$3,999,000.

"Of course advertising as used in these calculations refers only to newspaper space costs and does not include those other items that come under the functional heading of publicity.

"It is significant to note in both these major expense items that whereas the advertising and rental costs are higher in the department stores with net sales of \$1,000,000 and over than in those stores with net sales of less than \$1,000,000, they are considerably lower than in the specialty shops whose reports were included in the study."

PICKING ROSES OFF USED CAR LEMONS

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TEN pages of ads of automobile dealers and their fellow supply and equipment dealers were carried in a recent single issue, and the whole stunt sold hosts of used cars off the dealers' hands. Mr. Overly said:

"I told all the automobile dealers that this paper was going to put on a 'Used Car Week' in Chillicothe. And that by co-operative advertising they could create a bigger market for used cars.

"Some of the dealers only wanted to use small space but, to combat that, I told them that they would only get out

of the proposition what they put into it. By using small space they could only expect small returns, and that what we wanted was big returns.

"Did they get it? I'll say they did. THEY SOLD 18 CARS THE FIRST DAY! And they were certainly very much pleased!"

"I went a little further and asked the dealers to print big signs on their show windows telling the people that it was 'Used Car Week' in Chillicothe. And they did as requested. Some of them even listed their cars on the windows! It all helped to make the event the fine success that it was.

"You, no doubt, know what the used car market is at the present time. The

CRAFTSMEN'S CHIEF Enjoys BROAD EXPERIENCE



GEORGE A. FABER

President, 1925-6, International Association of Printing House Craftsmen

THE new executive, advanced from the first vice-presidency, is the head of the Specialty Press, Milwaukee, Wis., and has given 26 years to Craftsmanship, beginning as "devil" at Rooney & Otten Publishing House, New York City. Subsequent connections were: New York Commercial, Appeal Printing Co., Law Printers of New York City. He learned all forms of machine composition.

For two years Mr. Faber "toured," working in many large cities from coast to coast, and Gulf to Canada. Since then he has been employe and executive with the De-Vinne Press, and the Winthrop Press of New York; Meyer-Rotier, Milwaukee; Feister-Owen Press, Milwaukee; J. W. Clement Co., Buffalo; Meyer-Rotier, Milwaukee; executive secretary, Milwaukee Graphic Arts Exposition (1924), and Specialty Press, Milwaukee.

Mr. Faber's experience includes sales as well as all other departments of commercial printing, and trade composition.

cuts I used in our special edition were collected from the cut service for the last three years. I want to say they certainly came in handy for, without them, the ads would not have been as effective."

Following this interesting stunt, Mr. Overly succeeded in putting on the Vacation Heading Contest-Ad page.