

This can often result in a lower total commitment from the store. For this reason many US manufacturers find department store business very irksome. Another factor is that buyers change frequently. Department stores all sell pretty much the same product mix. For this reason they are likely to ask suppliers to change, modify, or develop new items or finishes (designed to give them a competitive edge). If there is a major buyer change during this process the entire program can be dropped.

The second method is that the store may carry the product as a "line item". Overall sales may be substantial but the manufacturer may be called to carry most of the back-up stock. In order to service this scenario it is usually better to have centrally established US shipping points. Many overseas manufacturers have therefore found it is simpler to sell to department stores through distributors. The equation -- increased costs to retail customer via local distribution, as opposed to lower retailer costs resulting from direct ex-factory supply must be carefully considered before commencing sales to department stores.

Department stores' credit is usually good but payment cycles are often extended and additionally department stores are prone to taking extra discounts almost as a matter of right. For this reason it is advisable to be "cash-strong" if considering doing business with department stores.