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## Catalog showroom marketers zero in on SW Houston

By Deborah Kaiser

Sound the alarm! Southwest Houston is under attack!

The invaders, a horde of catalog showroom marketers, have zeroed in on the area, erecting giant showroom-warehouse fortresses, dropping catalogs on every doorstep, bombarding mailboxes with flyers, reinforcing their troops and readying their warehouses for the holiday season onslaught.

Within the past three months, three new catalog showrooms have opened for business within a three-mile radius of one another, and two more are planning to join them there by next summer.

Companies involved in the southwestward gold rush include:

□ United, a division of Houston-based Gordon Jewelry Corp., which opened a new showroom in September at 2301 Voss Road;

□ Best Products Co., Inc., Ashland, Pa., which began its operation here in September with the opening of its first Houston showroom, 3002 Fondren Road;

□ W. Bell & Co., Inc., Rockville, Md., which opened its second Houston showroom earlier this month at 5800 Richmond Ave.;

□ Wilson's Jewelers-Distributors, Baton Rouge, which will open its first two Houston showrooms at 6900 Southwest Fwy. at Bellerive and 10225 Katy Hwy. at Benignus, both to be completed May 1973, and

□ Houston Jewelry & Distributing Co., the oldest catalog distributor in Houston, which is scheduled to open its second showroom at 9615 Westheimer at Gessner in mid-1973.

In addition, United plans to add another Houston store located on the North Freeway scheduled for opening in early 1973.

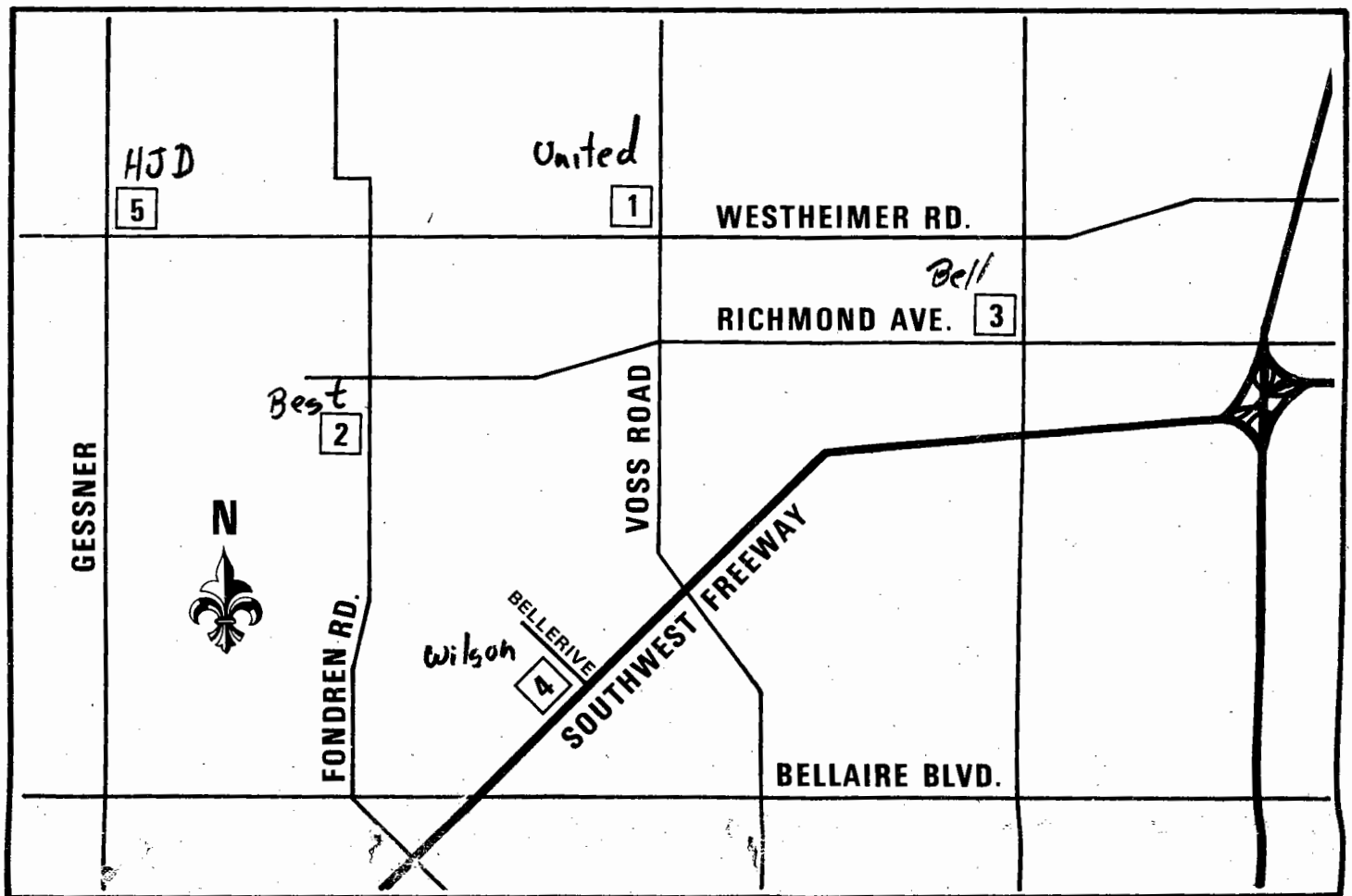
Each of the new showrooms, ranging in size from 30,000 square feet to 80,000 square feet, has a freestanding design surrounded by parking area. In each case, space is divided equally between showroom area and office and warehouse space.

The basic formula of the catalog business is to mass merchandise name brand, nationally advertised products while maintaining low margins and minimum overhead.

With the exception of United stores, the showroom concept is to display one sample of each of the items in stock which can be ordered by customers from an on-premise warehouse. United, which encourages self-service, mass displays merchandise from which the buyer may select an item and carry it directly to the checker without placing an order to the warehouse.

Annually prepared catalogs provide the main promotion thrust for each of the firms, vary in size from 220 pages

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New and announced showroom locations

(1) United, 2301 Voss Rd.; (2) Best Products Co., 3002 Fondren Rd.; (3) W. Bell & Co., 5800 Richmond Ave.; (4) Wilson's Jewelers-Distributors, 6900 Southwest Fwy. and (5) Houston Jewelry & Distributing Co., 9615 Westheimer.

## Trio of British visits promoting North Sea oil

By F. Jay Schempf

For centuries, the North Sea has held an aura of romance and adventure. The legend of King Arthur; plunder-seeking Viking hordes; great naval battles on and below its icy, wind-ravaged surface; all vividly spell out the North Sea's history.

That romantic magnetism remains today, too, if one considers the wresting of energy from below the North Sea a challenge to man's limits, or if one senses a noble cause in pitting modern technology against a still unbeaten Nature.

One thing's for sure: Discovery of oil in the North Sea has affected Great Britain — and especially Scotland — with almost the same force as the other historic events before it.

Proof of this importance can be seen in three officially unrelated activities in Houston this week and last.

In two separate programs, representatives of British trade and industry were in Houston to promote the importance of North Sea oil not only to Britain, but to the United States as well, and Houston in particular.

Sir Andrew Gilchrist, chairman of the Highlands and Islands Development Board, of Inverness, Scotland, despite its pastoral reputation, has been dragged kicking and screaming into the international oil and gas industry. What's more, he feels oil in the British sector of the North Sea is giving Britain economic

"clout," which possibly could be used to assist the United States with its energy problems.

And almost before the World Trade Club tables were cleared, still another North Sea-oriented presentation was being made in the city — this time at the Petroleum Club of Houston.

Three representatives of the British oil industry spoke to some 400 gathered members of the Petroleum Club and others about the present, past and future of North Sea oil as seen not only through English eyes, but American ones, as well.

And if these two activities aren't convincing local business that trade and industry are interested in Houston and Houston companies, then a third function — to be conducted through Dec. 6 — certainly will.

What is billed as "the largest British trade mission ever to visit the United States" — some 65 persons representing 54 British companies — are in Houston for 10 days to do business with Houston companies.

Gilchrist's speech and the North Sea seminar, both held Nov. 20, revealed bits of information previously not generally known.

For instance, Gilchrist, whose organi-

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over 400 pages and list 6,000 to 10,000 items. Designed primarily to increase in-store traffic rather than to attract mail orders, the catalogs are distributed in the fall prior to the high season of November and December. Sales for these two months account for one-third to over one-half of annual sales. Most of the firms also use promotional mail pieces and supplementary catalogs during the remainder of the year. With the exception of United and Wilson, advertising is used on an institutional basis only, quoting no prices.

In addition, each company issues "membership cards" to customers who include both institutions and individuals. These cards are provided free of charge and membership is not restricted. Though company policy still requires purchasers to be card holders, enforcement is lax in most cases. In general, the membership policy is simply a holdover from the past which is used as a customer incentive, identification and to keep mailing lists updated.

Despite the apparent similarities between the companies and the fact they seem to have targeted the same segment of the market, each firm has specific reasons for believing it has the edge over its competitors.

**The latest contender** for catalog-showroom sales in Houston is Wilson's Jewelers-Distributors whose two locations are not scheduled to open here until next year.

H. J. Wilson Co., Inc., the parent company, originated as a small wholesale jewelry operation begun in the early 1950s in downtown Baton Rouge.

The jewelers-distributors division was initiated in 1957 when the company published its first 80-page catalog and began merchandising to the general public at discount prices.

The first branch was opened in 1960 in Jackson, Miss. Since that time, the division has expanded to eight other locations in the South. It has three new openings scheduled for fall 1973 in addition to a spring debut planned for its two Houston showrooms.

Each of the Houston showrooms will provide about 38,500 square feet of sales area and 41,500 square feet of office and warehouse area. Point-of-sale data recorders will be installed in both branches in place of standard cash registers.

In-store sales account for 97% of Wilson's business, while only 3% of total volume stems from mail orders.

Net sales for the year ended June 30 were \$22.4 million, an increase of 17% over fiscal 1971, while earnings rose 47% to \$1.7 million in 1972. In the past five years, the company has more than doubled its annual volume while profits during the same period have nearly quadrupled. First quarter results for 1973 show sales and earnings up 31% and 36%, respectively, as compared to the same quarter of the previous year.

**In 1972, jewelry accounted for 31% of total volume; housewares and gifts, 31%; ceramics and electronics, 14%; and silver, sporting goods and toys, the remaining 24%.**

**Most sales are handled on a cash basis, though charge accounts are available to commercial customers and employees.**

Advertising accounted for 2.8% of net sales or \$625,000 in 1972, of which \$400,000 was expended in catalog production costs. Radio, tv and newspaper advertising — listing store prices — are also an integral part of Wilson's promotional effort.

According to a spokesman at the Baton Rouge headquarters, the com-



Wilson's showroom scheduled to open in May

pany's first catalog mailing in the Houston area will probably follow the procedure used for the openings of its Tampa and New Orleans showrooms last month. Catalogs were distributed to each area about three weeks prior to opening dates. Residential addresses were obtained from city directory lists. In addition, grand opening sales were broadcast through the use of a 17-page color tabloid in local papers.

In addition to its fall catalog, Wilson issues a spring supplement. No other mailings are used.

Inventory in each store includes all items in the catalog plus 25% to 65% additional inventory items, depending on the store's size. The two Houston stores will be among the company's largest facilities.

**Wilson, like other Houston catalogers,** quotes its prices along with comparative prices. The latter figures are obtained from manufacturers or determined by applying mark-up percentages believed to be generally used by nondiscount retailers. However, a group calling itself the Jewelers' Vigilance Committee has reportedly petitioned the Federal Trade Commission to prohibit catalog merchandisers from showing any price other than the actual selling price.

Among its competition, Wilson cites other catalog showrooms, discount departments, variety and specialty stores, including national chains. Because many of its competitors are larger than Wilson, and recognizing similar catalog distributors have already penetrated their marketing areas, the company anticipates future competition will be increased but does not predict the effect, if any, on its methods or results of operation.

One of the competitors Wilson will be facing in the Southwest area shortly after its arrival there is a privately owned company which founded Houston's first catalog business 19 years ago.

**Houston Jewelry & Distributing Co.,** located downtown at the corner of Milam and Rusk since 1966, began its operation here in 1953.

A. H. "Abe" Donsky and his partner, the late Dave Rubins, started the company that year at the suggestion of Donsky's brother, Irvin, who was already successfully operating a similar outfit in Dallas — Sterling Jewelry Co.

The company opened with a second-floor showroom on the corner of Main and Rusk, a staff of three and an inventory of about \$35,000. Two thousand catalogs were distributed that year.

Houston Jewelry now stocks about 6,000 items, or more than \$2 million worth, and distributes over 100,000 catalogs to Houston and the Gulf Coast area.

According to Donsky, mail orders account for only about 10% to 15% of total volume.

"When people get the catalog, they like to come in and pick out what they want," he said.

The catalog, produced in Dallas for the Donsky operation, has more than dou-

bled in costs over the years, said the retailer. Production costs now exceed well over \$1 per catalog.

**The company currently staffs** about 80 full-time employees year round and between 125 and 140 during the peak holiday season. Sales during November and December, said the owner, account for about one-third of the store's annual volume.

"Our December volume runs in excess of \$1 million," he said.

Like the other distributors in town, jewelry is the company's forte.

"Nobody carries diamonds and better jewelry to compare with the loose diamonds and inventory we carry," boasts Donsky. "That's our specialty."

Donsky said the company provides all the services of a jeweler, including customized settings and on-premise repair work.

Donsky also takes pride in the availability of items pictured in the company catalog, 97% of which are carried at all times, he said.

**Customer cards, once issued** to meet the requirements placed on distributors by their suppliers, primarily are used to supply an active customer mailing list for Houston Jeweler's annual catalog.

Except for the annual catalog and a 32-page supplement mailed each spring, the company uses no other promotions or special mailings and utilizes advertising only on occasion. In those instances, newspaper and radio provide the media, but prices are not quoted.

During his tenure in Houston, Donsky has seen a few catalog distributors come and go, usually because their initial capital was too low, he believes. The veteran jeweler regards current competitors in a different light.

"We're in direct competition in one way, but they help me in another way by making people more catalog conscious," said the seasoned cataloger. "I don't think competition ever hurts."

**"We try to be the lowest in the field,"** he continued, "but trying to police the prices on all of these products is next to impossible." A stack of competitors' catalogs behind him attested to this statement.

Houston Jewelry, which now has 20,000 square feet of showroom space at its downtown location, as well as 5,000 square feet of on-premise warehousing and 5,000 square feet of space in an additional warehouse, will more than triple that amount with the completion of its new showroom next summer. The new facility not yet under construction, will provide 80,000 square feet of floor space to be equally apportioned between showroom area and office/warehouse space.

The company, which has offered only company credit in former years, is considering a credit plan for individual customers as well. If approved, the plan will be effected prior to opening the new southwest area branch.

**Dahnken of Texas, Inc.** a franchise

operation, opened in Houston about six months after Houston Jewelry & Distributing Co. made its debut.

Leon Clute, president, said the company is basically the same as the other catalog distributors in town, with the exception that its catalog is published in Salt Lake for use by all 48 Dahnken franchisees in the U.S.

Though Dahnken's showroom concept is similar to other catalogers in Houston, displaying one item from which customers place orders to be filled from the adjacent warehouse, the facilities are considerably smaller, with about 5,000 square feet devoted to showroom space and 10,000 to offices and storage.

Dahnken has operations in three suburban areas including one at 8149 Long Point Road, 902 Southmore and 4012 Bellaire Blvd. All three are attached to shopping centers, and according to Clute, there are no present plans to expand to the popular area between the Southwest Freeway, Loop 610 and Katy Freeway or to other areas in Houston or Texas.

**The newest Dahnken location,** the Long Point Road showroom, was opened a year ago. The company also operates a showroom in Beaumont.

Its catalog, which contains about 8,000 items, was sent this year to some 28,000 homes and businesses in Texas. Of those items, Clute estimated 50% are in the jewelry category, although the firm does not offer customized settings.

The annual catalog, distributed in September, is supplemented by holiday and spring mail pieces, each 30 to 40 pages. Advertising, used on rare occasions, is of an institutional nature only.

Though Clute declined to estimate total volume, he indicated 60% of total sales are made during November and December.

Houston-based Gordon Jewelry Corp., which operates United Distributing Centers here, entered the catalog business in 1965 through the acquisition of Leon Krower & Son, Inc., a New Orleans cataloger. Gordon moved into Houston with its first United store in 1969.

**"After establishing ourselves** through acquisitions in key areas, we've since been expanding through building our own freestanding units," said Irv Robbins, vice president of the division.

Gordon currently operates 18 catalog stores nationwide under the various names of acquisitions made in each area, including five United stores in the Houston area. In addition to a store in Baytown and one in Galveston, United has locations here at 4405 Main and 5819 Gulf Fwy., in addition to the new Voss Road store.

Along with the completion of another showroom on North Freeway next spring, the addition of more Houston stores within the next couple years is "very possible," said Robbins.

Though the trend in showrooms would appear to conform to the freestanding design, Robbins predicts, "There'll be more of our type of operation attached to shopping centers in the future because of the possibilities presented by developers seeking us."

**According to Aron S. Gordon,** executive vice president of the corporation, "There is a definite place, in our opinion, for the growth of these stores because they appeal to a somewhat different buyer than the conventional retail jewelry store buyer. We reach out for a market penetration in both the jewelry areas and the nonjewelry areas because disposable income of the consumer is growing at a very fast rate — and we feel we must keep up with this growth pattern by appealing to more people in all income levels."

**"We try to have our catalog showroom**