

Composition of Rug Inventory by Sizes

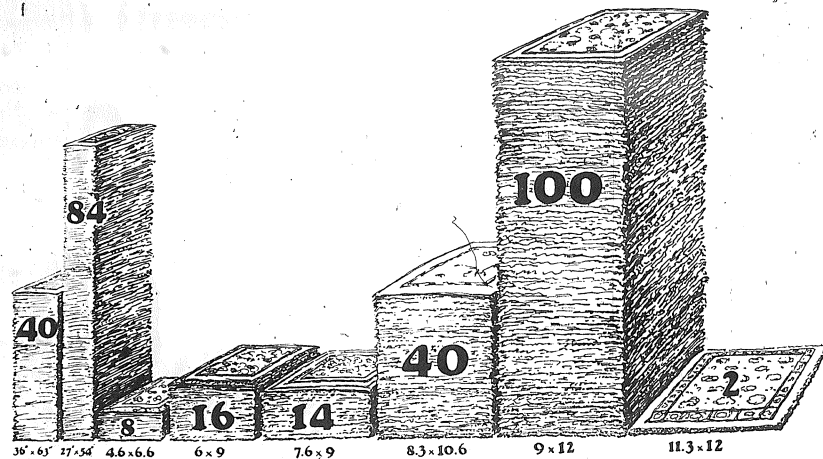


Figure 6

A similar breakdown of a \$100,000 inventory by weaves and grades in dollars follows.

| | | | |
|---------------------------|----------|------------|---------|
| Axminster | \$58,500 | Wilton | 8,000 |
| Smith | \$2,800 | Barishah | \$1,500 |
| Yonkers-Yonkers Special | 12,900 | Barazak | 900 |
| Carleton | 16,800 | Washington | 1,700 |
| Ardsley | 26,000 | Malabar | 3,900 |
| Velvet | 27,500 | | |
| Irvington-Meadowbrook | \$5,800 | | |
| Colonial-Palisade-Argonne | 8,700 | | |
| Katonah-Marvel-Fernbrook | 13,000 | | |
| Tapestry | 6,000 | | |
| Manor | \$3,100 | | |
| Nyack | 2,700 | | |
| Beacon | 200 | | |

Best Selling Patterns

In the development of such an ideal inventory it becomes necessary to prevent the acquisition of

It must be noted that slightly over one-quarter of the total inventory is in one axminster grade. It will also be noted that the number of wilton rugs is comparatively small—considerably smaller than tapestries—and yet the capital investment required to keep a balanced inventory will be somewhat greater.

Composition of a 5000 Rug Inventory by Weaves ~ by Grades ~ by Sizes

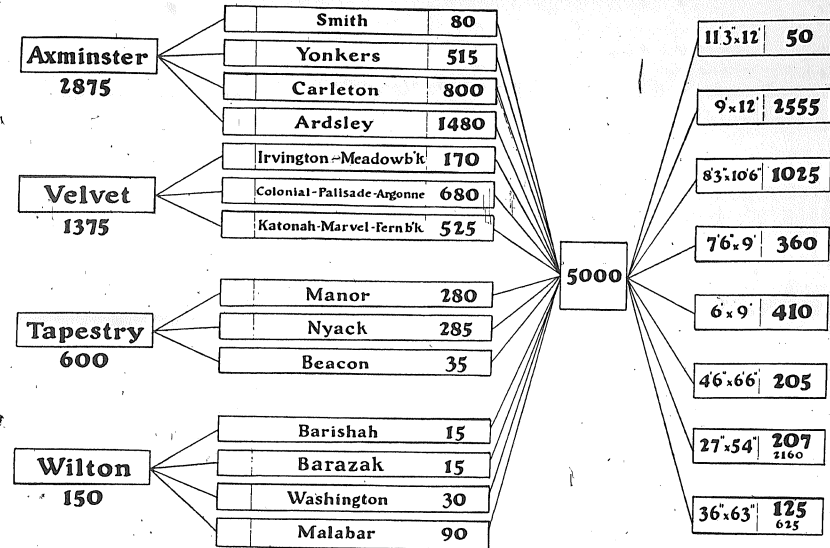


Figure 7

unsalable patterns. Hence Sloane created a Best Selling Pattern Service based on current information as to the relative salability of the patterns in each grade. This service applies to each grade—Smiths, Ardsleys, etc. Our study revealed that in a line of eighteen Smith axminster patterns one pattern will be so outstanding as to command 15 per cent of the total sales volume for that grade. The second will take about 11 per cent, the third about 9 per cent. In other words, only three out of eighteen patterns will account for 35 per cent of the total volume of all patterns.

As styles change, so the demand for specific patterns changes. Therefore Sloane continues to keep its Best Selling Pattern Service so that distributors may be currently appraised of the actual demand for specific patterns. The distributor who

avails himself of this service and purchases that merchandise which currently demonstrates its salability runs no risk of loading his stock with unpopular patterns that in a short time become "dead stock."

We appreciate that those patterns which have demonstrated their leadership on a national basis will not be the leaders in all localities. However, it is possible to control such a situation by applying corrective factors based on analysis of each distributor's own sales by patterns.

The Ardsley line consists of thirty-six patterns. The tremendous differences found in the Smith axminster line, consisting of only eighteen patterns, are not found here. Nevertheless, twelve patterns or one-third of the total number account for approximately 60 per cent of the total sales.