National association of wool manufacturers

Company AR’s: Euppenheimer’s and Alfred Decker and Cohn

Rickman Bros, Crawford Clothes, Bodn Clothes, Stein Bros, Howard Clothes, Brooks Clothing, Roxy Clothes, Pintex Clothes, Jos Hilton & Sons, Poreman & Clark American Woolen Company, Baker Clothes, D’Alonzo-Lancaster Inc, B. Kuppenheimer & Co., Lebow Bros.Society Brand Clothes, Inc.

Great American Woolen Company

BOOK: The American Wool Manufacturer 1926 Cambridge

NAtional association of wool manufacturers, American association of Woolen and Worsted Manufacturers, National Association of woolen and worsted spinners, the PHiladelphia Wool and Textile Trade Association, and the Boston Wool Trade Association.

: **Hart, Schaffner and Marx, Euppenheimer’s and Alfred Decker and Cohn**

**Adler Book - DONE**

Look to add in Timely Clothes end section:

[112-113 of Adler book says the takeover of McFarlin was to become a disturbing factor in the subsequent effort to ake over the Timely firm 4 years later. Go back and re-read it, might be useful]

[need some detail on how BVD controlled the Company]

[go back to 137… decline in eminence, fell to fifth][***I read this. Reads to me like it was fifth in number of manufacturers and not in volume. So just make sure census numbers right…says same thing on 145]***

[mentions decline partly due to less dressy attire]

**Causesof industrial peace under collective bargaining - DONE**

Go to page 3 and see chart

4: says Bond excluded from contract – confirm this is right with you

39: high variable cost biz, $2 profit on $75 suit

76: agreement on 76

**Economic Aspects of the production of men’s clothing - done**

(not sure if pages are PDF or actual pages?)

14: necessity for variation in sizes increased risk of making clothing in advance. Men’s clothing made on large scale earlier than women’s

14-15: large scale production from furnishing clothes for armies

23: look at chart

26: An important development of the industry during this period had been the rise of the factory system, under which clothing was produced in “inside shops” owned by manufacturers, instead of in sweatshops or in the contract-shops which replaced them.

Production in inside shops called for larger establishments than had existed earlier and facilitated the production of clothing of high quality. Several large firms began to specialize in the production of clothing of the highest grade and to advertise on a national scale

1914 to present. From 1914, when practically all men’s and boys’ clothing had become a factory product, the secular trend of growth of the men’s clothing industry could be expected approximately to parallel that of the population

28: table 2

36: Chicago and Rochester high quality, workmen very skilled

Go to pg 39-40

45-46: Since 1919 a decentralization movement has been clearly apparent; the industry has been moving away from the great centers in which it has been strongest and into many smaller places

46: Since the production of wool suits is more concentrated than that of other garments for which the industry is responsible, Chicago and Rochester would rank higher by number of wage earners or value of product than by volume of product

47: Most significant reason or concentration of the industry is the significance of labor in the production of clothing

48: low priced immigrants work for low wages

Footnote: the use of immigrant labor has not only tended to draw the industry to large cities but has largely determined in what cities it should develop. Other factors, such as the start and the location of the market have also been influential

Contract system also conducive to concentration of industry. Contract shops have not been able to operate efficiently without receiving more work than 2 or 3 small firms have typically been able to supply. Consequently, system called for a certain amount of concentration in the industry, although it has not in itself necessitated a location in large cities

Finally, firms have been prompted to locate in centers which have already become known as clothing markets in order that they may be available to visiting buyers.

Nearness to raw materials NOT a vital factor in the location of the industry

Movement away from larger cities past 15-20 years due almost entirely to changes in the demand for and supply of labor

50: additional factor which has reduced the need for concentration of the industry has been the increase of production in inside shops. Factories making their own clothing are able to act as independent units and neither require to be located near contract-shops nor draw such shops near them

50: contract system wouldn’t be possible if establishments were widely scattered over the country

63: both cities (NY and Chicago) have been losing establishments to other markets

67: Materials used in the manufacture of men’s clothing fall into 2 classes: piece goods and trimmings. Piece goods constitute the chief materials of which garments are made and are typically responsible for over 2-3s of the total materials cost.

Piece of cloth – the unit in which the material is purchased – is typically about 75 yards and from 56-58 inches wide. 67-68: 3 and one third yards are required to make a suit

60% or more of the wool cloth used by the men’s industry consists of worsteds, or cloth made of yarn in which the fibers have been combed parallel and twisted to firmness. Woolens, made of uncombed wool and less costly than worsted, have decreased relatively since the middle of the last century, when they held the field almost without competition.

69: American woolens and worsteds are manufactured largely in the east. Production is carried on in several hundred establishments, many of these are owned or controlled by a few large concerns so that only a few scores of firms compete in the sale of materials.

Footnote: the rise of large concerns in the woolen and worsted industries has been encouraged by the growth of large clothing factories demanding goods of uniform quality

Great American Woolen Company

BOOK: The American Wool Manufacturer 1926 Cambridge

70: Fluctuations in prices and the tendency of goods to go out of style quickly have made the carrying of large inventories extremely dangerous. Manufacturer of today usually buys his wool goods only in small quantities, to fill orders which he has already received.

When was economic aspects published?

70: In order to make deliveries without delay, the mills have been required to carry considerable stocks of goods; have suffered great losses from falling prices

Before Civil War woolens were sold on a cash basis – a practice which worked a great hardship on the manufacturers of clothing, since most of these were selling to southern and western traders and waiting many months for their own collections. As larger manufacturers sprang up, they were able to get greater concessions from the mills, until during the nineties long credit terms by the mills constituted a serious evil.

At present larger mills are firmly attempting to eliminate long running accounts. American Woolen Company recently sold on a basis of 3% discount in 30 days and allowed no extensions except in a few cases. Liberal rebates which until recently were paid for quantity purchases have been discontinued by many mills, or limited to purchases to large as to be beyond the reach of any but a few huge firms.

71: smaller mills have been unwisely generous in the granting of credit

Each season they have given clothing manufacturers many yards of costly materials for use as samples, and in some recent seasons it has been persistently rumored that whole pieces were being given away. These disparate efforts are harmful to legitimate cloth manufacturers and encourage rise of many small garment manufacturers who are deemed to eventual bankruptcy and who live only long enough to demoralize the clothing trade.

Since cost of piece goods has normally made up almost a third of the wholesale price of clothing, or has amounted to six times the average profits in the clothing industry, changes in the prices of piece goods have been of the utmost significance.

2 types of price changes have convulsed the clothing industry in recent years: 1. Changes due to the advancement of the season are almost always downward and are to some extent predictable. Occur because the cloth goes out of style very quickly. As season advances, mills cut prices in order to dispose of fabrics remaining on their hands. Competition has at times led some mills to cut prices very early in the season, until clothing manufacturers have begun to depend on such price reductions for buying their regular season’s piece goods. Led to smaller initial orders, and to even earlier price cuts by the mills.

The system has fostered the hand-to-mouth buying of piece goods and seasonal operations in the clothing industry, since no manufacturer has been able to buy his goods at the beginning of the (72) season and compete with others buying theirs later.

Footnote (to 71): of the 40,000 fabrics which the American woolen company offers each season, few, if any, can be exactly duplicated in the following season

74: while not the first machine to operate successfully, was the first to be put to general use in the American clothing industry. More widely used in making of uniforms during the Civil War

103-104: In the entire industry there are probably fewer than fifteen firms, producing perhaps an eight of the total product, in which stock can be purchased by outsiders.

104: Small capital requirements make a wide market for the sale of securities unnecessary

108: The value added by manufacture is the amount by which the value of the product exceeds the cost of materials. This measure is of advantage in indicating the significant of contract-shops, which supply no materials.

Recent increase in contracting can be credited largely to the growth in the demand for cheap clothing.

113: Only 3 other important centers – Rochester, Cincinnati, and Cleveland – have larger establishments than Chicago. NY establishments smaller than average, not surprising because NY depends greatly on contract-shops.

114: 3 great firms dominate the market: **Hart, Schaffner and Marx,** **Euppenheimer’s and Alfred Decker and Cohn**

127 and 128

146

148: special order clothing more labor intensive, requires more individual attention. Higher selling cost compared to ready-made

150: firms selling through agents have much higher selling costs than firms selling through dealers

172: Author’s belief that seasonality increased due to hand-to-mouth  buying movement of the retailers.

178: shifting part or all of the burden of seasonality to the retailer. The two greatest possibilities here lie in: 1. The offering of discounts to independent retailers as an incentive to earlier buying and 2. The ownership or control of retail outlets by the manufacturers themselves

179: not only would discounts have to be extremely liberal to induce retailers to risk earlier buying, but the plan would necessitate the co-operation of a large number of manufacturers, for retailers typically refuse to buy from a manufacturer until they have seen what his competitors have to offer

Although the control of retail outlets has been practiced chiefly as a means of guaranteeing volume, it has also been recommended as a means of reducing seasonality

Several manufacturers who have taken up the control of retail outlets have testified that that device actually does allow considerable reduction of the seasonal fluctuations

180: although the manufacturer is guaranteed a wholesale market for whatever he produces, he is not assured a retail market. Risk of manufacture in advance is not avoided, therefore, but is merely shifted from one part of the organization to another. In the opinion of many producers, the retail losses involved in early production are quite as great as the manufacturing gains. Consequently several manufacturers produce clothing for their own outlets on quite as hurried and seasonal a schedule as for independent retailers. Others sacrifice their retail profit in order to stabilize production. The large earnings of Richman Brothers during the twenties, according to one of their officers, were made entirely in the manufacturing end of the business while the retail stores were able only to cover their expenses

209

348: employment exchanges

395: since 1914, hand to mouth buying movement

Chief development have come in the selling of ready made clothing through retailers

Changes have been: 1. A growth in the size of selling units 2. A decline in the use of national advertising 3. An increased stress on price of national advertising 4. A growth in the importance of the chain store 5. A movement toward factory control of retail outlets 6. A tendency toward hand to mouth buying

397: increase resulted from the rise of the chain store movement. Probably that the increase in the size of buying units has, on the whole, been greater than that of the selling units, and that in so far as the changes have affected bargaining strength at all, the buying concerns have gained.

Decline in use of national advertising due to national reputations no longer assuring manufacturers of retail outlets as they once did. Retailers of today tending to stress their own names in selling, rather than the names of the makers of their clothing

Retailers spent years/money associating with well known brands of clothing, only to be left high and dry when the manufacturers of these brands have awarded agencies to other retailers.

405: Clothing industry has come to be one of the leaders in direct to consumer selling

Page 406 has table showing sales channels employed by the manufacturing plants

## 453-454: could be predicted with considerable confidence that the importance of labor in the productionof a suit of clothing would continue to decline

455: the ownership of retail outlets as a means of stabilizing production had succeeded only in shifting the burden from one part of the organization to another and was pretty thoroughly discredited. This selling method was consequently not expected to increase.

Direct to consumer selling of special order clothing also seemed to be on the decline. improvements in transportation which had made the city markets available to the rural population1 together with improvements in the alteration departments of retail stores, had robbed the specialorder business of much of its advantage.

517: Fair child index of retail prices: men's wear

531

Fashion Book

201: Rochester didn’t become important producer until after Civil War  
  
first clothing manufacturer in Rochester was a woman. Elizabeth Baker who in the late 30s made boys clothing

272: Cotton mills running at 80% capacity in 1914, woolen at 75%. US had about half as many cotton spindles as Great Britain.  
  
By 1914, men’s clothing production annual value was about $460 million, ten times the size a century before.

Between 1914 and 1919 came the greatest period of expansion in men’s wear industry but many issues were not conducive to successful continuity

288: value of men’s clothing produced during this period never again topped a billion as it had in 1919 and 1923  
  
During and following the first WW, prices rose rapidly while quality kept deteriorating in woolen and trimmings, and material purchases resembled stock market speculations. No matter what price was paid at the beginning of the season, materials were worth more at the end of the season. Constantly required a larger investment in inventory and many companies had their fabulous profits represented largely by high priced inventories.  
  
Woolen purchases due to merchandising practices in the clothing industry were bought nearly a year ahead. Inventory collapse came, was disastrous. Inventory collapse accompanied by an enormous drop in business. Cotton collapsed at the same time, dropping from 40 cents to 10 cents a pound  
  
Wool prices remained relatively high from 1924 to 1930

292: most business which weathered the slump of 1921 experienced a spurt of prosperity in the Harding and Coolidge administrations, but men’s clothing did not share in the easy money because the woolen industry instead of improving, staged a depression of its own which lasted for eleven years. None of the mills could make money. Their leader showed a loss of approx $12 million in 1924 and 1925 and about $4 million in 1926. Wool textile industry altogether lost $90 million in the 20s.  
  
The only time the industry got together was when political urgency demanded it when tariffs were being proposed. In 1925 only 60% of the woolen and worsted machinery was in operation. During the war much machinery had been added to keep up with government contracts, and now overproduction was made worse by underconsumption in the women’s market because of competition from fur coats and silk and later rayon dresses and suits.

310:

Bond’s also built on a one-price policy, got underway as a serious rival in 1924 and by 1938 it outstripped Richman’s and has held the lead ever since. Today its $10,000,000 Rochester factory is the largest clothing plant in the world, employing 6,500 workers at peak production. Bond’s was organized in Cleveland in 1915 though under the laws of NY. C.A. Bond of Cleveland was secretary-treasurer, HK Bond of Columbus was VP. PResident was HF Horwitz of Rochester.

In 1925 C.A. Bond retired from chain to start a Bond Brothers chain in the south with paid in capital of $200,000 and headquarters in Savannah. Southern Bond chain used the entire output of the Simpson Clothing Co. of Trenton.

311: By 1927 hundreds of new stores were being opened by chain systems every few months. 207 new stores opened in first half of year according to a survey of 150 organizations, which omitted at least another 150.  
  
Companies: Weber & Heilbroner, Capper and Capper, Roos Brothers, Knox Hat, Long’s Hat Stores  
  
By 1927 clothing manufacturers were clinging to retailers for support and protection, having been weakened by the monopolistic development of chain stores in the popular priced field. Big outfits demanded preferential treatment in the way of price cuts, returns of unsold stock, and delays in paying bills.  
  
Between 1925 and 1930 an increasing number of manufacturers by-passed independent retailer and opened retail stores of their own, to be assured of outlets. Others openly or secretly maintained both types of distribution. In 1926 Hart Schaffer began to acquire retail store subsidiaries. These today feature clothing, hats, shoes and furnishings and many have a women’s department. 2/3s of the firms production is distributed through independent retail stores with the other one-third being utilized in the firm’s own retail stores.  
  
By 1929 Hart Schaffer controlled about 200 stores and 1,000 others sold their clothing exclusively. J. Friedman and Co. were factors for Bond’s 22 stores. Levy-Brothers-Adlers line was sold y the Utica Syndicate.  
  
Outstanding in 1928 was the vertical combine formed under the holding company of Fashion Park Associates, the first of the gigantic vertical mergers marking the entrance of quality manufacturers into the chain field. This was a three cornered merger with Weber & Heilbroner and Stein-Block. The 20 retail outlets in this project had the largest annual sales of any men’s wear chain, around $35 million.

312: Another threat to the independent retailer especially in smaller cities and towns was the expansion in the department store field by mail order houses, which opened hundreds of branches. Some firms which had used direct selling dropped this method to form new chain ventures during the year.  
  
Paralleling the growth of chains during this last pre-depression year was a corresponding growth in group buying functions, which restored to prominence several groups who had been hovering on the fringe of the industry - resident buyers, jobbers, and wholesalers. Group buying, though it had bitter enemies as well as friends - was considered one of the outstanding retailing developments during the 20’s.

317: expensive discovery that stepped up advertising would not influence people to buy what they did not want was not confined to furnishings. Half dozen leading clothing manufacturers failed to maintain their position in the industry, despite enormous advertising appropriations. Some analysts even held that they temporarily lost their lead because of ad expenses, since they had to make their profits by lowering the quality of the garments.  
  
In middle 20’s advertising was called on to rescue the entire woolen industry from its suicidal tendencies, including unethical competition undercutting, violations of contracts in the buyer’s market, lack of price stability, dumping on an already overproduced market, and obstinate individualism.  
The woolen corporation of America appointed itself as the savior of the industry and began advertising in the Daily News Record in 1925-26.  
  
Five organizations in the primary and secondary fields of distribution: NAtional association of wool manufacturers, American association of Woolen and Worsted Manufacturers, National Association of woolen and worsted spinners, the PHiladelphia Wool and Textile Trade Association, and the Boston Wool Trade Association.  
320: General Maximum Price Regulation issued by the Office of PRice Administration on April 21, 1942. This regulation established ceiling prices for all commodities at the highest price charged the previous month, though most clothing delivered in MArch had been sold at prices based on lower material and labor cost during the previous selling season. Manufacturers who had received relatively high prices for their MArch output had a decided advantage over the rest of the market.  
  
During war years mill prices of fabrics went up and so did the cost of labor, so that by early 1945 the clothing manufacturer was being squeezed between the regulation and increased operating costs.  
  
Charles Bowles, OPA administrator, was petitioned by the Clothing Manufacturer’s Association of the US and others to clear up the confusing situation. HE appointed an industry advisory committee to help draft the new price regulation on April 16, 1945, which fixed the ceiling price on clothing by adding the manufacturer’s customary markup to the current cost of material and labor.  
  
During the banner year 1946, the average clothing manufacturer made a profit of only 5.01% after taxes, according to Dun and Bradstreet compared to a profit of 3.3% for the preceding five-year period. During that year expenditures for new machinery more than doubled the amount averaged during the war years.  
  
WPB did not ration clothing, except shoes, although under considerable pressure to do so.  
  
In 1946, orders of manufacturers continued to exceed their ability to supply the great demand. Inventories in the hands of retailers were unduly low. Cottons and other lining materials remained in short supply. Limited ability of skilled labor in the industry remained the principal impediment to (321) market expansion).

321: wages nearly doubled since 1939. Many firms passed on only a portion of these increases, absorbing the balance in order to maintain conservative pricing policies.  
  
Production of men’s wool suits showed a decrease during the war years despite the rise in population because so many men were in uniform.  
  
PRODUCTION TABLE ON PG 321 OF MEN’S WOOL SUITS, TROUSERS, OVERCOATS AND TOPCOATS, SEPARATE COATS.  
  
Approximately 1816 manufacturers made up the industry in 1947, and sales in men’s and boy’s clothing amounted to $1,500,000,000 at wholesale prices in 1946. In 1948 there was a 10% reduction in dollar volume compared with the previous year due to declining prices. In 1947, according to the department of commerce, the various markets produced as follows: Rochester was 6.3% of total men’s suits. NYC was 36%. Philly 14.5%. Baltimor area 8.5%. Rochester area 6.3%. Little change in importance in the various markets in the last 10 years.  
  
Always a worsted industry, men’s wear industry continues in this tradition, but with a shift away from sharkskins to semi-finished or mill-finished worsted. Geared for wartime production, the textile industry can make appreciable profits only in wartime. Postwar demand maintained production at satisfactory levels for a couple of years but last year production and profits went down.  
  
After being called a hidebound group for many years, the woolen and worsted mills are now more laboratory minded and there is more interest in experiments, improvements and innovations which their experts are carrying on. Many improvements mechanical. New spinning methods from Switzerland are being tried out and a Cleveland firm is now working on a new loom which is the first major innovation since the Compton & Knowles automatic loom.  
Export situation stymies, some in trade are uneasy about progress being made by imports.  
  
About 400 separate, independent organizations comprise the woolen and worsted textile industry today. They attribute increases in fabric prices not to excessive markups and prices but to government policies, inflation caused by these policies, and the usual concomitant of war. 75% of cost of fabrics is raw material and labor. Cost of wool is controlled by the American and British governments.

322: price of wool went up 50% in first two years following the war.

335: Rochester clothing market more than a century old. Federal census of 1860 listed 1,555 clothing workers in Rochester and its output at $1,183,403. Apprentices received 25-50 cents, skilled workers $1.60 to $3. Today with some 14K employees, the clothing market is the second largest employer of labor in the immediate area. Rochester long had the reputation of being the country’s leading quality market. Although only 13 clothing firms are in operation in Rochester, about 1% of the total number in the country, they account for about 6% of total sales which reached $74,815,000 in 1946 and approximately $80,000,000 in 1948, but dropped in 1949 during the general business recession. The market produced six nationally advertised brands of clothing. Other outstanding men’s wear trades include neckwear, belts, jewelry and suspenders.

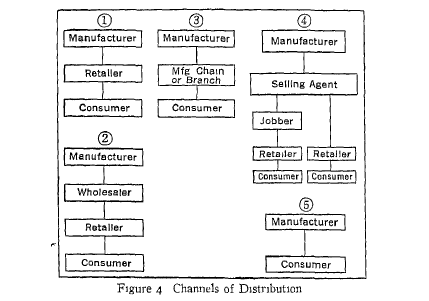
Men’s Wear Merchandise Ken Dameron

27: This last store type was seriously alarmed over the competition of the department store, later the mail order department house, and now the chain store. Chain store competition has been so effective as to make necessary a separate discussion of men’s apparel chain stores. Chain store superior merchandising technique, independent retailers careless

31: wholesale distribution of men’s wear is characterized by direct rather than indirect marketing. Suggests that the number of wholesalers or jobbers in the men’s apparel trade is diminishing and many of these have turned from wholesaling to manufacturing

Many producers of men’s apparel are anxious to name the retail price. Indirectly done so through the media of the exclusive agency and suggested prices. Resale price maintenance is supposed to have a stabilizing effect and to minimize the evils of price cutting

129: men’s wear trade roughly divides itself with respect to channels of distribution into two divisions. Men’s clothing and hats are in most cases, sold direct to the retailers, or though manufacturer-owned stores. Boys’ clothing is also sold direct. OTOH, a large list of items included in men’s furnishings may be sold direct to retailer or to the retailer via the wholesaler and jobber. Trend rather definitely toward the more direct sale



1. Manufacturer to retailer to consumer
2. Manufacturer to wholesaler to consumer
3. Manufacturer to manufacturers’ chain or branch store, to consumer
4. Manufacturer to selling agent, to jobber, to retailer, to consumer (in some cases) from selling agent direct to retailer to consumer)
5. Manufacturer to consumer

(these tie to the chart above)

136: unit store sometimes referred to as the independent. “a unit store is one which is owned and operated as an independent unit and which handles a limited line of merchandise”

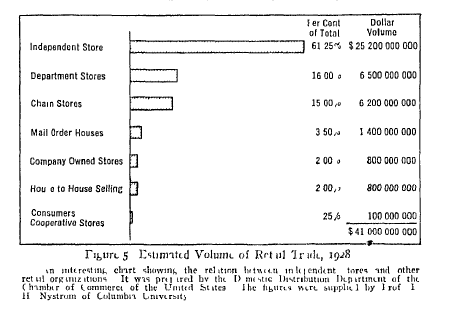
At present time, unit store the principal retail outlets for men’s apparel.

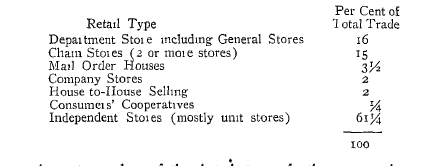
In the retailing of men’ apparel, unit stores are in a sense specialty shops and as such are to be wholly differentiated from the unit stores which distribute convenience goods

136: can be individualized/customized to local needs

137—138: unit store at a disadvantage compared to department store if individual wants to concentrate on family purchasing

138: unit store more susceptible to business cycle





146: department store is the most typical shopping institution of all the various retail types

Department store has advantages of large-scale retailing. Necessary accounting and control systems necessitated by the elaborate department organization. Has better control systems than unit stores

To be able to sell clothing for entire family is a decided advantage

148: department store has high opex

150: great bulk of men’s apparel is distributed through unit stores. Recent years department stores have been stressing their men’s departments

157: chain store comprises one of the units of a given chain store system. Chain store system may be defined as a group of stores handling similar lines of merchandise under a single ownership and centralized management, with similarity of merchandising policies but a (158) decentralized location

158: in general, a chain system exists whenever two or more stores operate under a common ownership in management and have a like merchandising program. Stores must have certain features of a uniform merchandising system. Typically have common policies and practices

Advantages: realizes economies of scale/buying advantage, with selling advantages from accessibility of its retail units

159: order size appeals to manufacturers and groups of manufacturers. Chain stores employ better buyers. Size and knowledge

160: chain store doesn’t have sufficient individuality for the distribution of style goods

165: manufacturers’ chains occupy a dominating position in the retailing of men’s wear

Manufacturers’ chains have developed along 2 closely related lines: 1. Manufacturer who distribute their entire product through their own retail stores 2. The practice of producers’ securing a substantial financial interest in a # of retail outlets for the purpose of securing more adequate control of distribution and of minimizing some of the risks incident to the distribution of clothing. This major trend generally referred to as a vertical integration, that is production and distribution within a single organization. Richman Bros an example of the first type. 2nd type, Fashion Park Associates. Fashion Park secures a control of a # of retail outlets sufficient to insure steady distribution. The specific inception of the Fashion Park Associates came as a result of a combination with what was already a powerful chain in the better class field. This type bringsthe chain store into a new price field. The low end of the biz taken care of by Richman Bros and concerns of similar type

176: wholesalers want to help retailers, following plans to assist retailers noted: 1. Factory prices to retailers 2. Organizing cooperative buying associations 3. Assisting the retailer in the improvement of his merchandising methods 4. Price leaders

216: with a policy of hand to mouth buying, the losses due to demand changes are at least shared between the manufacturer and the retailer

261: manufacturers of advertised goods frequently suggest the price for which their product shall be sold at retail. Wholesale distributors of men’s apparel have a subtle way of suggesting prices and withdrawing if retailer deviates too far. In suggesting these prices, the wholesale distributor plans to allow a satisfactory margin for retail expense and profit. Suggested prices are also a factor in minimizing price cutting

377: capital requirement to become a retailer is small and often wholesale distributors will finance the individual

378: The Census of Distribution discloses the fact that 35% of the men’s retail clothing and furnishings stores (independents) do only 3% of the total business of such stores. Obviously these stores, in many instances, are not making a profit, and they no doubt, are quite sure that too many are engaged in retailing men’s wear

381: in the retail clothing business, peak seasonal sales occur in such months as November and December, and April and May February and August are characteristically dull months

392: direct selling the dominant method of distributing men’s apparel

Most items of men’s wear are of such a seasonal nature and possess such style elements as to lend themselves to direct selling. Couple with his is the localization of the men’s apparel industry, which makes it easy for retail buyers to go to market and purchase a large portion of their orders direct

395: use of indirect selling found where: 1. The demand is undeveloped 2. The items are small and not of a seasonal nature 3. The producer is unable to organize and finance a direct marketing program 4. Items are imported 5. Rapid style changes are not so prevalent

Wholesaler and jobber refer to those middlemen who buy from the manufacturer and sell to the distributor

Selling agent is an intermediary between producer and retailer although his relations with manufacturers are not always marked by the outright sale. Not infrequently, he sells to wholesalers. Manufacturer’s agent occupies a similar position

397: wholesaler a specialist in distribution, better able to interpret the market. Establishes direct contact with the retailer

398: wholesaler aids in stabilization of production because most production precedes demand rather than follows it and the wholesaler is there to take the product and redistribute it to the retailer

Wholesaler activity greater in distribution of furnishings such as shirts and collars, knitwear and hosiery

400: the change from selling to wholesalers to selling to retailers is an expensive process. To secure the trade of retailers so as to be able to sell to them direct requires heavy advertising and selling expenses, which only the largest and strongest manufacturers can afford. Even after a trade with retailers is established, the cost of selling to them direct is much greater than the cost of selling to wholesalers or through commission houses or agents. In selling to retailers, more accounts are carried, a larger credit force is necessary, longer credits must be given, and there is greater liability to losses owing to failures of customers.

With some manufacturers who sell to retailers, the cost of advertising is a considerable proportion of their total selling expense

In selling to wholesalers, the manufacturer has the advantage of knowing at the beginning of the year just about how much business he will do, a e secures his orders in advance

408: wholesale distribution of men’s wear is characterized by direct rather than indirect marketing. History of men’s apparel distribution has been marked by a shift from indirect to direct methods

Number of wholesalers in men’s apparel trade is diminishing and many of these have turned from wholesaling to manufacturing

Most retailers don’t pay cash

Many producers of men’s wear are anxious to name the price at which their product is to be sold to the consumer

409: the selling problems of the wholesale distributor differ from those of the retailer, in that the wholesale distributor must not only consider consumer demand, but the problem of satisfying that demand through retailers

428: time was when national distributors of men’s apparel would point to an 80% or 90%distribution in a certain market

429: wholesale distributors report that, in some instances, from 5% to 50% of their accounts are unprofitable

487: A third period of development of the men’s clothing industry in the US is marked by the beginnings of ready-to-wear clothing and dates from 1830-1860. First ready-to-wear clothing garments in the US were made about the year 1830 and were intended for sailors on whaling ships.

**489: The period of 1900-1920saw centralization of the manufacturing process and the erection of many splendid clothing factories. This centralization is referred to as the “inside factory system” as distinguished from the contract system**

**In general terms, it might be said that before 1900 all men’s clothing was made by unnamed manufacturers. Since 1900 however national advertising and clothing that bears the manufacturer’s name have become the rule rather than the exception**

**It is these two factors, perhaps, national advertising and branded merchandise, that have been the aggressive, determining influences toward the development of the large-scale production which the last 2 decades have witnesses**

490: inside factories are the typical large-scale factories centralizing all the operations in the making of men’s clothing in a single building or group of building. All he productive processes are under one management and no part of the work is “farmed out”. The establishments in CHI, Rochester, Baltimore, Cleveland, and St Louis are in the main ‘inside factories’, little or no work being let out to contractors. In NY, “contract” production predominates

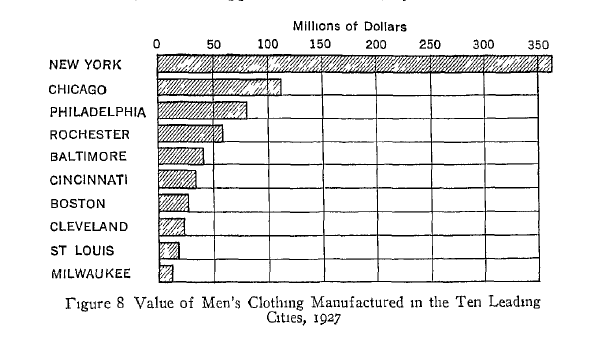
Contract shop, or outside shop, is the oldest form of production in the making of clothes since the development of the ready-to-wear industry. Great majority of producers of this time, the so-termed manufacturers of the 70’s do not engage in manufacturing at all. They finance the buying of cloth, have it cut in their own shop to their own standard pattern, and then turn the actual tailoring (491) of the garments to contractors who bid against each other for each contract.

491-492: The technical advance of the industry has proceeded along two main lines: 1. The preservation and improvement of those processes where hard-work makes for quality and a superior product, with, at the same time, a development of machine technique to the point where the scale of operation can become fairly large, in other words, a perfection of the (492) division of labor between handicraft and machine technique. The concerns generally referred to as quality producers work along these lines, featuring in their sales appeal to retail distributors and consumers, both their hand and machine work. The term “customize” has in part come to signify this development.

493: On quality, Rochester unquestionably comes first, followed closely by Chicago

On volume of biz,: NY, CHI, Philadelphia, Baltimore, Cleveland, Rochester, Cincinnati, STL, and Boston

494:



501: Inside factories have a more uniform production throughout the year than contract shops.

Appendix (522)

538: growth of men’s clothing industry 1849 to 1925

Page 539, centers of production for men’s clothing

Needle Trades

13: The business mortality rate is correspondingly high, the average life of a men’s clothing firm, for example being only seven yers  
  
When Hamilton made his famous Report on Manufcturers to Congress in 1791, he estimated that in many districts the majority of people’s clothing was made by themselves.  
  
14: The first real ready-made clothing industry, however, did not develop until bout. Century later, s n outgrowth of the trade in men’s second-hand clothing.  
  
The manufacture of ready-made clothing had become a thriving business by 1835, though it was practically limited to men’s and boys’ clothing of the cheaper grades and to shirts.

15: The Civil War gave a great impetus to the manufacture of ready-made clothing, with large orders for uniforms given by the government to private industry. It was discovered, moreover, that certain combinations of measurements occurred over and over again, and (16) this essential knowledge of human proportions prepared the industry for large scale production of ready made garments for civilian use.

130: go back to 87-89

144: The amalgamated, likewise, experienced its share of difficulties in the trying days that followed the war. Only one large Rochester firm, Michaels stern and co., Did not subscribe to the agreement that the employers Association of that city side with the amalgamated early 1919. When the Amalgamated Called a strike against Michael Stern later in the year, the firm sought aid from the united garment workers, besides obtaining injunction and filing against the amalgamated for damages of $100,000 the union was alleged to have caused it.

[**I think I wrote it was Bond Clothes… verify, make sure you’re right]**  
  
Well the strike was in progress the amalgamated was investigated by the Lusk committee, which ended set up by the legislature of New York State to investigate Bolshevism, without an opportunity for the officers of union to be heard in defense. It was only 1 of 5 important damage suits up with the unit was at target in it.

246: some of the larger employers, particularly in the men’s clothing industry, have sought to combine welfare work with the open shop. More typical of the needle trades is in the effort to move beyond the reach of the union, or to send work to nonunion centers

276: saul Emily price competition?

333

334: Census valuation of the product is based on wholesale prices and that the cost to the consumer, on the average, isabout 65% greater

340 and 341: number of establishments, wages and value of products, etc.

Notes from annual reports

TC

1946

Page 17: Seller’s market of the last few years is changing to a buyer’s market. The growth of chain stores, vertical operations, and other large buying and selling combinations constitutes a genuine challenge to the independent retail clothing store.

1949 AR: 8: Sol Heumann, Chairman and founder passed on September 10

1950: Page 6: “At the beginning of the year an atmosphere of uncertainty prevailed throughout our industry. Prices of raw materials had, by then, suffered a decline and the reaction to this was sluggish consumer buying. As a result our consumers were extremely conservative in their advance commitments. Toward mid-year the trend began to change and shortly after the Korean crisis in June, prices of raw materials strengthened appreciably.”

7: Price of wool began to increase sharply and there’s every indication that they will rise higher during 1951. Customers placing larger orders. Labor increased 12.5 cents an hour. Overhead costs rising in common with the national economic spiral. Expected that new tax legislation will contribute further to higher costs.

1951: 6: Pronounced and disturbing price fluctuations of wool which is the chief component of our manufacturer products. Early in the year an unwarranted wave of consumer scare buying occurred, which in turn caused our customers to buy somewhat beyond needed requirements. Then a sudden general decline in soft goods volume, with the result that during the latter half of the year retailers became burdened with heavy inventories in relation to sales. Sales still up 19%.

Because of a favorable excess profits tax base, earnings for the year are not subject to excess profits tax

7: Erratic period of unstable prices of raw materials used in our manufactured products, prices have now settled to levels where we believe them to be less subject to any great fluctuation, barring unforeseen conditions or all-out war. Direct labor costs remained at the same level throughout the past year.

One store less was in operation for eleven months of the year. One unit couldn’t be operated profitably.

Bond Stores

1949:

P 3: The change from a sellers to a buyers market has resulted in a rejection, except at sacrifice prices, of merchandise of the substandard type and character generally offered during past periods of scarcity. The buying public has reverted to demanding quality merchandise at fair prices

5: unit sales in retail apparel industry fell. Because of this the use of the manufacturing facilities of its new plant in Rochester has not expanded as rapidly as ancticipated at the time of completion

Summary 10 year financials: page 6

1950:

3: Early months of last year reflected a decline in retail apparel purchases, which trend was arrested by mid-year.

Raw material shortages – possibility of a change from a buyers’ to a sellers’ market

As a result of the improvement in the trend of apparel purchases and cost ratios, your management is optimistic about the immediate future. In the period ahead controls on business and the defense program will have a marked effect on civilian economy which makes it undesirable to make projections beyond the next several months. Confident that operating profits in 1951 will be good.

5: Prior to the establishment of price controls many of our raw materials and products had increased in price. Increased prices are particularly true in respect of wool which is not now subject to price control.

In December 1950, the price of raw wool of the quality used in our clothing had increased 65% over the price at the beginning of the year and the price had further increased so that at the present time it is 34% higher than in December, approx 125% higher than at the beginning of 1950

Since commencement of hostilities in Korea, news having again taken on a position of importance, Company has resumed the sponsorship of numerous radio news broadcasts.

1951

Page 3: Accelerated consumer demand for wearing apparel became apparent in mid-year 1950

Market conditions reflecting in increasing prices as well as the possibility of raw material shortage, your Company during 1950, make substantial purchases of merchandise and raw material in order to insure its ability to sufficiently fulfill anticipated consumer demand

Inventory about $5.5 million higher than it was at the end of the preceding year

Fashion Park

1950: Page 3: Company’s Spring 1951 bookings, both in units and dollars show a very substantial increase over bookings for the Spring and Fall seasons of last year. Increase in business we understand is general with most of the larger manufacturers and in some measure indicates buying by our dealers of a large percentage of their needs in advance than usual in view of rising prices. At the present time we are operating under the General ceiling Price Regulation of the Economic Stabilization Agency dated January 26, 1951. It is expected a price regulation specifically covering the men’s clothing industry will be issued shortly and this order will be a practical one enabling us to operate with a minimum amount of difficulty

The conditions under which the company is presently operating and will continue to operate for some time are most difficult. Price of raw wool which determines the cost of our principal fabrics is priced in foreign markets and our government has up to now no control over this raw material, with the result that the costs of our raw materials have been increasing substantially from season to season, thus causng relative increases in our selling prices. Prices for Fall of 1951 will be higher than spring in 51 and it would appear that the Spring of 1952

4: will be again substantially higher than the Fall of ’51. Management concerned constantly increasing prices of our merchandise will adversely affect the amount of our sales

1951

3: shipments for FY ending November 30, 1951 were substantially greater than its shipments for the fiscal year ended November 30, 1951.

First 6 months thru May 31, 1951 were most satisfactory and profitable; during this period that retail and consumer demand were accelerated and prices generally rising. Conditions changed radically at all levels in the textile industry in late March or early April and Fall 1951 business was adversely affected. Demand diminished and prices softened due to overstocked conditions, reducing the value of our piece goods inventory. Therefore took substantial markdowns to bring our inventory to the lower market values. These adjustments and reduced Fall demand reduced profits to $179L

Unfavorable conditions for our business prevailing during the Fall 1951 season have unfortunately continued thru the Spring 1952 season. Demand for merchandise by dealers and consumer generally has been curtailed, with a reduced volume of business resulting. Price structure of the raw materials used has been weak, which has affected the confidence of all segments of the industry in the price structure. Hope that Fall 1952 season will show marked improvement over Fall ’51 and Spring ’52. Until confidence in prices and buying power is restored it will be extremely difficult to operate profitably.

4: difficulties experienced at wholesale and retail levels for the last six months of 1951. Industry undergoing great difficulties due to the prices falling in the piece goods market, an overstocked condition on the part of dealers and a lowered demand on the part of consumers. Wholesale levels it was extremely difficult to stimulate business, regardless of procedures followed, while at retail levels business could only be stimulated thru lower selling prices and the taking of substantial markdowns, adversely affecting profit. Conditions prevailing were industry wide and affected all segments of the industry. It is our belief that due to the drastic adjustments made at all levels conditions for profitable operation should improve with the Fall 1952 season

Hart Schaffner

1949:

4: decline in retail volume reflecting more cautious buying on the part of consumers exerted pressure on the price structure.

Retailers in their desire to reduce inventories made their commitments on a very conservative basis. The long-anticipated decline in the price of woolen and worsted fabrics occurred during the latter part of the year. While the adjustment which brought about moderately lower clothing prices was a heathy one I involved inventory losses both at wholesale and at retail

Now a greater confidence in the price structure. Present trend of wool prices is upward and wage rates remain firm.

1950: wholesale volume was affected by cautious attitude on the part of retailers. Invasion of Korea produced a marked change in buying psychology both at wholesale and at retail. Improvement during second six months was sufficient to make the year as a whole slightly better than the previous year

Additions to property slightly in excess of $2 million

Larger inventories and higher unit costs have increased capital requirements

Now entering a period in which the controls and limitations necessary to a defense economy will have an important effect on volume and profits

5: Dependent upon foreign markets, principally Australia, for the larger portion of apparel wool used in this country. Price of raw wool reached an all time high. When replacement pries are fully reflected in the cost of fabrics and in the price of finished clothing, the competition from synthetic fibers will become an increasingly important factor

Up to the present time relatively few of the fabrics made partly or wholly of synthetic fibers have won a place in the better grades of clothing but there are a number of developments which over great promise.

Since beginning of current fiscal year, our retail affiliates have shown an encouraging gain in volume. Spring orders now on our books we are operating at capacity and it is evident that we may count on an increase in our wholesale volume during the first six months. Every indication that with the present rate of general business activity the demand for our product during the current year will continue to be good

5 year summary on page 10

1951:

4: abnormal conditions. Rising prices, fear of shortages developed after the invasion of Korea. During Month of March, raw wool prices reached the highest point in history. Subsequent months witnessed a definite change in buying psychology and a sharp adjustment in the level of prices. First six months earnings satisfactory, second half produced slender margin of profit

5:can’t predict next few years, but have a greatly improved group of stores. Bound to be affected bygeneral fluctuations in retail business but results indicate that there a number of communities in which our stores have greatly advanced their relative position.

Fall of 1946, company sold 6,850 shares of capital stock to a number of officers/employees at $40 a share. 2317 paid on installment basis, 4533 shares for which payment had not been made were repurchased at the original purchase price and have been returned to the treasury

Wholesale bookings for spring below those for last year. Clear operations for first 6 months won’t be favorable. Under highly competitive conditions higher costs affect margins both at the manufacturing and retail levels. Number of encouraging developments. Prices for coming season will be more attractive to consumer.

Pg 10 5 year financials

The Story of Men’s clothes Library book

Pg 13: first large wholesale clothing houses in the US got their start during the 70s and 80s in the period of great commercial expansion following the Civil War. They didn’t do much manufacturing at all, they financed the buying of the cloth, had it cut in their own shops to their own standard patterns and then turned over the actual tailoring of the garments to contractors, who bid against each other for each contractor. Contractor engaged additional help at the lowest price possible. Recently as 1925 large % of men’s clothing in NYC made in contract shops.

Pg 15: manufacturers took over the finished garments and looked after the selling of them to clothing stores. Could do extensive biz with a small organization and with very little capital.

More and more clothing houses were started, competition became still more biter, prices and quality were forced still lower

19

In Rochester, clothing industry started when Meyer Greentree moved there from Canandaigua and started to make clothing on Front Street in the year 1850. 19-20 Rochester pre-eminently a quality market

20: 98 tailoring establishments in Rochester, employed 11K workers. Wages $15.27 million, value produced 59 million.

The development of the men’s clothing industry

**12: men’s suits largest proportion of value of men’s clothing industry. [table]**

**16: The sewing machine was put on the market in 1849 and**

**within a few years had given a great impetus to the industry.**

**38: value of men’s clothing products in 20 leading states, showing cost of material and value added by manufacturer**

**39: An early census reporter stated that more than half of the entire production of men's clothing in the early forties was carried on in the four cities New York, Cincinnati, Philadelphia, and Boston.**

**Although no data for small cities and towns are presented in the censuses, it is scarcely possible that this limitation could exclude any city of real importance in the industry.**

**44: Rochester. The Industry has shown great gains since 1879 in Rochester. From an early position of little importance, Rochester has risen steadily and rapidly in importance until, in 1925, it ranked third in number of wage earners employed and fifth in value of products\* The increase in employment of workers and in production have been accompanied by almost constant**

**decreases in number of establishments. In 1925 there were only seventy-eight men's clothing factories in Rochester,**

**A slight decrease in Rochester's percentage of the total production is apparent since 1921, but it is less than that in most other cities.**

**48: chart XII has value of products for ten leading cities**

**50: Chart XII: value of men’s clothing products, cost of materials and value added by manufacture for 1925**

74: **Men's clothing is an extremely seasonal industry. Since**

**the value of clothing is partly dependent on its being up to**

**the minute in style, it is very risky for manufacturers to make**

**up garments for stock.**

**75: The periods of greatest buying of suits, topcoats and**

**overcoats are in the spring before Easter,! and in the fall, *I***

**continuing to Christmas time. The retailers must have sent in**

**their orders some time before these seasons, however; suits for**

**fall sale must be made up in the summer, causing a period of**

**great activity in June, July and August. This activity declines**

**slowly after August. In December another season of activity**

**is felt as orders for the spring trade begin to pour in. In**

**January and February the factories are usually running at**

**capacity, but a decline sets in a few weeks later, ending in**

**a sharp drop after Easter.**

**103: The manufacture of men's clothing has not been distributed evenly throughout the country, but has been concentrated in certain large cities, particularly in New York, Chicago, Philadelphia, Baltimore, Rochester, Cincinnati, Boston, and Cleveland, The concentration in cities was greatest about 1909 or 1914, and in recent years has declined slightly. In 1925, almost four-fifths of the entire industry was carried on in twenty cities. New York has always manufactured far more men's clothing than any other city, and for many years Chicago has ranked second.**

[**this seems in contrast to what you had in the chapter on TC? Double check numbers, understand differences]**

**111: has comparability of census table. Seems very useful.**

**115: value of product in thousands of dollars by type of plant specified**

**123: shows deflated value of product**

**130: shows value of products by state**

**131: %of establishments in leading cities**

**133: % of value of products for leading cities**

**140: Cost of Materials in the Men's Clothing Industry in Twenty Leading Cities, Census Years 1849-1925**

**142: Value of product in the men’s clothing industry in 20 leading cities, 1879-1925**

**145: Value of Product\*, Deflated by Snyder\*» Index Numbers to a 1913 Base, Men's Clothing, United States**

**147: value of products and amounts paid for specified cost items, men’s clothing, women’s clothing andall industries**

**154 might be useful, explain how large Timely was compared to competitors**

Union MAangement Cooperation Experiencein the Clothing Industry Kurt Braun

25: Not until the sewing machine was invented in 1846 did it become possible to produce ready-made clothing on a large scale. In 1939 the value of products turned out by the approximately 12,270 establishments with about 441,400 workers was estimated to have been slightly more than $2 billion, the value added by manufacture almost $862 million.

Computed on basis of the Census of Manufacturers, 1939, vol I Chapter 5, Table 2

28: Although the industry is no longer as highly centralized as in former years, NYC may still be considered its center of gravity.

33: 3 types of producers may be distinguished: the inside manufacturer (inside shop), the jobber, and the contractor (outside shop)

Manufacturer who has the work done with his materials in his own factory operates an inside shop. Whether a manufacturer wants to produce in his own or an outside shop will depend in part upon personal factors, in part upon the type of garment to be made.

Production on the inside also has been preferred where the volume of business does not necessitate much outside production. In recent years, some manufacturers of low-priced dresses have opened inside factories but invariable have supplemented their inside production with considerable work by contractors.

Although production in outside shops is generally cheaper, low price may be achieved to a considerable extent at the expense of quality.

The desire to have better control over production capacity has been another reason for changing from outside to inside production. In so far as a trend toward large quantity production has existed in the clothing industry, it has entailed an increase in inside shops.

Manufacturers in the volume field, after selling a quantity of garments for a season, frequently have had the experience that some of the contractors on whom they were counting had gone out of business or switched to another producer. This insecurity with respect to capacity has caused some firms to concentrate on inside production.

33-34: A jobber is a person who does not produce in his own factory, but who has the garments made in outside shops. The typical jobber, makes or buys the designs and materials and possibly cuts the cloth but turns over the actual manufacturing process to contractors whom he finances. (Footnote: Some jobbers at first rejected requests of unions for collective agreements on the ground that they were merchants rather than manufacturers). Apart from purchasing materials, the jobber thus can give his chief attention to sales.

The favorite method used by jobbers in farming out work – called the “auction block system” – has been to call in a great number of contractors at the same time, to ask for their bids, and to place orders with the lowest bidder.

With few machines if any, with relatively little floor space, and few or no workers, jobbers are in a favorable position to handle fluctuations in style and ups and downs of general biz conditions. If orders increase, they can deliver quickly and do not have to invest new capital in machines. If orders drop, the jobber will simply give less or no work to contractors.

35: Can expand and contract his business without changing floor space or organizational setup. His establishment can be kept relatively small and his direct labor cost will be negligible. The larger the # of contraciting shops, the lower will be the compensation the “manufacturer” has to pay them.

The contractor operates an outside shop. Makes up garments from uncut or cut material delivered to him by a jobber or a manufacturer.

Relatively little capital is necessary to open a typical outside shop, the more so since it is usually msall. It has been estimated that some contractors need to have little more than $500 invested in sewing machines and other equipment to begin operations

68: Not only New York but also Baltimore, Chicago, and Rochester became involved in this trend.

Growing decentralization through the rise of nonunion plants in an increasing number of citieis and towns markedly disturbed the national competitive situation. Manufacturers producing at lower overhead and labor cost in one market could frequently undersell producers in other markets. Accordingly, the volume of business of co-operating employers dropped and there was the danger of further decline.

218: The high profits have rendered it possible to absorb considerable increases in wage rates

Footnote: Some manufacturers in the men’s branch of the industry assert that only producers who own retail outlets have been making high profits. The others, those manufacturers say, have had to absorb so much that their profits have remained small

225: Increases in textile prices have contributed considerably to the rise in selling prices from about 1941 on. Furthermore, manufacturers have taken advantage of the demand and supply situation. The growth of consumer purchasing power has caused a rising demand for better and therefore more expensive garments

“The fact is that our industry is operating at a lower mark-up than at any previous period in our history. It had been able to function on a favorable basis solely because of the activity during the former slack seasons, the elimination of end-of-season surpluses and the curbing of costly trade abuses…” New York Times, March 5, 1946