

The population of the Dominion has increased by approximately one-third since 1911. Careful consideration of the available statistical information in respect to the classes of footwear made in the Dominion shows that the total trade has hardly kept pace with the increase in population. Over *all* classes of footwear, both imported and locally-made, however, the increase in trade appears to be approximately in line with the increase in population.

The foregoing will serve to show that—

- (a) There has been some slight loss of trade by local makers in favour of overseas supplies.
- (b) Imports have supplied the whole of the increase in trade resulting from increased population.
- (c) Consequently imports now supply an appreciably greater proportion of the trade than in pre-war years.
- (d) The total demand for classes of footwear made in the Dominion has not increased in proportion to the increase in population.

MANUFACTURING DIFFICULTIES.

(a) *Multiplicity of Designs and Small Orders.*

We have been struck by the remarkably high cost involved, apparently as a result of the diversification of the output of most of the factories, and more particularly of those engaged in women's shoes. It is evident, of course, that manufacturers must meet the market requirements in regard to fashion-changes, and the expenses involved in rapid fashion-changes affect both imported and Dominion-made footwear. There remains, however, the outstanding fact that local manufacturers working independently are bearing a relatively heavy charge in respect of the cost of designing and making patterns for a range of samples many of which go into production to a very limited extent. Indeed, production from some designs is apparently never acceptable to the trade. Many of the factories, and even those of comparatively small output, are forced through competition from overseas, to put out from 150 to 300 new designs per annum. Ten factories for which reasonably accurate figures are available are preparing a total of approximately 1,700 designs per annum. It must not be overlooked that many of those designs are subject to some alteration at the wish of retailers, and the number of designs is accordingly in effect increased for that reason. A large proportion of the production of the factories above referred to is apparently based upon some more or less standard designs for both men's and women's wear, and it is only in respect of a portion of the output that this designing-cost is forced upon the trade. We are informed that the cost of designing and cutting patterns for each design would amount to a few pounds. Much of this cost cannot be directly recovered, and must be spread over the whole output. Moreover, the cost of this wide variety of samples reflects itself throughout the whole course of production through the factory. The offering of this multiplicity of designs is in itself an inducement to the retailer to spread his purchases over a wide range of styles and among a large number of factories. It may even lead to the accumulation by the retailer of many odd lines of "dead" stock. The factory selling-cost is increased, and overhead and record costs are affected. Stock costs are also forced up both in respect of multiplicity of materials and of patterns necessarily carried.

By comparison with import business the expense borne by the local industry must in total be very heavy, and any possible advantage secured over imports by the prompt submission to buyers of new designs does not appear in any measure to meet the disadvantage of the competition at lower prices at which imports can be offered for forward delivery.

In almost all instances the new designs are adopted or drawn up from trade periodicals, and for this reason it seems inevitable that many factories are duplicating the work being done in other local houses. Manufacturers expressed the view that, while the cost of designing was heavy, they could see no possible means of reducing this item to any extent. The wide range of designs offered by overseas suppliers and featured in British and American journals made it incumbent upon the local manufacturers also to offer to retailers an extensive choice of designs and styles. It was quite common practice for the local manufacturer to submit to the retailer two hundred different designs in ladies' footwear, and business was lost if he failed to provide as extensive a range as that offered by overseas manufacturers.

(b) *Small Orders and their Effect on Production Costs.*

Multiplicity of designs is obviously one of the principal causes of small unit orders, which, we are convinced from the evidence submitted, is one of the main sources of factory losses.

From figures presented, the percentage of the total output that has to be put through the factory of one design in small lots—that is, six pairs or less—varies from 5 to 30 per cent. While there is considerable divergence of opinion among manufacturers as to what constitutes a reasonably adequate or economic manufacturing order, tickets for two dozen pairs would be generally regarded as quite sufficient to enable factories to get down to a satisfactory cost basis. From our observation two classes of factories may be discussed in this connection as being distinguishable—first, those factories which are sufficiently large and which have been compelled, by the amount of sales in each class of footwear manufactured, and also for other reasons dealt with under specialization, to take up a variety of different lines; and, secondly, those factories which are sufficiently small to enable them to concentrate on a few lines and which are enabled to sell their output direct to a few large distributing retailers. One fact becomes outstanding here, in that the small factory may have much larger manufacturing orders, and can therefore compete with the larger manufacturer.

The overseas manufacturer does on a large scale what some of the small manufacturers in New Zealand are able to do, from which we cannot but conclude that the relatively small basic manufacturing order and the relatively large number of small unit orders are large contributing factors to the