

Census
T
343065
UN3
1930
C-2

122
C-2

U. S. DEPARTMENT OF COMMERCE
Roy D. Chapin, Secretary
BUREAU OF THE CENSUS
W. M. Stewart, Director

FIFTEENTH CENSUS OF THE UNITED STATES

CENSUS OF DISTRIBUTION

RETAIL DISTRIBUTION

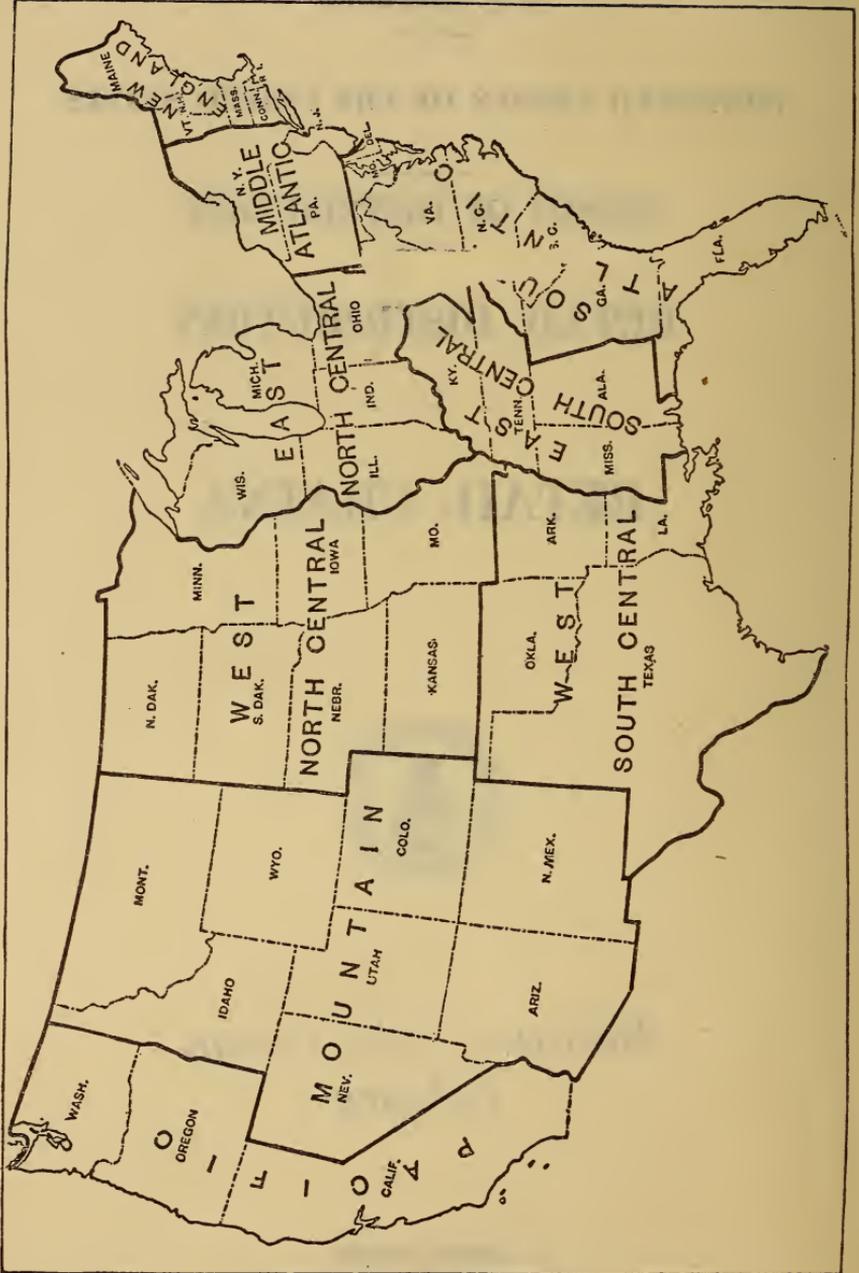
RETAIL CHAINS



*Bureau of the Census
Library*

**UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1933**

MAP OF UNITED STATES SHOWING GEOGRAPHIC DIVISIONS



CONTENTS

	Page
Introduction.....	7
Chapter 1.—Summary of all chains.....	14
2.—Food chains.....	20
3.—Department-store chains.....	42
4.—Ownership groups of department stores.....	54
5.—Variety-store chains.....	68
6.—Motor-vehicle dealer chains.....	80
7.—Automobile accessory chains.....	92
8.—Filling-station chains.....	108
9.—Men's-wear chains.....	120
10.—Women's-apparel chains.....	132
11.—Shoe chains.....	146
12.—Furniture chains.....	160
13.—Household-appliance chains.....	170
14.—Restaurant group of chains.....	184
15.—Newsdealer chains.....	204
16.—Drug-store chains.....	218
17.—Jewelry chains.....	238
18.—Hardware chains.....	346
19.—Office-appliance chains.....	260
Map of the United States, showing geographic divisions.....	2
Map showing chain sales ratio by States.....	4
Index.....	269

LETTER OF TRANSMITTAL

DEPARTMENT OF COMMERCE,
BUREAU OF THE CENSUS,
Washington, D. C., December 14, 1932.

SIR:

I transmit herewith the volume on Retail Chains. Eighteen chapters of this volume were published first as separate booklets, comprising the Merchandise Series of the Retail Distribution reports, issued in connection with the Census of Distribution. This report contains statistics on the retail operations of chain organizations. The data were obtained by mail and personal canvass in connection with the Fifteenth Decennial Census.

The Census of Distribution was taken in conformity with the act providing for the Fifteenth Decennial Census, approved June 18, 1929. The results of the Census of Distribution are contained in Volume I (Parts 1, 2, and 3), Retail Distribution by States with statistics for counties and cities and a summary for the United States; and Volume II, Wholesale Distribution by States with statistics for counties and cities, and a summary for the United States.

The collection and compilation of these statistics were under the supervision of R. J. McFall, chief statistician for distribution, and W. A. Ruff, assistant chief statistician. This volume was prepared by John Guernsey, in charge of Retail Distribution and Charles F. Beach, assistant.

W. M. STEUART,
Director of the Census.

Hon. ROY D. CHAPIN,
Secretary of Commerce.

INTRODUCTION

The multiunit type of operation is not new, nor is it confined to the food field or even to the retail field. There are chains of newspapers, of hotels, of banks, of bond houses, of personal finance companies, of agricultural marketing agencies, of manufacturing plants, of wholesalers and of various service organizations in the business field, in addition to the more than 7,000 retail chains.

In the retail field the Census of Distribution, taken in 1930 as part of the Fifteenth Census of the United States, reported 7,061 chains, representing at least 100 kinds of business, as shown by the summary on page 17. In point of sales, the grocery and meat chains lead with 28 per cent of total chain-store sales. Incidentally, the oldest chains now in existence are grocery chains, five of which had expanded from single stores with a branch or two into chains of four or more stores each as early as 1892.

Other retail fields in which chains have become an important factor are the variety field, in which they do 90 per cent of the total variety-store business, the shoe field in which the chain ratio is 38 per cent, the filling station field in which chains do one-third of the business, and the family clothing field in which chains do 27 per cent of the total business of all family clothing stores. They are more fully described in later paragraphs.

What constitutes a chain.—Mere ownership of two or more units, in whatever field of business activity, does not make those units a chain. In addition to (a) common ownership the units must be (b) in the same general kind of business (for instance, one can not be a coal yard and the other a clothing store or a hotel), and they must be (c) centrally operated on generally similar policies (some can not be mail-order houses while others are retail stores).¹ Central operation, in the manner of a chain, implies central control of policies, central planning, central buying and some form of the warehousing function. An actual warehouse is not essential, for there are various means of distributing centrally-purchased goods to the units of a chain, as described below.

Various types of chains.—Multiunit organizations classified as chains by the Retail Census are:

Local chains are classified as such if substantially all of their stores are located in and around some one city.

Sectional chains are those whose stores are located in some one section of the country, such as the New England States or the Pacific Coast States or in the Gulf Southwest or any other geographic division.

National chains are those whose interests and operations are broader than those of any one section of the country.

Mail-order chains.—The classification "mail-order houses" is limited to catalogue business. It does not include the retail-store business of the companies usually known as mail-order concerns. Such retail-store business is properly classified under the heading of national chains.

Leased-department chains are chains of departments or sections of a store managed and merchandised, not by the proprietors or operators of the store itself, but by outside operators.

¹ The retail stores of a so-called mail-order company are classified by the Retail Census as a chain, separate from the mail-order (catalogue) business.

Utility-operated chains are those operated by public-utility companies and are mainly for the sale of electric and gas household appliances.

Manufacturer-controlled chains are operated to distribute at retail the products of a manufacturer, or a group of manufacturers who are joint owners of the stores.

What are not chains.—*Multiunit organizations* not classified as chains, because they are not chains in conformity with the three essential characteristics described above, are:

(1) So-called *voluntary or cooperative chains*, which are groups of individually-owned stores cooperating in greater or less degree for the purpose of obtaining some of the chain-store advantages of central buying, group supervision, and/or group advertising. The census attempted to classify member stores of the so-called voluntary chains separately from other independent stores but the varying and often wierd answers to the question as to such affiliation made it necessary to abandon the attempt at separate classification, and such stores are shown in all census reports as independents. The reason for the varying answers is apparent from an unofficial analysis of a few such so-called voluntary chains in the food field, quoted in a footnote below.²

(2) **Independent stores** with one or two smaller branches, merchandised and supplied from the stocks of the parent store. These are classified as 2-store and 3-store independents. In the United States there are 24,535 2-store independents with 49,070 stores and total sales of \$3,020,443,000, and 5,171 3-store independents with 15,513 stores and total sales of \$1,255,141,000.

(3) **Local branch systems** of three or more smaller neighborhood or suburban stores surrounding a dominant downtown parent store. Such branch systems are found in but a few kinds of business. Like the 2-store and 3-store independents, the branches are largely merchandised and supplied from the stocks of the parent store, and carry limited stocks. Usually the lines of merchandise in branches are limited to a fraction of those carried by the parent store. Such branch systems have none of the operating characteristics of chains. In the United States 231 stores were classified as stores of branch systems, including the parent stores, and their sales aggregate \$64,441,000.

(4) **Ownership groups** of department stores. These are financial mergers of previously existing independently owned stores. The stores of such groups continue to be operated individually, without central merchandising and buying. They lack entirely the chain advantages of uniformity in policy, in operating methods, and in merchandise. The stores buy less than 10 per cent of their merchandise in concert. Financial ownership does not make them a chain, and until they are centrally merchandised and their buying is centralized they continue to be essentially independently operated stores, and they are so classified by the Retail Census. However, for ready comparison with department-store chains (see chapter 3) the 14 ownership groups are reported herein in chapter 4.

Stores are only a part of activities of chains.—The term "chain" in retailing most often envisions that form or type of multistore operation typified by the grocery chain, and only that part of the operation visible in the store itself. Yet all the grocery and meat chains together constitute only about one-third of the chain stores of the country, and they do less than 30 per cent of the total chain-store business.

In the grocery field the chain stores, which the public sees and thinks of as the chain, constitute perhaps less than half of the operations of the chain. Fully as

² "The American Institute of Food Distribution's study of voluntary chain development shows:

"That of the 688 voluntary grocery chains, with a retail membership of 83,224 as of March this year, 1932, 383 with 54,879 members are sponsored by wholesale grocers; 132 retailer-owned wholesalers accounting for 21,770 additional members. Of the groups of retailers who cooperate either in buying or advertising, but without owning or operating their own warehouses, 173 are shown with a retail membership of 6,575.

"Details of operating methods from 413, or 60 per cent, of the 688 groups operating, establish standards for comparison. Of these 413 groups with 58,085 retailers, or 70 per cent, of the total, 69.2 per cent are tied into their organizations because they have definite financial participation in the cost of operating, 62.2 per cent of the retail members have identified themselves as members of their groups by putting up store signs, by painting their stores in specified colors, or by remodeling in conformity with group standards, and 22.9 per cent more by putting emblems in their windows.

"At least 31 per cent belong to organizations that employ supervisors, especially selected and trained for their work, and 74.1 per cent of these retailers belong to organizations that have made cooperating arrangements to procure at least some perishable items on advantageous terms, and another 10.5 per cent have made such arrangements with one or the other of the leading manufacturers of crackers.

"Nearly 55 per cent belong to groups that have a considerable number of items packed under the group private label. Newspaper advertising is used by groups having 72.1 per cent of the retailers, 81 per cent of the retailers have membership in groups using handbills, 73.3 per cent of them belong to groups employing window posters, and 9.2 per cent to groups taking advantage of radio broadcasting to tell consumers about their advantages."—*The Progressive Grocer*.

important are the preliminary operations including buying, warehousing, and distribution of merchandise to the stores, in the varying grades and quantities required by the several stores or units of the chain.

Chains combine in the one organization the functions of wholesale and retail distribution. In some kinds of business, chains are able to buy centrally and have the merchandise shipped directly to their stores from the manufacturer. In others they buy centrally but distribute the merchandise to their stores through wholesalers. In still others they buy centrally and take delivery in large quantities, often out of season when manufacturers otherwise would be unable to operate, warehousing the deliveries in their own warehouses and distributing them later, in season, to their several stores. Most chains, however, combine two or more of these methods depending upon the nature of the merchandise and the location of the units in relation to sources of supply.

Advantages.—Principal chain advantages are centralized, large-scale buying, cooperation with manufacturers in the elimination of unnecessary expenses in manufacture, selling, packing and delivery, and in the reduction of avoidable seasonal peaks and valleys in plant production, the use of specialists in all administrative and supervisory activities, quicker action in enlarging successful practices and commodity sales and in restricting unsuccessful ones, more effective use of local advertising, and frequently the restriction of customer services (such as charge accounts and deliveries).

Disadvantages.—Principal chain disadvantages are lack of personal incentive or any effective substitute therefor on the part of store managers, substitution of cumbersome systems and rules for initiative, difficulty of adapting centrally purchased merchandise to the varying requirements of the different cities and neighborhoods in which it must be sold, local tax discriminations and sometimes local resentment toward chains as a type. In some kinds of business, central operation has yet to prove that it can displace or reduce any of the store operating expenses of its units, and it yet remains an added overhead expense, offset only by minor savings that can be realized from the central control of finances. In most kinds of business, however, the central organization is definitely a factor in the complete cycle of buying, distribution and sale, and its operations are not duplicated or capable of duplication in the chain units.

Central office expense.—Chains which operate warehouses usually charge the expenses of buying, warehousing, and store supervision to the warehousing function rather than to the retail stores, and therefore they do not appear in the store operating expenses described in the several chapters of this volume. Chains which do not operate warehouses usually locate their buyers in the central administrative office, and all of the central office expense is accounted for as a whole, either by prorata distribution to the stores of the chains or by deduction from the aggregate profit shown by the stores. In the absence of any notation to the contrary, it may be assumed that the store operating expenses described in this volume are exclusive of central buying and administrative expense. Comparison of chain-store expenses with independent-store expenses should take central office expense into consideration as an additional factor. In some instances central office salaries have been reported to the Retail Census and are shown herein on a sample basis.

The operations of chain-store warehousing are included in the Wholesale Census. Reports to that census, from a number of representative chains with warehouses show the following average expense ratios covering the functions of

administration, buying, warehousing, deliveries to the stores, and store supervision. (The percentages are based upon total retail sales of the chains, as well as the wholesale value of goods handled through the warehouses.)

WAREHOUSING COSTS OF CHAIN SYSTEMS IN CERTAIN KINDS OF BUSINESS ¹

KIND OF BUSINESS	Number of chain-store warehouses in the United States	TOTAL EXPENSES OF CHAIN-STORE WAREHOUSES (per cent of sales)	
		At wholesale values ²	At retail ³
Men's clothing and furnishings.....	35	8.8	5.9
Drugs and drug sundries.....	41	6.6	4.6
Furniture.....	7	11.4	7.3
Groceries and food specialties ⁴	233	3.5	2.8
Meats and meat products.....	23	8.1	6.3
Shoes and other footwear.....	22	6.7	4.4

¹ From Wholesale Census: 1929.

² Expense divided by wholesale value of merchandise handled.

³ Expense divided by retail value of same merchandise (that handled through warehouses only).

⁴ Based upon value of goods handled through warehouses, the cost is about 4.3 per cent.

Chain sales ratio varies by States.—The census showed that nearly 22 cents of each average dollar spent by the retail consumer went to chain stores (19.2 cents to local, sectional, and national chains and 2.7 cents to other chains). The proportion of retail sales transacted by chains was as high as one dollar in every four in the District of Columbia and as low as one dollar in fourteen in Mississippi. (See table p. 12.) This wide variation is due partly to the fact that the chains developed first in the more concentrated and accessible urban markets offering the highest potential purchasing power. The six States of Rhode Island, Illinois, New York, California, Massachusetts, and Michigan, which show the highest proportion of urban sales, also are the six States showing the highest proportion of sales by chains.

The map on page 6 shows at a glance how chain-store development has been most accentuated in the highly industrial and more populated sections of the northeastern and northcentral regions. The States east of the Mississippi and north of the thirty-sixth parallel account for two-thirds of all chain-store sales. The States which show the lowest proportion of chain sales are those which are largely agricultural and which show low per capita purchases in food stores, the field which has been particularly developed by the chain store.

Idaho and Arizona, which show a high ratio of sales by chains despite the fact that they are not industrial areas, are high because of intensive development of department store chains rather than of food chains.

Chain sales ratios in 17 kinds of business.—The table below shows the ratio of chain sales to total chain and independent sales, in each of 17 principal kinds of stores, for the United States. It shows also similar chain sales ratios in three size-of-city groups which correspond to the groups shown in the retail State reports.

CHAIN SALES RATIO IN 17 KINDS OF BUSINESS

KIND OF BUSINESS	UNITED STATES TOTALS			CITIES OF OVER 30,000 POPULATION			CITIES OF 10,000-30,000 POPULATION			PLACES OF LESS THAN 10,000 POPULATION		
	Number of stores		Sales percentage ²	Number of stores		Sales percentage ²	Number of stores		Sales percentage ²	Number of stores		Sales percentage ²
	Total	Chain stores ¹		Total	Chain stores		Total	Chain stores		Total	Chain stores	
Totals, all kinds of business.....	1,543,158	159,638	19.2	683,751	86,226	23.3	164,871	18,655	19.0	694,536	39,725	11.6
Department stores.....	4,221	1,964	16.7	1,759	635	11.8	1,228	673	47.2	1,234	656	50.7
Variety stores.....	12,110	5,377	90.1	4,181	2,171	95.7	1,799	1,387	93.9	6,310	1,519	61.0
Men's and boys' clothing and furnishings stores.....	28,197	2,815	21.2	16,593	2,442	27.9	4,005	208	5.7	7,599	165	2.9
Family clothing stores.....	10,551	1,585	27.3	5,411	980	31.9	1,546	394	30.4	3,594	211	7.4
Women's ready-to-wear specialty stores.....	18,253	1,914	22.7	10,869	1,459	25.4	2,926	264	11.5	4,458	191	8.3
Shoe stores.....	24,259	5,092	37.9	15,039	4,019	43.9	3,634	778	23.4	5,586	295	9.1
Furniture stores.....	25,153	1,004	14.1	10,197	660	19.0	3,210	174	8.8	11,746	170	2.4
Radio and music stores.....	16,037	794	19.1	7,717	647	25.3	2,425	88	6.3	5,895	59	2.4
Grocery stores (without meats).....	191,876	35,369	45.7	86,392	21,262	51.3	21,464	4,471	45.8	84,020	9,636	37.0
Combination stores.....	115,549	17,249	32.2	59,493	11,390	37.4	16,533	2,140	29.5	39,423	3,719	24.2
Restaurants, cafeterias.....	96,950	2,153	13.6	47,933	1,885	18.3	9,502	100	2.2	39,515	168	1.7
Cigar stores and cigar stands.....	33,248	2,162	25.1	19,127	2,032	34.3	4,046	88	5.0	10,075	42	2.3
Filling stations.....	121,513	28,617	33.9	32,381	14,740	48.8	11,096	4,032	37.3	78,036	9,845	19.4
Coal and wood yards.....	19,118	1,401	18.3	9,215	1,012	22.4	2,400	105	7.8	7,503	284	8.0
Drug stores.....	58,258	3,526	18.5	28,602	2,974	28.5	5,773	318	10.2	23,833	234	1.9
Hardware stores.....	25,330	352	3.0	11,313	225	5.2	2,267	35	1.1	11,750	91	1.1
Jewelry stores.....	19,998	370	6.4	10,155	305	7.7	2,651	48	3.5	7,192	17	.6

¹ Includes 15,032 stores of chains other than those classified as local, sectional, and national (see list on bottom of p. 19) which are not included in the analysis columns by size of city.

² Sales percentage is the ratio or proportion of sales of local, sectional, and national chains (only) to total sales (all types of chains and independents) and excludes the sales of the 15,032 stores of special chain types mentioned above.

NOTE.—Sales percentages shown in this table may differ slightly from the chain sales ratios (p. 17) for the reason that these comparisons are based upon store-by-store classifications, whereas the sales ratios of the chains are based upon chain-wide classifications. It should be realized that many chains operate some stores of a kind different from the kind-of-business classification applicable to the chain itself. Only the local, sectional, and national chains are included above, because they are the only ratios available which permit of comparisons in different sizes of cities.

Geographic distribution of chain sales.—The following table shows how the total sales of local, sectional, and national chains are distributed, by States and by the nine geographic divisions. It shows also the ratio of chain sales to total sales in each State.

CHAIN SALES RATIO BY STATES

DIVISION AND STATE	CHAIN PROPORTION OF UNITED STATES TOTAL SALES		NUMBER OF STORES		Chain sales ¹ percent- age
	Chain and independ- ent store sales	Chain- store sales only	Total	Chain stores	
United States, total.....	(²)	(³)	1,543,158	144,606	19.2
NEW ENGLAND.....	7.71	8.34	108,764	12,672	20.9
Connecticut.....	1.56	1.72	22,202	2,712	21.1
Maine.....	.63	.43	11,091	788	13.1
Massachusetts.....	4.18	4.95	54,183	7,209	22.8
New Hampshire.....	.38	.30	6,557	583	15.7
Rhode Island.....	.65	.78	9,542	1,054	23.2
Vermont.....	.31	.16	5,189	326	10.4
MIDDLE ATLANTIC.....	25.90	29.36	385,302	36,999	21.6
New Jersey.....	3.75	4.17	60,010	6,634	21.4
New York.....	14.40	17.06	190,017	19,091	22.6
Pennsylvania.....	7.75	8.13	125,275	11,274	20.1
EAST NORTH-CENTRAL.....	22.93	25.09	317,667	35,981	21.0
Illinois.....	7.56	8.89	96,900	10,815	22.4
Indiana.....	2.49	2.37	41,618	4,426	18.6
Michigan.....	4.53	5.32	55,958	7,319	22.4
Ohio.....	5.83	6.41	83,717	10,278	21.2
Wisconsin.....	2.52	2.10	39,474	3,143	16.0
WEST NORTH-CENTRAL.....	10.73	8.26	170,644	15,698	14.8
Iowa.....	1.98	1.50	32,716	3,190	14.6
Kansas.....	1.52	1.19	25,605	2,551	15.5
Minnesota.....	2.14	1.48	30,725	2,926	13.1
Missouri.....	2.95	2.67	47,039	4,354	17.2
Nebraska.....	1.14	.75	17,637	1,255	12.5
North Dakota.....	.48	.31	8,077	674	12.8
South Dakota.....	.52	.36	8,845	748	13.8
SOUTH ATLANTIC.....	8.55	7.56	169,068	12,055	17.0
Delaware.....	.21	.17	3,688	291	15.7
District of Columbia.....	.69	.91	5,931	955	25.0
Florida.....	1.03	.90	22,449	1,681	17.1
Georgia.....	1.29	1.12	28,687	1,961	16.3
Maryland.....	1.26	1.19	21,082	1,650	18.1
North Carolina.....	1.33	1.07	28,831	1,794	15.7
South Carolina.....	.61	.40	15,036	763	12.7
Virginia.....	1.22	1.01	26,120	1,701	16.0
West Virginia.....	.91	.79	17,244	1,259	17.1
EAST SOUTH-CENTRAL.....	4.42	3.01	89,199	5,467	13.0
Alabama.....	1.07	.78	21,442	1,450	13.9
Kentucky.....	1.20	.92	27,117	1,672	14.8
Mississippi.....	.84	.31	17,256	823	7.4
Tennessee.....	1.31	1.00	23,384	1,522	14.1

¹ This ratio is the ratio or percentage of sales of local, sectional, and national chains, to total sales of all stores (chain and independent).

² Each \$100 of total sales.

³ Each \$100 of chain-store sales.

⁴ Includes only local, sectional, and national chains.

CHAIN SALES RATIO BY STATES—Continued

DIVISION AND STATE	CHAIN PROPORTION OF UNITED STATES TOTAL SALES		NUMBER OF STORES		Chain sales percentage
	Chain and independent store sales	Chain-store sales only	Total	Chain stores	
WEST SOUTH-CENTRAL.....	7.59	6.03	135,482	10,708	15.3
Arkansas.....	.84	.48	17,937	1,155	11.1
Louisiana.....	.97	.66	23,288	1,224	12.7
Oklahoma.....	1.62	1.48	27,339	2,864	17.7
Texas.....	4.16	3.41	66,918	5,465	15.8
MOUNTAIN.....	3.15	2.61	44,661	3,609	16.3
Arizona.....	.41	.44	5,068	390	21.2
Colorado.....	.65	.75	13,993	1,177	15.4
Idaho.....	.34	.36	4,916	517	20.5
Montana.....	.50	.37	6,951	565	14.8
Nevada.....	.10	.05	1,310	54	10.3
New Mexico.....	.24	.16	4,191	243	13.4
Utah.....	.40	.35	5,249	471	16.9
Wyoming.....	.21	.13	2,983	192	12.2
PACIFIC.....	9.02	9.74	122,371	11,417	21.0
California.....	6.54	7.54	85,691	8,657	22.5
Oregon.....	.93	.77	14,570	997	15.9
Washington.....	1.55	1.41	22,110	1,763	17.7