

ANOTHER  
HARDWARE  
RETAILER  
EXCLUSIVE



*How does the future look?  
Are customers deserting  
independent hardwaremen  
to flock to other outlets? Can  
hardware retailing survive?*

### **A Profile of Tomorrow's Retailer:**

1. He can't be one-man band, doing everything himself (buying, selling, clerking, planning ads).
2. He must delegate—to spend his time managing.
3. He must train so that he can delegate.
4. He must plan—plan sales, plan addition of new lines, plan close-outs of dead items and/or old lines.
5. He must respond speedily to changes in consumer buying interests, shopping habits.

# HARDWARE GETS HARD

By Bob Vereen  
Editor

► Will the hardware retailer, one of the longest and strongest holdouts among the ranks of independent businessmen, survive the 70's?

That's a question many people are asking themselves as the 60's fade away. You hear it among manufacturers, who wonder how effective hardwaremen will be in competing with mass merchandisers. You hear it among wholesalers, who see some of their key retailer accounts joining someone else's program and thus observe their customer lists shrinking.

And you hear some retailers asking it as they learn of or see some of their fellow retailers quit the business.

Will hardware retailing survive the 70's?

*Emphatically . . . positively . . . YES.*

YES . . . if you can believe the honest, unbiased opinions of thousands of consumers telling you why they shop where they do and what they like and don't like about all kinds of stores selling hardline products. . . .

YES . . . if you can believe the remarkable turnaround achieved by many hardware retailers who were concerned half a dozen years ago about their very existence and who now are recording 20% and 30% sales increases annually. . . .

YES . . . if you can believe the optimism spurring retailers to open multiple units and to expand

# HARDWARE RETAILING

## ARE YOU READY FOR THE 70's

(to double and triple size) their original store units. . . .

YES . . . if you can believe the profitable performance of thousands of hardware retailers who are enjoying greater sales and more profits than at almost any time in their business history, except the lush post-World War II years.

If you believe these facts—and they are facts as will be demonstrated in this special report by HARDWARE RETAILER—then there are no reasons—other than apathy, ineptness or an unwillingness to change—why HARDWARE RETAILING IN THE 70's cannot be a prosperous, growth-oriented decade for this industry.

### A Change in Nature

Most hardwaremen couldn't make a living as statisticians. They wouldn't want to. And a lot of them aren't very cold-blooded about making business decisions. They tend to operate on emotion more frequently than they do on hard-headed logic.

They like people . . . and they like helping people solve problems.

While those are admirable and indeed necessary traits for every hardwareman, by themselves they will not suffice for retailers who want to exist and prosper during the 1970's.

Like it or not—and an increasing number of hardware retailers indicate they like it—success in the

70's will depend upon a recognition of the importance of statistics and data and a willingness to plan and budget toward predetermined goals, plus considerable self-discipline to adjust one's operation periodically to attain those goals.

But in an industry which has operated for more than a century with a very minimum of statistical data, business ratios or rigid guidelines, how can the typical or average hardware retailer prepare himself for the coming decade?

### New Data Presented

To help hardware retailers—as well as the manufacturers and wholesalers who supply this industry—prepare for the 1970's, HARDWARE RETAILER spent months this year developing new, vital data regarding the operation and profitability of hardware stores of all sizes and kinds.

A similar but smaller project 3 years ago produced some remarkable information.

It spurred hundreds—probably thousands—of retailers to take a new look at their businesses, make a new evaluation of the profitability of their stores, find out who their customers were and why some classes of customers preferred—or ignored—them.

Out of that pioneering research 3 years ago came several NRHA management programs, including two series of two-day seminars that

were the most comprehensive ever offered to independent hardwaremen.

This year's research project, undertaken to help hardwaremen plan profitably for the decade ahead, builds on the sturdy foundation of HARDWARE RETAILER's now-famous Store-Study project of 1966.

### Content with Too Little

But this year's research spreads out into vital new areas.

Perhaps most importantly, it discloses that the "typical" hardware retailer—if there is such a "critter"—has been far too conservative in setting business goals for himself, his employees and his store, and too content with mediocre performances by everyone connected with his business.

Such a low satisfaction-level should not—and cannot—be permitted to continue into the 1970's.

During the stormy 60's, some hardware retailers came down with a severe case of "tired blood." They either have gone out of business or are in process of withering away.

Fortunately, they are a minority in number and in type.

The hard-core of the industry is emerging into the 1970's with a more positive attitude and with an improved capacity to compete.

Thousands of retailers have forged strong buying and operational alliances with wholesalers. They are showing an unprece-

# Hardware Stores Improve Their Productivity

(Sales-per-sq.-ft. Comparisons of HR's 1966 and 1969 Store-Studies)

DEPARTMENT		1965*	1968
1	Hardware	\$57.31	\$ 64.83 (+)
2	Housewares	41.77	49.43 (+)
3	Plumbing & Electrical	69.74	88.09 (+)
4	Paint & Sundries	71.48	85.63 (+)
5	Sporting Goods	61.16	106.74 (+)
6	Hand & Power Tools	72.86	99.46 (+)
7	Lawn & Garden	81.58	54.56**(-)
STOREWIDE AVERAGE		\$57.78	54.40**

\*"The How and Why of Successful Retailing," October, 1966. (Reprint from HARDWARE RETAILER)

\*\*Lawn and garden sales data for 1968 includes huge outdoor sales areas of as much as 10,000 to 25,000 sq.-ft. which reduces sales productivity per sq.-ft. though actual dollar volume is substantially higher. In fact, all other departments are up over 1965 data.

## YOUR BUSINESS GOALS FOR THE 70's

Based on the exclusive research conducted by HARDWARE RETAILER for this special report, here are realistic goals that you should establish (and exceed) as HARDWARE RETAILING GETS READY FOR THE 70's.

- \$75 in sales-per-square-foot of selling area
- 35% realized margin (after shrinkage, discounts, markdowns)
- 3 or more stockturns a year
- 45% women customers—and more "family groups" shopping in your store
- \$6 in sales annually from every dollar invested in inventory
- At least 7% return annually on all assets employed in the business
- At least 10% profit on investment (net worth) after taxes (which would require upwards of 15% before income taxes)
- \$75,000 or more in sales-per-salesperson—and \$40,000 in sales-per-person-employed, which includes non-sales personnel

dedicated interest in professional management, which must be accelerated and become more widespread in the coming decade. And they are infinitely more aggressive and concerned about their need for advertising, promotion and improved displays and store facilities.

Despite all these positive factors, however, not all hardwaremen will survive the coming decade. But then, there are sure to be continued casualties in other forms of retailing too—as well as in wholesaling and manufacturing.

Some will fail because of advanced cases of "tired blood." Others will close because locations were wrong . . . or management was undercapitalized or inexperienced. For some, it will be time to retire and there will be no one interested in or capable of providing the capital needed to buy and perpetuate the business.

But the hardware industry, as an

industry, will not die, as some doom-prophets are forecasting.

Individual stores, yes. Individual wholesalers, yes. Individual manufacturers, yes. The industry, no!

Mark Twain once said, "The reports of my death are greatly exaggerated." So is the forecast of the death of independent hardware retailing.

#### Survival Assured for Most

Based on HARDWARE RETAILER's intimate analysis of 45 hardware stores operating in 15 states, an analysis spanning the past 12 months—and on less detailed observation of hundreds and hundreds of hardware stores while on editorial field calls—HARDWARE RETAILER knows—and will prove in this issue—that hardware stores have within them the seeds of their own survival.

The 45 stores participating in HR's 1969 Store-Study are typical of the industry as a whole. Some were outstanding operations—in store size, volume, turnover, margin management and net profits.

Others were average. A few actually did not achieve the performance of the averages reported in NRHA's Cost-of-Doing-Business Survey each year.

But most importantly, all of them—as do all hardwaremen—enjoy the consumer's confidence to a remarkable degree, to a far greater degree actually than anyone inside or outside our field had ever dared imagine.

"No brag, just facts" as one of last year's TV characters said.

#### Consumers Rate Stores

If any one fact could justify the considerable expense of HARDWARE RETAILER's 1969 Store-Study project, it would be the strength of "the good hardware store" in the minds of today's consumers, as documented by thousands of survey questionnaires and hundreds of personal interviews in more than 100 widely-scattered American cities and towns.

If the customer likes your kind of store . . . respects your salespeople . . . appreciates the broad merchandise selection you offer . . . and thinks you are generally priced "right," then how can any alert, progressive hardware retailer fail to prosper during the coming dec-

ade if he builds on those inherent strengths?

If the consumer shops your store 2 to 3 times a month (as our research discloses) . . . if he thinks of your store *first* for a surprising variety of products which are basic to your inventory . . . you enjoy that most precious retailing commodity—*store traffic*—to an extent you never expected.

Therefore in the 1970's hardware retailing's challenge will be not solely to generate *additional* store traffic but to utilize *more capably and efficiently* the store traffic it now possesses.

From a broad marketing viewpoint too, hardware retailing enters the 1970's on a positive base.

There is a larger population, with a far higher disposable income, seeking to move to suburbia, so the consumer potential is staggeringly huge for hardware-housewares-lawn and garden products. Today's apartment dwellers will become, in many cases, tomorrow's home buyers.

There is a greater need for hardware merchandise than ever before, and that's obviously why competition is eyeing this field so covetously. Competition keenly recognizes the wide gap that exists between the capabilities of the *average and above-average hardware retailer* and the *mediocre or marginal operator*.

Today's better educated, more affluent—yes, and more critical—consumer responds enthusiastically to the lure of modern store facilities and interesting promotional techniques, but he is increasingly impatient with merchandising or management mediocrity, in whatever store he finds it.

In the 1970's, the rewards for excellence are great; the penalties for poor performance disastrous.

#### Where We Stand Today

Where does our industry stand as it enters the 1970's?

While the number of retail hardware stores has declined recently, the average volume of remaining stores increased more than 20% between 1963 and 1967 Business Census, according to preliminary reports. And NRHA's and HARDWARE RETAILER's continuing surveys of hardware sales indicate that sales increases in the period

following the 1967 census have been even more dramatic.

Another very tangible measure of the industry's rejuvenation is the widespread acceptance of store programs, the hardware industry's uniquely loose form of "franchising." Whereas there were only about 8,000 hardwaremen aligned in working agreements with wholesalers 5 years ago, today there are more than 14,000 cooperating in various kinds and styles of programs, all of which are geared to providing retailers with improved buying concepts, higher turnover, and better coordinated merchandising and advertising.

The willingness of retailers to concentrate their purchases with one or a limited number of wholesalers is one of the more significant signs of industry change and vitality.

Wholesalers who are programmed vertically with hardware stores and hardware-lumber dealers have shown a remarkable growth pattern during the last few years.

#### Plan Now for Future

If you are a manufacturer wondering where and how to go to market, the following pages of HARDWARE RETAILER should help you formulate sensible and profitable marketing decisions for the 1970's.

If you are a wholesaler wondering how you can grow in the coming decade, the following pages of HARDWARE RETAILER will tell you how hardware retailers are going to think and operate in the coming decade so that you can plan your operation and program your activities to meet the needs of the *growth-minded retailer* most efficiently and effectively.

And if you are a hardware retailer, the following pages of HARDWARE RETAILER will provide realistic inspiration . . . practical guidance . . . and actual techniques . . . that will enable you to improve your sales volume, your margins, your turnover, employee productivity, and, most importantly, *your profitability*.

It might be immodest to call this issue a "blueprint for survival," but it certainly is a "blueprint for success." ◀