

power to wring large orders from unwilling buyers, much to the delight of his boss and the great profit of his company. He has gone the way of the war hero who leaped to the ramparts waving his country's colors and urging his comrades on to victory. Selling today, like trench warfare, requires careful planning and trained troops. Victory and profit go to him who has planned best and trained most carefully.

### Discussion

Charles P. Staubach, Chairman.<sup>2</sup> I have made note during Mr. Platte's address of certain points on which I should like additional information. As some of these may be in the minds of others here I am going to put them briefly and ask Mr. Platte to elaborate upon them.

1. It is my understanding from the paper that Sloane distributors do not handle competing floor coverings. They may be jobbers for non-competing types of floor coverings and other household articles but as far as Sloane is concerned they are distributors. If I am not right on this point I should like to be corrected.

2. The work of these distributors for Sloane differs from that for other manufacturers in that the Sloane plan, just described, suggests a restriction of territory for each distributor. They are shown that it is to their advantage to keep within this territory but their work for other manufacturers may take them far afield. Is this largely responsible for overlapping distributor territories or are there other reasons?

3. Mr. Platte stated that the factors in the establishment of zone prices were basic factory costs, distributors' profit mark-up, and transportation and handling costs. I suppose we can assume that the first two factors are practically the same in all cases and that the zone price is therefore a direct reflection of the distance of the distributing center from the factory. I am wondering, therefore, if the result would not be two different prices on goods offered for sale midway between two distributing points, for example, Chicago and Omaha?

4. I should like to ask Mr. Platte also how he arrived at the value of the annual total rug market. Many manufacturers would like to have an idea of the total possible market for the products they and

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their competitors are making. Some pointers on the methods of arriving at this figure for each distributor territory and each county would also be helpful to all of us.

5. And what was the guide used to determine what proportion of the total should go to Sloane in each territory?

6. I note that the Sloane total in each territory is broken down into weaves and that the proportion assigned to each weave varies widely in the different counties. If the method used in arriving at these variations could be described it would be very helpful.

7. It is my understanding that the difference between the Sloane quota in a territory and the distributor's quota is supposed to be made up by direct sales to retailers by Sloane and by the sales of other distributors selling in overlapping territories. Am I right in this?

8. Do distributors and retailers report sales figures? There are businesses where sales figures are received from distributors in such a form that they can readily be compiled in the home office by counties and related to the potential markets in those counties in the form of percentages. I assume that this sort of thing would require considerable effort in the case of the Sloane products but I am wondering if it would be considered worthwhile to try to do it.

9. Mr. Platte has stated that the distributor is expected to assume responsibility for only 80 per cent of the possible Sloane market even in the district immediately surrounding the distributing center. I assume that the other 20 per cent is carried by department stores and that in the districts responsible for only 40 per cent of the Sloane market the remainder is carried by direct outlets plus the distributors whose territories overlap. I am wondering if the quotas of these distributors include some percentage of the market in these outside territories or if it is considered satisfactory if the sales of distributors in outside territories offset the shortages in their own outlying districts.

10. I should like to know the distributing centers that serve western North Dakota and eastern Montana. There seem to be no overlapping territories in some of these far western districts and there would, of course, hardly be any direct outlets in these mountainous districts. Does the automobile-using salesman touch them and are the

results watched even though no quotas are assigned in these districts?

11. I am wondering if Sloane will not some day come to expect an 80 per cent return even from outlying territories because they are really close-in territories for the individual salesman?

12. I am wondering if Mr. Platte has considered having the county quotas appear on the county record cards to which he referred. This would be a simple device aiding the executive to judge results.

Mr. Platte. Mr. Staubach is correct in his first assumption.

2. On the second question, it is not only the fact that distributors have other products to sell which creates overlapping territories. Before this plan went into effect the distributor may have had a large customer 150 miles from his headquarters. This customer knows him and wants to buy from him, and the distributor wants to keep the customer. The connection is not going to be broken just because Sloane suggests a changed plan.

3. On point three, different prices do exist at points between distribution centers. Distributors quote prices f. o. b. the warehouse and add transportation charges. The center nearest the warehouse may be able to give a better price even in an outlying district because the more distant center, to sell to this same district which may be closer to this center, will have to send the merchandise back over some of the ground traveled and thereby add to the carrying charges.

4. We use the Department of Commerce figures on rugs and carpets as one of the factors in arriving at the value of the total rug market. Population and income—or buying power—figures are also used. I cannot go into the details of the method as that would require a three- or four-hour paper in itself. It will have to be reserved for another time.

5. We know something of the proportion of this total market which Sloane has received in the past and use that as one factor in determining what proportion should be assigned to them.

6. The assignment of different proportions to different weaves in the different counties is entirely a matter of buying power. If you have one county with a population of one thousand and an average buying power, while another county with the same population has an unusually high buying power,

the second county will receive a much larger proportion of Barrymores than the first because these are the higher-grade rugs. Each one of the counties has been analyzed and a weighting system worked out which enables us to assign the proper proportion of the Sloane market to the different weaves in each county.

7. Mr. Staubach is correct in his seventh statement.

8. We do not receive sales figures by counties from our distributors. Nor do we get sales figures from department stores. We should like to have these figures, of course, but at present we do not dare hope for them. Even if the mechanism for keeping this information were set up by the distributors I have some doubt as to whether they would let us have the figures.

9. Where a figure of 80 per cent of the Sloane market is used, we assume the other 20 per cent will go as direct sales to department stores. Where a figure of 40 per cent is used, the balance will go largely to mail-order houses and neighboring distributors, with possibly an occasional direct sale. Obviously as districts become more rural, the percentage of mail-order sales goes up. Thus in a district listed at 40 per cent for one distributor, the total sales on Sloane merchandise may be as follows: Distributor A—40 per cent; Distributor B—40 per cent; mail orders 15 per cent and direct sales 5 per cent.

10. As has been previously stated, the Minneapolis distributor will send a salesman out into North and South Dakota. Similarly the Spokane distributor will send a man east into Idaho and Montana, while Denver and Omaha will operate north and northwest occasionally. The territory is not sufficiently productive for a product such as Sloane's to warrant extensive cultivation by any of these distributors. To make a study to determine just what proportion of the market to assign to each distributor as a quota would not be warranted.

11. We do depend on the automobile-using salesman to some extent but I am not sure that we shall change our ratios materially in these districts. Some of the counties north of Minneapolis, for example, will continue to buy from the Chicago distributor. The freight charges are not important for an extra hundred miles or two after the merchandise is loaded on the cars. These people have been buying from this distributor for