THE ADVERTISING BOOK 1916

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To

LEWELLYN E. PRATT

CHAIRMAN OF THE EDUCATIONAL COMMITTEE OF THE
ASSOCIATED ADVERTISING CLUBS OF THE WORLD

THIS BOOK IS DEDICATED

PREFACE

The chief purpose of "The Advertising Book"—1916—is to put into form for convenient reference some of the available records of recent progress in advertising methods. This is done with two separate objects in view.

One object is to give to such persons as may be interested in advertising (but who are not familiar with its inner workings in its modern forms) a clear idea of what is being done from within to make more effective this part of the present-day selling mechanism.

The other, and the more important object, is to help those who are actively engaged in selling operations to acquire a working familiarity with some of the events forming current advertising history. To such persons, the records of these events may have suggestive value in connection with efforts to reduce waste in the processes of distributing merchandise.

In the conclusion of "Advertising as a Business Force," a similar compilation made for the Associated Clubs in 1912-13, I called attention to three lines in which it seemed to me advertising was making distinct progress:

1. Immediate contact with selling.
2. Accurate knowledge as a basis for action, and
3. Exacting standards of honor.

This new compilation of some articles which have appeared during the past two years serves to show clearly that the progress being made in each of these lines—as well as in others—is of a substantial character.

The present volume may be said to have been built around the following sentence at the close of "Advertising as a Business Force":

"It does not require the gift of prophecy, then, to foresee the very imminent coming of the time when the very highest possible standards of honor in advertising appeal will not merely be 'good business' but will be absolutely essential to any advertising appeal which can be expected to have any real effect."

Unfair or ignorant attacks upon advertising are inevitable. They are to be expected in any line of effort which touches the public at large, and of which it is not easy for the public to have more than a superficial knowledge. Moreover, when the contact is as direct and the knowledge as extremely superficial as in this case, the attacks may be expected to be numerous and hard to answer clearly.

The one convincing defence which advertising can make against such attacks is its record of achievement. Upon this alone can it afford to stand. This record, however, will be a conclusive answer to criticism only in so far as it shows a practical combination of truth and real service. The *desire* to do honestly the work assigned to advertising needs at all times to be supplemented by *ability* to do it well.

It would be difficult to find any branch of human activity which, in as short a period of time, shows a record such as the advertising business has made during the past few years for developing from within itself exacting standards of ethics and morals.

If this development were complete the present would be no time for issuing a compiled record of advertising experiences. But the work has only begun. The mission, therefore, of such a compilation as this is not the recording of an achievement but the reporting of progress.

To influence demand artificially is a serious matter. Yet that is the task which advertising assumes. The responsibility on all who engage in it is heavy. Certain leaders in the profession are determined that advertising is to be as free from errors and waste as its friends can make it. The achievement of this result calls for the co-operation of all concerned, and it is necessary that this co-operation be intelligent as well as sincere.

The Educational Committee of the Associated Advertising Clubs of the World has undertaken the task of doing all that concerted effort can do toward making pointed and constructive the co-operation of every advertising club member in the federated clubs. If this book takes a useful part in this work its preparation will not have been in vain.

P. T. C.

Cambridge, Mass.
November 22, 1915.

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ADVERTISING AND THE DISTRIBUTION SYSTEM

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ADVERTISING AND THE CONSUMER

HONESTY has been called a "high dilution of honor." By analogy, avoidance of untruth, essential as it is, may be called a high dilution of what is meant by the movement underlying the phrase "Truth in Advertising." The mere telling of the truth is far short of what advertising is capable of achieving and what advertising inevitably will be obliged to demonstrate its ability to achieve. The great task of advertising is to help to deliver goods from the producer to the consumer better and with less waste than they can be delivered without this help. The public at large has not yet grasped the meaning of this. Not even all of those who are engaged in the practice of advertising have come to a full understanding of it.

An Attack on Advertised Goods

Under date of January 18, 1915, a circular signed by Mayor Mitchel's Food Supply Committee, George W. Perkins, Chairman, was distributed to the number of 830,000 copies through the public school pupils of New York City. This circular was headed, "BUY IN BULK—NOT IN PACKAGE," and the burden of it was a plea to householders to avoid the purchase of package goods. It was an attack upon the whole system of advertising as it is represented by "identified" goods, and the following excerpts from it show how completely the committee responsible for it failed to understand the real nature of advertising in this field. The circular said:

*Have you ever stopped to figure out how much more you would get for your money if you bought certain articles of food by the pound instead of by the package?

Food that is wrapped and sold in attractive-looking pack-

Printers' Ink, January 28, 1915, p. 45.

ages must of necessity cost more than the same food sold in bulk, which means sold by the pound.

In the first place, the box or jar containing the food costs money. The wrapper costs money. The printing on the wrapper costs money. And it also costs money to fill the packages and seal them. It follows, therefore, that you cannot possibly get as much food for your money when so large a part of your money has to pay for the box, wrapper, printing, etc.

There are several reasons why so many foods are put up in packages.

First: The package looks pretty, appeals to the eye, and makes the food seem more appetizing.

Second: Most of the packages are air-tight and dustproof, and for sanitary reasons a great many people prefer food that is done up in packages.

As a matter of fact, it is possible for your grocer to keep on hand, in bulk, exactly the same foods as the packages contain, and it is also possible for him to keep them in bulk in a perfectly sanitary manner, so that dust and dirt cannot reach them.

We have looked into the matter of the relative cost of certain articles bought in package as compared with the same things bought loose or in bulk. The articles referred to were purchased by our own investigator, the quality was compared, and the articles weighed and measured in our own office.

Then there followed a list of seventeen articles commonly sold in packages with a statement of the price at which it was declared that equivalent articles could be bought in bulk. The circular then continued:

*Why should you buy things in packages when you can get almost twice as much of the same article for the same amount of money if you buy it in bulk?

Sit down and make a list of the various foods that you have been in the habit of buying in packages.

Think of the money you might have saved had you bought them in bulk.

Make up your mind to buy them in bulk in the future, if it is possible for you to get them.

It will pay you to break yourself of the package habit. There

Printers' Ink, January 28, 1915, p. 49.

are many foods sold now in packages only that your grocer will be glad to carry in bulk as soon as he knows that you and his other customers want them.

The manufacturer, the wholesale dealer, and the retail dealer keep on the watch all the time to find out what the public wants. Of late years the public has seemed to want food in attractive packages at a high cost. As soon as people learn that by demanding it they can get exactly the same food in bulk, kept in a perfectly sanitary manner, for about one half to two thirds the cost of package goods, the manufacturer, the wholesaler, and the retailer will meet the demand.

This is one way to cut down the cost of living, one way to live just as well for less money. Study the questions yourself and pass these pointers on to your neighbors.*

The real importance of this circular in the advertising world does not come from the fact that it was issued by a committee with headquarters in New York City Hall, nor from the fact that it was signed by so eminent a person as George W. Perkins, nor even from the fact that nearly a million copies of it were circulated in New York City. Its chief importance arises from the fact that it suggests possibilities of concerted action by consumers which will test the value of advertising as it never has been tested before.

Truth in advertising must be jealously guarded, but beyond this there is a larger responsibility which underlies most of the recent achievements in advertising and selling practice. That is the responsibility of real service. If advertising can, and will, make it possible to deliver better goods to the consumer with less commercial waste than is possible without its use, the circulation of countless misleading circulars cannot turn the public permanently against it. If advertising cannot do this, it must expect to give way to whatever more economical and effectual method may be developed for performing its work.

Serving the best interests of the consumer, therefore, no longer may be regarded as a moral matter alone. It may be

*An extended reply to this circular will be found in Chapter XIII of this compilation.

said to have already become the measure by which all existing or new methods in advertising must be judged.

This compilation of records of some of the main events in American advertising history during the past few months will commence with a discussion of some of the relations of advertising problems to the consumer's interests. This will be followed by a discussion of some of these same problems as they affect various types of distributing organizations, first retail and then wholesale. These will be illustrated by descriptions of the methods employed in certain conspicuous campaigns.

The latter part of the compilation will be devoted to what may be called more strictly advertising problems and advertising methods. But throughout the compilation it will be necessary to keep in mind the supreme question of the advertiser: Are advertising problems being attacked and are advertising methods being developed in such a way as to permit advertising to play its rightful part in modern distribution?

The Consumer's Answer to the Consumer's Attack

Shortly after Mayor Mitchel's Food Committee had made its report, the Housewives' League, which had been established before the report was issued and which at the outset appeared to agree with the findings in the report, passed the following resolutions:

Whereas, Since the inception of the Housewives' League movement it has been our aim to encourage and promote the use of such food products as are produced, handled, and marketed under sanitary conditions; and,

Whereas, This end can only be achieved when the manufacturer's name is plainly placed upon the container or product so that the manufacturing plant may be open to inspection and the manufacturer held responsible for the quality of his product; and,

Whereas, The use of bulk goods tends to encourage adulteration and insanitary handling and nullifies the work accomplished by Federal and State authorities in requiring proper labelling of food products; therefore, be it

Resolved, That the National Housewives' League protests vigorously against the action of the Mayor's Food Supply Committee in recommending the use of bulk goods.

Mrs. Julian Heath is quoted by *Printers' Ink* of February 11, 1915, as follows as to the origin and work of the organization:

"When we first organized the League and I became its president," said Mrs. Heath to *Printers' Ink*, "it seemed perfectly obvious that one of the greatest causes of the increase in the cost of living was the increase in the number of food products put up in packages. We started in to educate the housewives, and I began to speak and write against the 'package habit.' I even wrote *Printers' Ink* about it. But we were interested quite as much in the sanitary handling of food products as we were in economical pricing, and in spite of myself I found myself eventually forced to the conclusion that there could be no sanitary condition for the product unless it were both made under such conditions and transmitted to the market and the consumer without subsequent contamination. I found it true not only that the package goods were best protected from insanitary handling, but that they were most likely to be pure and unadulterated in the beginning and be produced or put up in a cleanly way. I learned this from visiting a large number of factories and seeing it for myself.

"When I asked myself why this was so, I had no difficulty in finding the answer: it was because the manufacturers of the package goods had made themselves *responsible* for their goods by printing their name on the package and making it possible for the public to identify the goods, and, if it liked, go to the factory as I had done and see under what conditions it was made or put up.

Reputation Backs up Package Goods

"When I had reached this conclusion I was at a loss for the moment to know what to do. We had inaugurated a movement against package goods in the interest of economy and had begun to interest many influential people. We could not, of course, have gone far with such a movement which runs counter to the economic current. . . . The members of the league are 'requested to co-operate by refusing to buy goods that are not properly protected from dust, dirt, and flies, or that are handled in an unsanitary manner.' This was started last year, but the league has improved its strategy by devising a sign for the grocer or butcher who passes 85 per cent. on a shop inspection by members of the league. There is a printed form which calls for a description of the store, the stock-rooms, the stock itself, and the general cleanliness of the clerks, the shop, etc. The league does not work through committees, but through individuals. Each member sees her tradesman. This helps to make the league work effective. The best grocery stores in

New York have been glad to display the sign. It is expected that grocers who cannot get it will take steps to deserve it rather than lose custom.

"The bearing of this on the package habit is obvious; it is strong support. . . ."

This organization has certain points of similarity to the National Consumers' League, through which, for several years, consumers have exercised a somewhat similar influence in the sale of women's and children's wearing apparel, insisting that certain conditions of manufacture and sale be lived up to if the patronage of the members of the League is to be expected. For advertisers both of these movements get their significance from the fact that the public apparently is becoming conscious of its power to insist that it be not only well served, but that it be served in the best possible manner.

A Plan for Action by Advertisers

Another aspect of this problem of the relations of advertising to the interests of the consumer was brought out by Hugh Chalmers of the Chalmers Motor Company when he outlined a plan of constructive action. This he did at the dinner tendered to Edward W. Hazen in New York City on February 25th at the time when Mr. Hazen retired from his position as advertising director of the Curtis Publishing Company:

*Mr. Chalmers asked what the manufacturer could do to meet the most urgent problem of the high cost of living. It is not likely that the cost of raw materials will decrease. Wages will not be reduced, nor should they. Moreover, haven't the biggest savings coming from quantity production already been effected? The best chance for great savings lies in lowering the cost of distribution. Advertising can be used to reduce this cost if certain obstacles which are preventing it from accomplishing the best results are removed.

"What are the things that prevent us from getting one

*Printers' Ink, March 4, 1915, p. 59.

hundred cents' worth of sales value out of every advertising dollar we spend?" Mr. Chalmers asked.

"I think the greatest cause of waste in advertising is in the fact that too large a section of the public is still skeptical about advertising. Too many people are still in the attitude of mind to say, 'Oh, that is only what the advertising says; but it doesn't prove anything.' This condition of mind, I think, is due to two chief causes. First, that there has been and still is, in spite of much improvement, too much 'bunk' in advertising. The man who sticks to truthful advertising has too much to overcome in the exaggerated statements of other advertisers. There is still too much advertising of propositions that are purely 'fake.' The publications which continue to run advertising of questionable propositions, or of 'fake' propositions pure and simple, are doing the general cause of advertising great harm. By these methods they are contributing to the high cost of advertising.

Where Skepticism of the Public Starts

"The second cause for public skepticism of advertising is a lack of public understanding of advertising. *What advertising needs most is to be advertised.* The people generally do not understand it well enough; that is, they do not understand well enough the direct benefits that may come to them through advertising. I have had in mind for a long time that a full explanation of advertising, what it is and what it really accomplishes for all the public, should be made to the public. Specific instances should be given, and they should be multiplied from month to month and from year to year.

"My present notion is that this should be in the form of a booklet, because I believe it is impossible in page announcements in the magazines and newspapers to tell this story of advertising in a satisfactory way. This is not a work that any one publication can or should do, or any one advertising man or advertising agency. It is a work that all should do together, using a carefully worked out plan. My suggestion would be that the main part of this plan be a booklet dealing with advertising in its broader aspects, especially making very plain the actual service that advertising renders—not to the selling public, but to the buying public.

"Now it seems to me if some committees representing the publishers, the advertising agencies, and the advertisers could be named to get up this booklet on the benefits of advertising to the buying public, that it would be a service well worth while rendering, and one that would help to put advertising on a higher business and moral plane than it is to-day.

"The cost of such a booklet properly should be paid from a fund contributed by advertising agencies, publishers of magazines and newspapers, and leading advertisers of the country. I think it would be to the interest of every publisher of magazines and newspapers in the country to give the space free to advertise this booklet and to distribute it free to any person who would like to have it." . . .

The most absorbing question in the public mind to-day is how to meet the increased cost of living. It is coming to be recognized that if there is any answer to this it will not be found in any single remedy, but in a combination of them. Not the least among those in the combination will be minimizing of waste by every possible means. Advertising may expect to take its turn at being criticised and investigated. It will be obliged to show that it is an effective and economical aid to the process of merchandise distribution. And in the meantime it may expect attack in exaggerated forms from those with whose interests it conflicts.

The consumer occupies the position of advantage in this struggle. From him all decisions will come, and these decisions may all be expected to be made in his own interest. The advertiser who forgets this for any length of time is picked for destruction. Thus, the advertiser who insists upon being of real service to the consumer is no longer doing merely a highly moral thing. He is taking the only safe course, if he expects to continue in business.

Since that indefinite composite to which we have referred as "the consumer" has the final voice in the future of advertising, it may be well to look at some of his main characteristics which bear directly on the problems of the advertiser. The following excerpts cover some of these. They make it clear that: (1) While a brand or other means of identification may be useful to the consumer, it does not live long in his mind and it has no great value to him unless it is associated with some real service. (2) The guarantee of quality and the preservation of it is a real service, and to this the consumer responds with an allegiance which is a tangible asset to the guarantor. (3) The consumer and the conditions of consuming are constantly changing so that it is not enough merely to serve the consumer. Effectual methods of modifying the service to new conditions are necessary, and the consumer needs to be reminded that the service is being rendered. (4) Close contact between the advertiser and the consumer is a necessity. This contact is needed as much for the education of the advertiser as for the shaping of the wants of the consumer:

(1) THE LENGTH OF THE CONSUMER'S MEMORY

There is much dispute in various quarters as to the success with which the methods of advertising now employed actually secure control over the public's purchases by identifying the product through a trademark or by connecting it with the manufacturer's name. The only satisfactory answer to this question comes from tests of sales over a long period of time and a comparison of these results with the cost. At the same time there is a good deal of interest and some suggestive value in tests made on a small scale like that reported by Cheney Brothers. This test of course was not on a sufficiently large scale to justify its use as the basis for the development of advertising efforts, but it may have substantial value as a measure of the readiness with which the consumer responds to appeals of different types.

*How quickly are trade names, slogans, etc., recognized, and how accurately do consumers identify them? That question is the basis of a test recently concluded by Cheney Brothers, South Manchester, Connecticut, makers of Cheney Silks. The results have been given to *Printers' Ink*.

**Printers' Ink*, August 20, 1914, pp. 61, 62, 65, and 66.

Horace B. Cheney, who has charge of the concern's advertising, wanted to find out the relative value of certain kinds of appeal. He wanted some indication of the impressions made upon different people by firm names, trademarks, slogans, and names of products. Which would be most quickly recognized and identified as belonging to a certain product?

The experiment was tried on 117 persons, 90 men and 27 women, practically all of whom were employed by Cheney Brothers. Mr. Cheney says:

"The questions were submitted to a men's club composed of clerks, room superintendents, and workers of the better class, and these comprised the larger part of the men who filled in the blanks. Boys and girls under fifteen years of age were also asked to make replies, and we were surprised to find that some of the most complete and accurate replies were from children under fifteen years of age. The women were composed of clerks, members of families, and workers, both well-to-do and in very moderate circumstances, a fair representation of each class being made among both the men and the women.

"Nobody was given an opportunity to consult any magazine or look through any advertising material, or consult with any other person before making his replies, and all were requested to do it rapidly, simply naming the things which first came to mind."

The following questions were the basis of the test:

"1. What are the products manufactured by firms using the following names? Hamilton, Oneida Community, Welch, Peter's, Lydia Pinkham, Gillette, Ford, Williams, Mellen, Waterman, Pears, Iver Johnson, Tiffany, Heinz, Hart, Schaffner & Marx, Beecham, Chalmers, Colgate, Campbell, Pabst, Steinway, Kellogg, Fairbanks', Skinner, National Biscuit Company, Kleinert.

"2. What are the following products and who makes them? Bon Ami, Beaver Board, Nabisco, Pompeian, Big Ben, Prince Albert, Keen Kutter, Aeolian, Velvet, Uneeda, Koh-i-noor, B. V. D., Alco, Zu Zu.

"3. What are the trademarks used by Heinz, Dutch Cleanser, National Lead Company, Skinner's Satin, Beaver Board, American Telephone & Telegraph Company, National Biscuit Company, Cream of Wheat, Fairy Soap, Ford, Swift & Company?

"4. Who says 'Ask the man who owns one,' 'Good-bye, old hook and eye,' 'Hammer the hammer,' 'It hasn't scratched yet,' 'It floats,' 'You dirty boy,' 'There's a reason,' '99$\frac{44}{100}$% pure,' 'One of the 57,' 'Chases dirt'?"

Only five seconds were allowed for the answer to each question. The results are tabulated by Mr. Cheney as follows:

PERCENTAGES OF CORRECT ANSWERS

1. What are the products manufactured by firms using the following names:

	Men	Women	Total
Hamilton	70.0%	77.8%	71.8%
Oneida Community	50.0%	59.2%	52.6%
Beecham's	85.5%	66.7%	81.2%
Campbell's	90.0%	81.5%	88.0%
Kellogg's	76.7%	77.8%	76.9%
Gillette	97.8%	77.8%	93.2%
Kleinert	27.8%	55.6%	34.2%
Peter's	80.0%	92.6%	82.9%
Skinner's	78.9%	66.7%	76.1%
Pabst	90.0%	85.2%	88.8%
Ford	98.9%	100.0%	99.0%
Fairbanks (scales)	65.6%	62.9%	64.9%
Fairbank (soaps)	30.0%	33.3%	30.8%
Colgate	93.3%	96.4%	94.9%
Chalmers	84.4%	77.8%	82.9%
Iver Johnson	87.8%	85.2%	87.2%
Hart, Schaffner & Marx	85.6%	66.7%	81.2%
Heinz	94.5%	96.3%	94.9%
Welch	82.2%	81.5%	82.5%
Williams	96.7%	100.0%	97.4%
Steinway	97.8%	92.6%	96.5%
Tiffany	95.6%	88.9%	94.0%
Pears'	94.5%	100.0%	95.7%
Waterman	97.8%	100.0%	98.3%
National Biscuit Company	91.1%	88.9%	90.6%
Mellen's	81.1%	96.3%	84.6%
Lydia Pinkham	91.1%	74.1%	78.6%
Average	82.0%	80.8%	81.5%

2. What are the following products?

	Men	Women	Total
Bon Ami	90.0%	96.3%	91.5%
Beaver Board	47.8%	48.1%	47.9%
Aeolian	62.2%	70.4%	64.1%
Velvet	85.6%	85.2%	86.3%
Big Ben	71.1%	70.4%	70.1%

	Men	Women	Total
B. V. D.	74.4%	55.6%	70.1%
Nabisco	38.9%	40.7%	39.3%
Koh-i-noor (snaps)	5.6%	7.4%	6.0%
Koh-i-noor (pencils)	50.0%	51.8%	50.4%
Pompeian	85.6%	92.6%	87.2%
Prince Albert	88.9%	77.8%	86.3%
Uneeda Biscuit	91.1%	100.0%	93.2%
Zu Zu	46.7%	44.5%	46.2%
Keen Kutter	88.9%	88.9%	88.9%
Alco	71.1%	62.9%	70.9%
Average	66.5%	66.2%	66.6%

2A. Who makes them?

	Men	Women	Total
Bon Ami	68.9%	51.8%	56.4%
Beaver Board	11.1%	......	8.5%
Aeolian	26.7%	29.6%	27.3%
Velvet	22.2%	25.9%	23.1%
Big Ben	5.6%	......	4.3%
B. V. D.	7.8%	......	5.9%
Nabisco	77.8%	55.6%	72.6%
Koh-i-noor (snaps)	1.1%	......	.9%
Koh-i-noor (pencils)	15.6%	22.2%	17.1%
Pompeian	15.5%	25.9%	17.9%
Prince Albert	14.4%	7.4%	12.8%
Uneeda Biscuit	73.3%	55.6%	69.2%
Zu Zu	57.8%	48.1%	55.6%
Keen Kutter	20.0%	18.5%	19.6%
Alco	34.4%	33.3%	34.2%
Average	30.1%	24.9%	28.4%

3. What are the trademarks used by?

	Men	Women	Total
Swift & Co.	32.2%	33.3%	32.4%
Beaver Board	16.6%	18.5%	17.1%
Am. Telephone & Telegraph Co.	40.0%	37.0%	39.3%
Fairy Soap	44.4%	66.7%	49.6%
Ford	4.4%	3.7%	4.3%
Skinner's Satin	31.1%	29.6%	30.8%
National Lead Co.	28.9%	14.8%	25.6%
Cream of Wheat	54.4%	55.6%	54.7%
National Biscuit Company	18.9%	18.5%	18.8%
Old Dutch Cleanser	73.3%	77.8%	74.4%
Heinz	70.0%	59.2%	67.5%
Average	37.7%	37.7%	37.7%

4. Who says?

	Men	Women	Total
"You Dirty Boy"	23.3%	37.0%	26.5%
"There's a Reason" (Postum)	44.4%	44.5%	44.4%
"There's a Reason" (Grape Nuts)	20.0%	29.6%	22.2%
"It Floats"	68.9%	77.8%	70.9%
"Good-bye Old Hook and Eye"	8.9%	18.5%	11.1%
"Ask the Man Who Owns One"	31.1%	29.6%	30.8%
"Chases Dirt"	66.7%	74.1%	68.4%
"One of the 57"	66.7%	70.4%	67.5%
"99 44/100% Pure"	41.1%	51.8%	43.6%
"Hammer the Hammer"	43.3%	40.7%	42.7%
"It Hasn't Scratched Yet"	66.7%	70.4%	67.5%
Average	43.7%	49.5%	45.1%

Perhaps, as Mr. Cheney says, the results of the experiment do not "prove anything," but they at least indicate that nobody is safe in assuming that his name and his product is so well known that he can rest on his oars with security. Probably the investigation was not conducted according to strictly scientific principles, and it is easy to see where many errors might creep in. It is interesting to note, however, and it may be significant, that while 81 per cent. of those 117 people were able to identify the kind of product from the name of the manufacturer, only 66 per cent. were able to identify the kind of product from the trade name. Further, when it came to connecting the manufacturer's name with the trade name applied to his product, only 28 per cent. succeeded, and 37 per cent. were able to describe the trademarks used by a list of well-known concerns. Strange as it may seem, a higher average was attained when it came to identifying slogans, 45 per cent. succeeding in doing that to Mr. Cheney's satisfaction.

The present writer has no intention of analyzing the results in detail. Such a process would instantly involve him in mathematical difficulties of considerable magnitude, and this article would wind up in the realms of pure speculation. The results are, however, given at some length for just exactly what they are worth.

Some very curious replies were received to some of the questions. Thus, Hamilton was identified with the manufacture of pianos, soap, silverware, and cotton print; Welch with watches; Peter's with firearms and medicine; Lydia Pinkham with soothing syrup and talcum powder; Iver Johnson with skates, pianos, soap, and paint; Heinz with spark-plugs; Hart, Schaffner &

Marx with velvet, candy, pianos, and collars; Beecham with chewing gum and bacon; Colgate with socks, mustard, chocolate, and drugs; Pabst with grape juice, tooth paste, soap, and medicine; Kellogg with Post Toasties, Cream of Wheat, cold cream, biscuit, and strawberries; Skinner with pianos, pills, and beans; and Kleinert with pianos, food products, draperies, scarfs, and Dutch Cleanser.

Pompeian was described as a soap and as a hair dressing; Big Ben as tobacco and cigars; Prince Albert as clothes, biscuit, crackers, and cigars; Aeolian as a cream; Koh-i-noor as a mattress, a tea, and a diamond; B. V. D. as corsets and garters; Alco as cleaning material, a range, and a dress shield; Zu Zu as breakfast food and chewing gum.

Readers of *Printers' Ink* will doubtless remember an article by R. S. Childs, of the Bon Ami Company, in the issue of July 24, 1913. Mr. Childs said: "The dear old Congregational minister who cooked up the name (Bon Ami) twenty-odd years ago, when he constituted the literary element among the stockholders of a little country soap company, knew little about advertising, and the company has doubtless been to some extent the victim of his ignorance ever since." Yet in the Cheney experiment, Bon Ami made pretty nearly a perfect score. It was described as soap, soap powder, cleaning soap, cleaning powder, scouring soap, cleaning polish, glass and window cleaner, and washing powder—all of them near enough right to be counted. Only nine men and one woman returned no answers at all, a record which was excelled only by Uneeda Biscuit.

Some of the answers to the question "Who makes them?" are as follows: Bon Ami: Orford Soap Company, J. T. Robertson Company. Nabisco: Sunshine Biscuit Company, Nabisco Wafer Company, Dayton Company. Pompeian: Colgate & Co. Big Ben: Hamilton Company, Waterbury Clock Company, Big Ben Association, National Clock Company, Waltham Watch Company, Western Clock Company. Keen Kutter: American Tool Company, Keen Kutter Company. Aeolian: Steinert, Aeolian Piano Player Company. Koh-i-noor: Eagle Pencil Company, A. W. Faber Company, British Graphite Company, Eberhard Faber Company, American Pencil Company. B. V. D.: Chalmers Knitting Company, Erlanger & Co., Boston Underwear Company.

The National Lead Company's trademark was described as a lead pencil, a paint can, and a painter; Skinner's Satin was credited with a kitten and spool, and a "girl"; Cream of Wheat with "I want some more"; and Fairy Soap with "It floats."

When it came to the slogans, "Ask the man who owns one" was credited to Ford, Hamilton Watch, Cadillac, Pierce Arrow, and Gillette Razors; "It hasn't scratched yet," to Sapolio, Fairy Soap, and "Chicken"; "You dirty boy," to Fairy Soap and Gold Dust; "There's a reason," to Kellogg; and "99 $\frac{44}{100}$% pure," to Pears' borax, whiskey, Duffy Malt Extract, Fairbank's soap, Crisco lard, Fairy Soap, and Heinz's Pickles.

Of course, the answers referred to above are only scattering, and the great majority who answered the question at all answered fairly correctly. But the number of "No replies" to each individual question is astonishingly high. For example, 85 people out of the 117 made no attempt to say who manufactures Prince Albert; 81 could not tell the owner of the Keen Kutter name; 80 were stumped on Aeolian; 81 on Velvet Tobacco; 29 on Uneeda Biscuit; 108 on B. V. D.; and 51 on Zu Zu. The following is the number of "No replies" to the list of questions under the first heading, "What are the products manufactured by the firms using these names":

Hamilton	29
Oneida Community	49
Welch	19
Peter's	18
Lydia Pinkham	13
Gillette	8
Ford	1
Williams'	2
Mellen's	8
Waterman	2
Pears'	5
Fairbank's	5
Skinner's	24
Kleinert	71
Tiffany	7
Iver Johnson	11
Heinz	5
Hart, Schaffner & Marx	18
Beecham	13
Chalmers	20
Colgate	3
Campbell's	14
Pabst	9
Steinway	4
Kellogg's	19
National Biscuit Company	9

As stated above, the results of this experiment may not "prove" a blessed thing. Most of them can be very readily "explained," and one may argue about them till the cows come home. But they do *indicate* something, which is this:

There is no concern whose trademark, or firm name, or slogan, is so firmly fixed in the mind of the average consumer that it cannot be uprooted or transplanted. It is indeed a remarkable tribute to advertising that so large a proportion of those people were able to identify and describe products with many of which they had probably never had the slightest experience. It indicates a tremendous volume of good will which has been built up for the manufacturers represented. But the point is right here: that the good will can be very quickly dissipated, or transferred elsewhere. There are many replies in the doubtful column; many indications that competitors' products are confused; many "no replies"—all of which indicate that the advertisers must keep hammering away without ceasing in order to keep the percentage of correct identifications as high as it is.

Perhaps there are other deductions which may be drawn from the experiment. If so, the results are given, and any one is at liberty to put upon them whatever construction he pleases.

(2) THE USE AND VALUE OF THE GUARANTEE

The guarantee, whether it takes the form of a printed promise or merely of a reputation for fair dealing, is really at the heart of the relations between the advertiser and the consumer. This fact gives more than passing interest to the following article written by a storekeeper in Baltimore:

*The main cause of trouble is that a customer's conception of the word "guarantee" is mostly different from that of the maker and retailer.

If the guarantee really guaranteed everything that could happen to the article it accompanied there wouldn't be anything to say. But in many cases the list of things it does not cover is longer than the enumeration of those on which the manufacturer will make good.

*What is a Good Guarantee?" By Joseph Katz of the Hub, Baltimore, Md., in *Printers' Ink*, July 23, 1914, p. 4.

Let's take the guarantee conditions that are printed on the inside of the top of a box of well-known silk gloves:

RULES GOVERNING THE EXCHANGE OF SILK GLOVES

1. The "Guarantee" is intended to cover only the "TIPS" of the gloves while the rest of the glove is in good condition.

2. It is not the intent of the guarantee to cover *worn-out* gloves, *washed* gloves, gloves *cut* by rings, *strained* gloves, gloves started to *run* between the fingers usually caused by FORCING them down with the fingers of the opposite hand.

3. The customer MUST SURRENDER the "guarantee ticket" from the original pair as well as the ticket from the new pair received in exchange. THIS RULE CANNOT BE DEVIATED FROM as we *require* BOTH tickets in order to entitle the gloves to be exchanged by us.

A WORD OF EXPLANATION

The object of the "guarantee ticket" is to *insure* the wearer that the "Tips" WILL WEAR WELL and is placed in each pair of gloves in *good faith.* But the silk thread from which a silk glove is made is by nature a very delicate fibre, and will not stand the abuse to which a silk glove is frequently subjected. Therefore the manufacturers cannot be expected to exchange gloves that do not justly come under their guarantee.

Now here's the guarantee ticket that the customer received with the gloves:

GUARANTEE
Blank's Silk Gloves are made with Double Finger Tips and are
WARRANTED
not to cut through or wear out at the finger ends, with reasonable wear.
In Case They Should while the Gloves are otherwise in good condition, then upon the surrender of this Ticket
THEY ARE EXCHANGEABLE FOR A NEW PAIR

OUR GUARANTEE DOES NOT COVER GLOVES THAT HAVE BEEN WASHED

There are a few more conditions on the "inside cover" guarantee than there are on the individual guarantee the customer gets.

Now, let's say that the folks who issue this guarantee are justified in imposing those conditions from the standpoint of sane merchandising. But that's not the point with the dealer.

The saleswoman passes on a pair of these gloves and says, "They're guaranteed!" She doesn't say the guarantee says the finger tips must outwear the other part of the gloves and that it does *not* cover gloves that have been washed.

Some women have gloves sent home, try them on there, tear them—and still ask for a new pair, because "They're guaranteed," they say.

Once the word "guarantee" is used, the store must make good—or lose a customer, whether the store is right or wrong. The store can't stop and quibble and show the purchaser the maker's list of the things that are not covered by the guarantee.

And so the point is this: A store would rather have an article without the word "guarantee" on it if a lot of strings are tied to it.

Here's a guarantee of a well-known brand of hose for men and women:

> This hose is guaranteed to give absolute satisfaction. If it wears holes before you think it should, return to us, with your dealer's name, and we will give you a new pair free.
>
> We leave it entirely to your judgment and sense of fairness as to the service you expect from this hosiery.

Looks like it would cover everything, doesn't it? Now read the slip that comes with it with the exceptions:

> We disclaim responsibility for any hose that may be damaged as follows:
>
> Hose purchased in too small a size. This stretches the heel beyond its normal size and pushes the toes through the stocking.
>
> Pulled threads caused by rough nails, finger rings, or chapped hands. These often catch in the thread which causes it to break and then "run" throughout the length of the stocking.
>
> "Runs" caused by garters attached to the body of the stocking instead of the garter welt which is specially reinforced to withstand strain.
>
> Use of washing powders which "kill" the silk and destroy its "life" and wearing qualities. Ironing with a hot iron which scorches and "kills" silk. (Do not use boiling water and do not rub soap direct to fabric. Launder in lukewarm suds of pure soap and do not use soap containing alkali.)
>
> *Damages caused by the above are not faults of manufacture, and we cannot be held responsible for them.*
>
> NOTE:—Hose should be changed daily, as acids forming from perspiration will rot the fabric.

Now nine times out of ten the customer doesn't read this list, which was printed on the inside of a folder that was headed "How much service should this hosiery give you?" Now I am not saying that the makers are not justified in insisting on these restrictions. But I do say that they *contradict* the word-g on the guarantee itself. The guarantee on the hose promes everything and the folder makes a lot of exceptions. ucky for us, however, these people are unusually liberal in aking good.

Note the first exception about hose purchased in too small a ze. Who is going to decide whether the customer bought the ght size or not? What store would want to argue with a istomer about that?

You can't stop a person with perspiring feet from buying lk hose. And yet perspiration will rot the best pair of silk ose that money can buy.

But say "guaranteed"—and the customer will hold you to our word. You can't argue with her—she thinks she's right, nd you lose a customer as sure as you are born, if you don't ve her a new pair. And if the maker doesn't stand back of ou, and he doesn't if he has put strings on the guarantee, ou'll find the guarantee on hose, gloves, and the like a boomeing instead of an advantage.

Our buyer of women's hosiery told me of a customer who ame back complaining of a pair of hose that were rubbed out the heel because her shoes were not properly fitted—and so e hose rubbed through, due to the constant friction of the ose against the inside of the shoe in walking.

When he told her it was more the fault of the shoe than the ose, she ejaculated, "What is the guarantee for, anyway?" Ve had to give her a new pair—or lose a customer.

Another buyer here said that if a woman were to buy a uaranteed article and on her way home a brick were to fall om some building in course of construction and damage that rticle, she would bring it back.

I wish manufacturers had a vivid conception of how unreaonable many customers are when bringing back merchandise.

A department store executive has this to say in *Women's Vear:*

BIG STORES ARE AFRAID OF THEIR CUSTOMERS

Another thing is the department stores are afraid of their customers. They t women who buy of them do anything they like. If you get a complaint om a man and you fix it up for him it promotes a kind of good feeling on his rt, and the next time some little thing happens to be not just as he would e it he passes it over for he feels friendly toward your store, but not so with e women. You let a woman do a thing once and she regards it as her privge ever after. Why, I know of stores where a woman who has been allowed a credit of $2 on a pair of shoes that did not give satisfaction has expected a credit on every other pair of shoes she bought, and very often she gets it.

The department stores are afraid to resist this sort of thing. They're afraid to lose a few customers even when they could easily satisfy themselves that this sort of trade is a losing game.

I don't know about it being a losing game. But I do know when a customer thinks he or she is right, he or she might as well be right for all practical purposes, because you'll lose the customer if you don't do what he or she wants you to do.

A customer bought a sheer silk dress at our store in March of last year. She wore that dress through a terrific hot spell right into the month of October. An entire side of the dress was stained with perspiration. She hadn't even worn dress shields—and yet she said she wanted a new dress or her money back.

The point is this: If a woman will do this with an article that had no printed guarantee with it, what will she do when she is given the guarantee with an article?

The guarantee with men's clothing is not vital. A man expects to get good wear out of a suit of clothes; and if it doesn't satisfy, every good store will make good without quibbling.

Men and the Guarantee

There are not many makes we handle that have guarantees with them, although we have found that every maker will make good on suits that have not rendered satisfaction—whether they have printed guarantees with them or not.

Here's the guarantee that goes with Hart, Schaffner & Marx clothes:

GUARANTEE

You are entitled in buying Hart, Schaffner & Marx Clothes to a most Positive Assurance of your Satisfaction.

Every dealer in *our* clothes is authorized to say this to you:—

Every garment made by and bearing the label of Hart, Schaffner & Marx is Guaranteed to be of All-Wool or Wool and Silk fabrics with no "mercerized" or other cotton added; to be Thoroughly Shrunk before cutting; seams sewed with Pure Silk Thread; tailored in Clean, Sanitary Shops; and to be free from every defect of material and workmanship.

More than that: The Dealer is authorized to say that if the Clothes are not right, or not satisfactory, your money will be refunded.

Now that's a good example of a guarantee that really means something.

And so is this a good guarantee for hose:

WE GUARANTEE

that these six pairs of Holeproof Hose will need no darning for six months. If they should, we agree to replace them by new ones upon the surrender of this ticket with the worn pair and Coupon A, provided they are returned to us within six months from date of sale to wearer.

Signature of Dealer ——— ————.

And that's all there is to it. The hose are sent to the maker —and back comes a new pair.

So let's sum up: We like guarantees that will cover *the customer's conception of a guarantee*, and the latter's idea of one is pretty broad. Once a maker uses the guarantee without any "ifs" to it, he must stand ready to make good, even the *unreasonable* complaint, because no store can afford to argue with a customer.

A portion of this article was sent by *Printers' Ink* to a number of widely known manufacturers who have employed the guarantee and a number of other selling plans, and it was accompanied by the following list of questions:

1. Do you think that Mr. Katz's view of what a good guarantee is, is right, and why? If not, why not?
2. Judging from your own experience, is it good business for a manufacturer to accompany his guarantee by "an explanation" or "bill of exceptions?" (See first and second examples cited by Mr. Katz.)
3. Is your guarantee an outright one, or do you make some clearly stated reservations? With what result?
4. Have you ever found it advisable to change the wording of your guarantee? What were the circumstances?
5. Have you heard from your dealers or your consumers in any way that would throw light upon the points raised in the article?
6. Do you believe a manufacturer can, with justice to himself and the consumer, give a guarantee short of the ideal one described in the last paragraph of the article?

This list of questions brought out replies from twenty-five manufacturers who in the main agreed that the guarantee has no value unless it takes the form of a plain, unequivocal agreement to "make good" any purchase the consumer finds unsatisfactory.*

(3) THE CHANGES IN THE CONSUMER AND IN CONSUMING CONDITIONS

The most conspicuous feature of the relation between the advertiser and the consumer is the fact that so far as the consumer is concerned nothing whatever is stable. Most of the rest of this compilation will be devoted to some of the elements of instability and change which are conspicuous in the distributing organization and in the advertiser's problems, but in addition to these, there are countless elements of change in every market. For example, George L. Sullivan brings out the following points covering some changes in the automobile market resulting from the general downward tendency of automobile prices. Each drop in price changes the size and character of the manufacturer's market:

† . . . I do not think there ever has been an opportunity like the present one for manufacturers to watch, right out in the open for all to see, the vital play and interplay of the forces of market-making.

About a year ago, at the time the cyclecar threatened to invade the automobile market, a very shrewd observer of automobile conditions in this country made this remark:

"The trouble with us in this country is that we began to build automobiles at the top of the pyramid of prices. The little section at the top of the pyramid was quickly filled. Then makers began to realize that the nearer they approached the base of the pyramid in prices the wider they increased their angle of possible customers, and with every reduction of $100 or $200 in any model, they made it possible for a constantly increasing proportion of Americans to purchase automobiles."

Automobiles since their first manufacture, or more correctly

**Printers' Ink*, July 23, 1914, p. 3, and July 30, 1914, p. 56.

†*Printers' Ink*, July 29, 1915, p. 26.

after a period covering two or three years immediately following the inception of the industry, have had a constant tendency to drop in price. The betterment of the product has kept constant pace with this downward trend in prices, so that to-day it is possible to buy an automobile fully equipped, with everything that the owner may desire, at about one third the price he would have been asked for a less perfect product even five years ago, and to which he would have had to add as extras, and at an additional expense, such things as windshield, top, horn, speedometer, etc.

With Standardization Price Drops

With every succeeding season the public asks itself how much lower the automobile can go and still be worth buying. Enormous productions and standardization of manufacture have been largely responsible for the reduction in prices. It is obvious that when a manufacturer turns out 300,000 units all exactly alike, his overhead per unit and cost of materials and labor are very low in comparison to similar charges against any one of a number of models.

This multiplicity of models was the cause a few years ago of nearly wrecking one very large manufacturer who was very well known. When the reorganization committee took hold of the proposition they insisted that the number of models should be reduced from over 60 to 12. To-day that concern is in a more healthy sound condition than ever before.

The reduction of prices this year has made a very deep impression on the buying public. A car that has been selling for two seasons at $1,075 has been reduced to $750. It is identically the same car. Another model selling at $1,550 has been reduced to $1,350. This, too, is identically the same car as at the higher price. This reduction has been duplicated in many instances.

The question must inevitably arise in the mind of the man who paid $1,550 as to whether or not he had furnished the manufacturer, distributor, and dealer an unjust profit. And this question may be truthfully answered "no," because at the time he purchased his car the cost of production at the factory was proportionately higher than at the present time.

Another question which comes up to every thinking man at the present time is this: What is the significance of the present reduction in price and what will be its effect in the purchase of an automobile? The first significance of it has been touched on above, *i. e.*, the ability of the manufacturer to produce at less cost and his willingness to give his purchaser the ability to buy a better product at less cost.

Probably the next significance of it is the effect it will have on the second-hand car market. The dealer will suffer some intrinsic lack of profit, perhaps not in percentage but in actual money, which will force him to efforts toward a greater sale. At the same time it will make him very cautious about taking in second-hand cars as partial payment for new cars. This will result in the owner of a second-hand car being dissatisfied with the deal offered him by the dealer, and he will decide in many instances to run his present car another season at least.

On the other hand, it will bring into the market a great host of people who have long desired to own an automobile and who now find it within their power to purchase a new car. In other words, the angle of the pyramid will have progressed near enough its base to have included them in its purchasing power. . . .

What the insurance companies would call "actuarial figures" show that this country can absorb between six and seven hundred thousand new cars every year.

This observer points out that the production of a million cars means a production of one car for every one hundredth person of the entire population of the United States—man, woman, and child. Based on the average life of a car of three years, and taking into consideration the growing tendency for a man to keep his car more than one season, these figures would provide one new car a season for every thirty-third person of the entire population of the United States—man, woman, and child. He predicts an enormous overproduction, and it is not expected that foreign conditions will better themselves sufficiently soon to make the foreign market a dumping-ground for any of this surplus.

Already some of the larger manufacturers have grasped this fact and have curtailed their original plans for enormous productions. In one case a concern making 10,000 cars this year announces 75,000 for the coming year, but have cut that to 50,000. Even with these reductions, this man thinks that there will be a great overproduction.

Every year the automobile is coming to be more certainly a utility. The man who drives 50 miles into the country of a

Sunday afternoon and 50 miles back is not nearly as numerous, with the exception of the enthusiastic brand-new owner, as he was a year ago. He is going back to his golf, his tennis, his gardening, or his quiet Sunday at home, and the car stands in the garage or is used to bring his guests from the station only.

Automobile Has Become a Utility

A striking instance of this, which is developing all over the country, is observed in a very small Jersey town. This year eight men whose average income is not over $4,000 a year have purchased automobiles. They are used almost entirely by the women of the families to run over to the county town for shopping and to the neighboring golf-courses for a round of golf. But these cars are used very little by the men. Perhaps not more than once a week for the mere sport of riding somewhere and coming back.

I look to see automobile selling and advertising proceeding from now on with some degree of certainty as to possible demand. Every well-wisher of the industry can ask nothing better than that automobiles be sold on their utility basis, for being so sold, they will in the main be sanely sold.

One other illustration of the extreme changeability of a market is to be found in the effects upon certain markets produced by the pursuit of sales. This is illustrated by the following unsigned article, describing how an optical company developed a new field. It shows how a market sometimes grows by being appealed to.

*About four years ago a man holding a prominent position in one of the great American steel industries walked into the office of the Julius King Optical Company, New York, with an unusual request.

"I want you to make us some safety goggles," said he, "for our workmen."

At that time the market was flooded with goggles of the crudest nature: clumsy affairs with thick glass, wire netting goggles which ruined a man's eyesight, their makeshifts of isinglass which shattered at the lightest tap, and dozens of

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**Printers' Ink*, February 11, 1915, p. 33.

barbarous contrivances made without regard to the health, comfort, or appearance of the workman.

The Julius King Optical Company, in its capacity of handling a wholesale jobbing optical business, sold various of these imported models without having a very clear conception of the field or its needs. In a general way the officials knew that the annual sale of glass eyes ranged in the neighborhood of from 20,000 to 30,000; but where this large number of glass eyes went was an unknown problem. That people lost the use of their eyes was accepted as a matter of course, but at that time little attention had been paid to tracing where the false eyes went and what causes had been responsible for the destruction of eyesight.

Acting upon the request previously stated the company began to experiment with the safety goggle proposition with a view of making radical improvements over the crude imported types, and as the work progressed many interesting and undreamed of things came to light.

For example, it was discovered that the annual toll of eyes sacrificed in the industries of this country was great. In this country alone there are over 80,000 blind men who owe their loss of vision to the fact that their eyes were not protected, and it was disclosed that 40 to 50 per cent. of the accidents taking place in industrial plants were eye accidents.

Figures like these were significant, and as the market possibilities of the safety goggle began to be unfolded the company plunged deeper into the subject, with especially keen interest when it was realized that the great majority of these accidents, with their attendant suffering, pecuniary and economic loss, were inexcusable and unnecessary.

A Field Undeveloped

Standing on the threshold of what looked to be an undeveloped branch of the optical business the company had much to learn, and the market was carefully investigated in order to find out the exact standing of the goggles thus in use. It was found, as the result of a thorough canvass, that, except in rare instances, operatives in most lines of industry carried on their work without special means of guarding their eyes from particles of abrasive and flying steel chips, rivet heads, and other objects, menacing the unguarded eye. Employers of labor were for the most part indifferent toward extending the use of eye-protectors in their shops, and as far as the men themselves were concerned the attitude bordered almost on antagonism. There seemed to be a prejudice against wearing goggles while at work; users claimed that the practice hurt their eyes, shut out their light, and did a hundred and one other things. A certain small percentage wore the various ungainly makeshifts then on the market, but the majority preferred to "take chances."

It was soon seen that there were two factors to the spectacle problem: first, securing suitable spectacles; second, getting them worn. As far as the first factor was concerned the Julius King Optical Company reasoned that it had this branch of the problem solved. As regards the second factor, it was realized that the success of the "Saniglas" goggle depended upon the result of a campaign of education brought to bear upon both employer and employee.

It was just about this time that the "Safety First" crusade touched the shores of this country on its way from Europe and started to sweep a broad path through the great industries. Nothing could have been better than this for the spreading of the gospel of eye protection, and the company made the most of it, riding the crest of the wave.

While a great deal of the educational work was done by personal solicitation, advertising played a great part in the campaign—and the same conditions hold good to-day.

Naturally the subject enabled a collection of very striking material to be accumulated, not the least important of which were photographs by the score of workmen minus an eye. While affording an unpleasant sight the evidence was extremely forcible and photographs of this nature were, and are, used in all sorts of ways and combinations. Metal hangers for shop use were made to reproduce some of the most startling examples, and catalogues and booklets pictured the results of not wearing goggles. Very important, also, were pictures secured of goggles which had been broken on the job, yet which had saved an eye. . . .

In this campaign of education the company is being helped to-day by a form of publicity of the most valuable kind which has its origin in the safety department of some of the great industrial companies. Many industrial concerns, among them being the American Car and Foundry Company and the New York Central Lines, furnish safety goggles free of charge to their workmen; the two companies mentioned using the "Saniglas" goggle. These companies issue educational booklets of their own for distribution among their men, urging them to wear goggles while at work. While the trade name of the goggle is not mentioned, the Julius King Optical Company secures practically as much benefit as if it issued the literature itself.

Twenty thousand copies of a bulletin were issued by the American Car and Foundry Company. The front cover of this Safety Bulletin, as it is called, bears the injunction—"This bulletin is an appeal to the workmen for their co-operation in preventing eye accidents. Take this home with you."

The bulletin itself is largely pictorial. A page shows a series of four pictures telling the story of a chipper in a foundry who was handed a pair of safety goggles by his foreman. Rather than wear them the workman fastened them to his hat, an accident happened and the final picture shows him coming out of the hospital. The bulletin is full of just such vivid evidence; the kind that grips the reader and sets him busy thinking. . . .

Much more might be told of the manner in which the company is winning, as, for example, the practice of fitting special prescription lenses into the frames in order that each wearer may have the glass exactly suited to his vision. It is service of this order which is winning the men in the shops and foundries away from the old idea that goggles were merely blinders and incidentally increasing their efficiency 25 to 50 per cent.

There are twelve Saniglas salesmen on the road, visiting plants in all parts of the country and doing missionary work. These salesmen report visits in full, and from them much valuable data is secured which is used in advertising. It is almost impossible to go into any plant in the country and not pick up a good "eye story."

(4) THE NEED OF CLOSE CONTACT BETWEEN ADVERTISER AND CONSUMER

It is obvious that with the distributor's direct dependence upon the consumer and with the constant change which is going on in consumer conditions, it is necessary for the advertiser to keep in close touch with what the consumers think of his goods. Ernest Cohn, Advertising Manager of the Kahn Tailoring Company of Indianapolis, Ind., discusses this aspect of the question as follows:

*A number of years ago an enterprising machinist hit upon one of those happy ideas which are both patentable and salable and started out in a small way as a manufacturer. Gradually extending his business, he finally assumed the place where his advertising required the assistance of experts.

The fact that the proportionate increase was even better after the organization of his advertising department than it had been in those old days, when he himself had done everything about the shop from assisting the shipping clerk, helping out the assembler, and running the ads, made him believe that his publicity was now 100 per cent. efficient.

What was his surprise, therefore, when one day a large user of his invention said to him, "Mr. Blank, I have often wondered why you don't advertise the fact that your machine not only does the punching and stamping claimed for it, but is useful also in handling intricate folds of metal which otherwise have to be made with slower and less satisfactory appliances."

Now, as a matter of fact, Mr. Manufacturer had never known or dreamed that his product had uses with which he was unfamiliar. The idea had been the child of his own brain, and had been his pet through the years of its development and exploitation. Surely no one could be *more* familiar with it than he was. And yet, though this machine had been originated for a certain specific purpose and all the advertising and sales literature had been promulgated with that one use in mind, it had remained for a *user* to call the attention of the inventor to a new field of usefulness for the contrivance—a field which opened up new possibilities for the advertising department and new activities for the sales department.

Naturally the inventor—his faith in his full familiarity with his product badly shaken—made a hurried trip to the shop of his informing customer and saw his machine in actual operation on work to which he had never thought it could be adapted. After that he sent his advertising experts on the same errand, and as soon as the story of the new discovery was correctly told throughout the trade, he found his sales were increasing in two channels.

First, he found that he could sell additional machines to plants already using a limited number, because the increased

*_Printers' Ink_, January 8, 1914, p. 86.

use of the machine along the new lines made it imperative for shops which were now using their present equipment to the fullest capacity for the purposes for which it had been originally purchased to install additional ones to take care of the new work.

In the second place, he found it was possible to get his product adopted by people who previously had no use for it as it was described in the original advertising matter—but found they could not do without it after the revelations made in the newer copy. For example, there were some shops which could not use the machine for cutting and stamping, but which had urgent need for a high-speed metal-bending machine.

A Change in Copy the Remedy Here

By exploiting *both* uses the firm both lined up new customers and increased the buying capacity of those old users who were susceptible to the fullest use of the machine.

This man did not stop there. He arranged his office affairs so that he could get away on a short trip and, donning a pair of overalls, secured jobs *incog.* in a number of shops in his territory. Naturally this was not difficult, since he made his wants known to the heads of the plants, although to their workmen he ranked no differently than any other shop employee.

By this means he succeeded in learning a number of tricks which users of the machine had put it to, and which he never would have known had he continued in the old rut of directing his business without inquiring into what others knew about his product. What he learned by this method not only served to increase sales, but gave a new impetus to the publicity of the company, in that it gave the advertising department new things to talk about—that ever-welcome opportunity to spice up the publicity and make the ads tell a continued story.

Of course, not every large advertiser has to be shown that it is to his interest to learn what others know about his goods, and not all need to employ subterfuge in doing it.

For instance, numbers of food manufacturers maintain their own experimental laboratories for the discovery of new uses and combinations of their products, while others achieve the same results by interesting cooking schools and culinary authorities, as well as by offering prizes to housewives for new and practical recipes in which their product is specified. Thus they manage to secure the proper viewpoint, that is, the consumer's viewpoint, in regard to their wares.

One food manufacturer, however, hit upon a very novel plan—much less expensive than the ordinary one. He was a manufacturer of a package brand of cornstarch. For some time he had felt that his product could be given a wider use in kitchens which would result in increasing sales if he could but devise new recipes for it and new uses to which it could be put.

Cooks Tell of New Uses for Cornstarch

He hit upon the very simple plan of hiring and rehiring cooks, all of whom were given a short reign in his kitchen, and to all of whom—through his wife—without letting them know that he was in that business—he gave instructions to prepare a variety of cornstarch dishes. By encouraging the originality of his successive cooks and by affecting a keen enjoyment of each new cornstarch combination, he really put a premium on the origination of new cornstarch recipes.

Of course his plan was rather hard on the cooks, but by means of connections which he formed with an employment agency he managed to let them down easily by finding new places for them as necessity arose. And at the end of his cook-hiring experiment he found that he had learned more about his product than he had ever known before. A brand-new cookbook entitled "New Cornstarch Dishes That Tempt the Palate" was the result.

One feature of learning what the user knows about your goods may not be immediately apparent to the casual reader, but on second thought it is easily discernible. For if it is possible through the user of your goods to learn good things about them it is also possible through them to put your finger on serious flaws which may not be readily apparent to the manufacturer and his force (and which may be retarding the growth of sales) thus giving you the opportunity to repair them.

For instance, a manufacturer of a new office device found that though it was an easy matter to make original sales for a single machine it was extremely difficult to close deals whereby he could later entirely equip large offices with his device. This was the case in spite of the fact that the sales force repeatedly made the assertion that something was holding back complete office installations, and no one could lay his finger on the reason. There seemed to be no discoverable objection against the appliance, yet for some reason or other there was not that decisive approval of the device which would get it used throughout large offices in spite of the expense attached to the installation of a complete equipment.

As is usually the case, the fact that the first machines sold readily was taken as conclusive evidence that the product was good. And the fact that it was impossible to close larger deals was also taken as unquestioned evidence that both the advertising department and the sales force were at fault. One shrewd salesman, however, finally made up his mind that though the machine looked good on demonstration, for some reason or other it had not worked right when put to the actual test of continuous normal working conditions.

How the Trouble Was Discovered

For this reason he asked an indefinite vacation and improved his time by finding employment in an office in which a trial machine had already been installed. Here he could, from day to day, watch its operation and manipulation. Finally he discovered that the reason the machine did not go well after the first demonstration was because the shifting of a single lever was more or less a clumsy operation and served as a sort of "mental hazard" or unconscious handicap to the acquisition of ease and speed of operation. This had not actually prevented the acquiring of speed, but it had discouraged it.

Ascertaining Consumer's Viewpoint

Thus it is seen that it is important to know what the user knows about your goods, not only because by finding new uses for them you can extend their field and liven up their advertising, but also because if your product has any faults or apparent drawbacks which the user knows and which it is possible to repair, not only will that knowledge be the open sesame to further success, but the lack of it will be found to be an actual stumbling-block in the path of sales progress. And a change for the better always puts a fresh incentive back of the advertising—giving it the pleasant aspect of change and progress.

And indeed the consumer's viewpoint does not always come as an accidental inspiration from without. Those cases are the *exceptions*. The man who knows best what the user knows about his product is the one who *finds it out* by means of careful and cautious investigation and by the affable "mixing" with the class of people who actually use the article. Thus, some manufacturers of machinery make it interesting to a few bright employees to keep on good terms with mechanics who actually use their product. Other organizations keep investigators travelling all the time "butting in" at stores where their wares are handled and calling on people who use them—not to sell goods, but just to see how things are running and to learn, if possible, something *new* about the product.

Methods employed by certain manufacturers for keeping in touch with the market are described in an unsigned article as follows:

*"I am the complaint clerk for this business," said the president of a pretty large corporation to a *Printers' Ink* representative. "By that I mean to imply there is nothing so important in this entire business as the proper handling of customers who for any reason whatever have become disgruntled. I figure that every old customer should produce five new ones. I spend more in advertising to get my first sale than the profit actually amounts to. Therefore, if I don't get those five additional sales, my advertising has been a losing investment.

"Not only that, but complaints enable me to keep my finger on the pulse of every department of the business. If the factory superintendent relaxes his watchfulness, if the delivery department grows careless, if some of the salesmen promise too much for the sake of forcing a sale, my record and analysis of complaints flashes a warning signal. Instead of regarding dissatisfied customers as a nuisance and keeping as far aloof from their kicks as possible, I insist upon knowing the details. I want to know whether a certain class of complaints is increasing or decreasing. I want to know whether we can improve our goods, our packing, our selling methods, etc., and so I go on a still hunt for complaints rather than try to shut them off."

In the last statement particularly is indicated a modern tendency of successful business. Captains of industry nowadays are not waiting for complaints voluntarily to put in an appearance. Scouts are being sent out to unearth complaints that might otherwise never be heard of. Sometimes advertisements are so adroitly worded as to invite the sending in of complaints. And then, when received, they are not handled perfunctorily by a cheap subordinate, but are analyzed and tabulated by some person of good judgment who is capable of reading out of them fundamental principles of vital importance to the growth of the entire business. . . .

**Printers' Ink*, February 26, 1914, p. 85.

The cases quoted are all typical big businesses, but the lessons they convey can be utilized to a greater or less extent by every manufacturer or merchant who has dealings either directly or indirectly with the great consuming public.

The establishment of "service" departments, which are in their essence departments for the handling of complaints and the satisfying of complainants, has, under some form or other, become a regular feature of these organizations.

In them complaints are received, settled, analyzed, classified, and recorded, and from such a department the various other branches of the organization are notified of the troubles and their causes, and such conclusions are drawn as will best insure greater efficiency for the future.

Such an organization may sound formidable, but, in practice, a very small staff under a capable head will do a surprising amount of effective work, and those firms which have tried out the system thoroughly are generally convinced that it is a paying proposition in every sense of the word.

Complaints readily divide themselves into classes, and one will often resemble another so closely that the same treatment fits them both.

How Some Telephone Complaints Are Handled

The New York Telephone Company finds that its main causes of complaints usually take stereotyped lines—delayed or imperfect connections, defects in appliances, removal and installation troubles, and disputed toll charges.

To facilitate dealing with them the company has located district managers in various parts of the city, and through these offices the various troubles are traced and suitable explanations or adjustments furnished.

To trace actual examples: A writes indignantly to complain he has not had his new telephone installed. Reference to the file shows that sufficient time has not been given for the work to have been done. The complainant has the facts courteously placed before him and is usually pacified.

B claims he did not make a certain call charged against him. The toll slips are examined and date, time, and place established. Usually this suffices, but occasionally the reply is that the alleged party called is unknown, and in such cases compromise is the only way out.

C could not get a number promptly, and here, said Mr.

King, manager of the Murray Hill District office, is our most common source of complaint. Turning to the switchboard, he showed convincingly how much easier it is to give an immediate connection—just a few mechanical movements and it is done—whereas any failure means three or four rings and usually a heated but one-sided argument from the party making the call.

"We find it easier and cheaper to avoid complaints than to give cause for them," continued Mr. King, "and I am pleased to say that courteous attention and careful explanation of the causes usually prove effective." In fact, this company is going a step further and purposes using the advertising columns of the daily press for the purpose of "heading off complaints by pointing out how the public themselves can assist in the giving of better service."

Advertising to Head off Complaints

Express companies have come in for a considerable share of public opprobrium, and it is by no means surprising to find that they are beginning to realize that it is better to meet justifiable complaints frankly and to make friends with the public by such improvements in their service as seem called for by their own experience.

Claims for delay, loss, and damage have formed a heavy percentage of an express company's expenses, and it is with the double view of settling claims promptly and of also eliminating the causes that the Wells, Fargo Company has during the past year inaugurated a service department with E. H. Stevens, an experienced express superintendent, at the head, and offices in New York, Chicago, St. Louis, San Francisco, Los Angeles, and Houston, each under an experienced manager.

Mr. Stevens thinks the public feeling has been that it was almost useless to complain to an express company unless one had a "pull" because of the great quantities sent by express, but realizing that this unsatisfactory reputation meant actual loss of business, the new departure is based on equitable lines, the policy being to pay every just claim as soon as it is presented.

How One Company Is Utilizing Complaints to Further Efficiency

To gain any real benefit, however, it was felt that the department must endeavor to locate the trouble and eliminate it. One of the means adopted is that of a travelling squad of "inspectors." These men visit points where troubles are frequent, find out the causes, and straighten them out. Mr. Stevens pointed out that every claim meant a distinct loss in money, and that not infrequently the fault was directly traceable to the error of an employee of the company. "If that is so, we want to know it and either educate the man to the proper way of handling the traffic or else put a competent man in his place." These ideas are brought prominently before every employee in the *Messenger*, a monthly house-organ which is chiefly made up of helpful and instructive talks on better service and kindred subjects.

Before leaving the subject of public-service corporations it is interesting to note that at the national conference of commercial gas managers, held at Philadelphia in December, special attention was given to this subject, a committee being appointed to investigate and its report made the occasion for an extremely spirited session, wherein the conviction was almost universally expressed that the old "public be damned" attitude was dead, and that from all points of view it *paid* to study out consumers' complaints and to trace and remedy the causes.

The Wide Interest in Service Work

The committee was made permanent and was further entrusted with the task of preparing textbooks of instruction on the subject for the use of employees of the various companies.

Turning from this class of corporation to another group which also deal at close quarters with the user, we find that manufacturers of the various machines so common in our offices find it essential to their business to keep in touch with their customers *after* the sale and to use every care to insure satisfactory service.

Many of the typewriter companies maintain an inspection service which insures that every machine in use shall be visited periodically, cleaned and adjusted. They further give free instruction to operators in the care of the machines, and, in addition, maintain a corps of skilled repairmen to look after more serious troubles.

All this is done with the sole view of avoiding *cause* for complaint and may be classified under the head of "Service." It is admittedly expensive, but even at that it is claimed to pay better than leaving the customer to shoulder his own troubles.

The Burroughs Adding Machine affords another striking example of service to customers. So far is its maker from waiting for complaints that a fully equipped service department is kept constantly on the move, and as a rule every machine sold is visited three or four times a year at least.

"Service" Follow-up Which Burroughs Uses

No sooner is a sale made than it is recorded on a service card, with number and kind of machine, date of sale, and all details.

Prospective users are carefully instructed in the use of the machine at the start, and a few days after delivery a letter is sent asking if everything is satisfactory, or, if not, for details of the trouble.

Sometimes this arises from the ignorance of the operator, the omission of some simple operation, or even occasionally from the fact that the machine purchased is not exactly suited to the work required, all of these being quite outside the question of defects in the machine itself, but the same care is taken in each instance to leave the customer absolutely satisfied.

Typical of still another class of business, in the Aeolian Company of New York we find still the same tendency.

Its problem is slightly different from those already cited, although the results are practically the same. To sell a highly technical instrument like a player-piano to a public comparatively unused to mechanical devices of any kind requires considerable tact and care, not only in the original sale, but in the after handling of the customer.

(Customer's Name)	Date............No.
Defective Part Bought.................. 19.. From....................	Finished Product Sold .... 19.. To.....................
Made .... 19.. By......................	Shipped................. 19.. Route..................
Packed.................. 19.. By	Reported................. 19.. By......................
Remarks	Complaint .... Claim ....

FRONT OF CARD—RECORD OF GOODS

Complaint Settled............................. How.. Amt. $........
Fault of.. How dealt with..
Claim made on.. 19.. How settled................................ Amt. $........
Remarks... Net loss $............

BACK OF CARD—RECORD OF COMPLAINT

These details would, of course, be subject to alteration as required by the particular business. This card has been used successfully by a rubber manufacturing firm.

Aeolian's Policy of Looking After Purchasers

Although every improvement has been adopted to render the instrument "fool-proof," there are yet certain adjustments and mechanical attachments which require to be thoroughly understood before entire satisfaction can be obtained.

To "head off" trouble as far as possible is, therefore, the aim of the Aeolian Company's service department, and a free instructor is sent to the user's home to show the entire family, if necessary, how to operate the instrument properly. The service record cards are also used as part of a follow-up system for the sale of music rolls as well as for keeping in touch with the condition of the instrument, and possibly leading up to an exchange for a more recent model.

So it would be possible to go from one field to another and add to the list of firms which have adopted the practice of heading off their complaints by—to use an Irishism—taking care of them before they happen. It all points to the growing tendency among manufacturers to profit by their own mistakes and to eliminate the cause as far as possible.

It is claimed by the makers of National Cash Registers that many of their most important improvements were suggested by users who found the regular type of machine did not do what they wanted. So with almost any business. It is not sufficient merely to settle a claim or silence a complaining customer. There is something at the back of every complaint, or it would never have been made, and when these are sufficiently numerous in any one direction to indicate some defect in the product, every investigation should be made of the cause and every endeavor made to remedy it.

How Cash-register Makers Profited by Complaints

Some of the greatest advances of recent years have been evolved out of some apparently trivial cause of complaint, and this applies not only to cash registers, but to typewriters, adding machines, and almost every modern domestic or business appliance.

Every reader of *Printers' Ink* owes it to himself to look into this question of complaints. If there are many of them, get a full report on each, dig down for the cause, and ten to one the remedy will not be far away.

Even the apparent laxity or want of interest among employees has sometimes a deeper foundation than just laziness or cussedness, and a little "gum shoe" work along these lines may prove a permanent blessing, even if in the disguise of a disgruntled customer.

The manufacturer who desires to systematize his complaints or to create such a service department with a view to the improvement of his product has no need to set up an elaborate organization.

All that is required is a small card index to carry a set of cards classified according to the particular lines on which the complaints are found to run.

These need not be larger than five by three inches or six by four inches, and a set of 500 cards in various colors will fill a single drawer file. The colors are suggested as a means of classifying the cards according to the fault complained of, thus showing at a glance whether any particular form of complaint is more or less prevalent at any particular time.

Thus, a selection of pink cards could be taken instantly from the file, showing convincingly not only what this particular fault happened to be, but also who was responsible.

By means of dividing index cards, they could be further classified into groups by territories, or in such other form as might be desired. For instance, a jobber might require to know the percentage of complaints on a certain manufacturer's goods. By means of this sub-index the facts would be easily ascertainable. Any system adopted would necessarily be subject to modifications, but the sample card shown may be readily adapted to any business desired.

The front of the card records the outward or factory end of the transaction, while the back is reserved for the details of the settlement.

By "guaranteeing" his product a manufacturer does not absolutely warrant that every piece is absolutely faultless, but he does imply a readiness to be responsible for all defects, and by so doing he at once places himself in closer touch with the consumer and incidentally gains a keen insight into the merits and defects of his goods.

That this is good advertising and good business is borne out by the experience of such firms as the "Holeproof" company, which, encouraged by the success of its "Holeproof" hosiery, has added a "Holeproof" glove also to its line. It is admitted that a certain small percentage of these goods do wear out within the limits of the guarantee, but as they are promptly replaced, the effect to the consumer is the same as if they had not proven defective, while the experience gained through the settlement of such claims is utilized in the direction of further improving the quality of their products.

The cost of maintaining such policies as those outlined is, naturally, an item for investigation, but while it was admitted by one firm that at the outset it added 5 per cent. to its expenses, it was claimed that this loss was more apparent than real, being more than made up in the long run by improved service, and that by a gradual reduction of the causes of complaint this percentage had been considerably reduced, and that as business had also greatly increased through the system, the firm had ceased to regard it as an expense item at all.

This experience was more or less corroborated by all the firms interviewed, the general verdict being that, viewed even as an investment, a service department was a paying proposition.

These excerpts from articles concerning the relations between the advertiser and the public make it clear that ability to serve the consumer involves an understanding of the enormously complicated series of processes involved in the distribution of merchandise under present-day conditions. No matter how high the advertiser's moral standards may be or how sincere may be his desire to make his advertising of real service, a failure to adjust his plans or adapt his methods to the distribution processes may thwart him.

No one connected with advertising to-day possesses all the knowledge necessary to make his operations perfectly sure. But the body of knowledge which is available to advertisers, large or small, rich or poor, is increasing constantly.

CHAPTER II

PROGRESS IN RETAIL ADVERTISING

THE retailer, as the immediate source of the consumer's purchases, figures in advertising problems chiefly in two ways: (1) As an independent advertiser, and (2) As a feature in national campaigns.

As an independent advertiser we shall consider at this point only the so-called "regular" retailer. Department-store advertising and other forms of advertising by large retailers we shall leave for consideration at another point. The small "regular" retailer depends for his continued existence upon his ability to serve the consumer in matters of personal contact and convenience. This puts all the emphasis in retail operations of this kind upon service and economy. If the small "regular" retailer is able to render for the consumer the services which are expected of him and do it at a price which the consumer is willing and able to pay, he will be able to compete with other forms of retailing. If he is not, he must expect to be eliminated. As an independent advertiser, therefore, this type of retailer finds his problems intimately associated with questions of operating costs.

As a feature in national campaigns, the "regular" retailer's problems are concerned partly with his relations to his sources and partly with his ability to compete with other forms of retail distribution. These latter competitive relations are so complicated that it will be necessary to devote separate chapters to a number of them. In this chapter, however, our attention will be confined to the problems of the "regular" retailer as an independent advertiser.

(1) THE PLACE OF ADVERTISING IN BETTER RETAIL METHODS

During the past few years marked progress has been made in bettering the methods of retailing. Conspicuous among the methods employed in the betterments which have been brought about is advertising by the retailer himself.*

In the year 1914 *System* published a series of articles on "keeping up with rising costs," which contained a large number of figures on retail costs, prepared under the direction of Wheeler Sammons of the *System* Staff.†

This series of articles has been followed by a new series relating the experiences of progressive merchants in attempting to meet the problems discussed. These have appeared in practically every issue of *System* since October, 1914. Several of these merchants in reporting their experiences mention increased speed of turnover as one of the most effectual methods of meeting the problem of rising costs, and a number of them recount in detail their experiences with advertising as a method for increasing the speed of turnover. For example, in the first article of the series, Carl J. Ricker, President of the firm of S. F. Ricker & Son, Jewellers, of Emporia, Kansas, describes five methods which he has employed in meeting the rising costs. Of these, three have to do with advertising. He says:

> ‡ . . . In this article I am going to describe in detail five of the broad policies I have used. They are, (1) advertising focused on specific classes of customers; (2) special advertising plans; (3) advertising connected with local events; (4) frequent trips to the primary markets; and (5) watchfulness for new lines.

*The Harvard Graduate School of Business Administration through its Bureau of Business Research has developed a standard system of accounting for boot and shoe stores and for grocery stores, and these systems have served as the basis for accumulating a large amount of valuable material on the costs of operating retail business. Further information concerning these may be secured by addressing the Bureau, No. 1, Lawrence Hall, Cambridge, Mass.

†This series has been brought together in a book bearing the same title that the articles had originally. This book is for sale by the System Company.

‡*System*, October, 1914, p. 378.

Announcing versus Advertising

First, then, come my ideas and practices associated with directing advertising so that it hits hard. *System's* cost investigations indicate that on the average retailers spend from one half of 1 per cent. to 4 per cent. of their sales for advertising of one sort or another. I believe this item in the cost of doing business is increasing as fast as most of them. At any rate, they tell me about advertising expenses of the eighties that rarely exceeded 1 per cent. of the sales.

I imagine my early experiences with advertising are typical. I advertised rather as a matter of course. If I had not worked out methods for bettering the returns I guess that I would have gradually come to consider direct profits from the space I bought little short of miracles. Judging from the amount of time they give to their advertising, I believe a good many retailers have actually given up expecting results. They are in the habit of spending money for advertising, but consider it a very bad habit. So they hold that the less time they give to the spending the better.

Certainly I had enough discouraging advertising adventures before I found the "how" of influencing my customers and discovered that the advertising bills could be used to buy weapons mighty effective in fighting rising costs. I spent from twenty-five to fifty dollars at a time, in the early days, advertising absolutely staple goods at less than cost. I failed to get a single reply. Finally the truth of the matter simmered down to the fact that I used newspaper space liberally because I was afraid to quit.

I tried large space and I tried small space. The story was about the same every time—very few, if any, returns. I keyed the advertisements in order to establish the pulling power of each medium. For instance, I spent thirty-five dollars on an advertisement to go in five papers, keyed so that we could tell just what each one did. A paper with one hundred and fifty circulation sent three answers; another with two thousand readers pulled but one! And I might add that I netted about ten dollars on the goods sold as a result, which left me twenty-five dollars in the hole.

Of course, I would not like to say that the business did not benefit indirectly from the advertising. Occasionally some one wandered into the store and referred to our advertising in a general way. But as a rule it was rather difficult to put my finger on direct benefits from the money I paid out for space in the newspapers, signs in the post office and the hotels, advertisements in theatre programs, and "cards" in school papers.

Gradually I became convinced that I was doing too much mere "announcing," as they call advertising in New England, and far too little real advertising with a definite sales pulling power. Then I worked out my plan for focusing a profitable portion of my advertising appropriation on specific groups of customers. The remainder of my advertising funds I decided to connect up with special sales plans. Naturally a small amount still went into lifeless "announcing," but not any more than I could help. I had found a way to make my advertising both announce that S. F. Ricker & Son existed and fight rising costs by actually pulling sales. The experts will tell you that all good advertising does that, but I am afraid the average retailer does more "announcing" than real advertising.

Here I am telling exactly how I carried out the task of focusing my advertising expenditure—the first of the five plans described in the article. It cost me more than three thousand dollars to find the way. First of all, I decided that personal contact with prospective customers is the best kind of advertising. But it was evident I could not spend my time advertising exclusively by word of mouth—and keep the sheriff away—though I have encountered retailers whom I believe are endeavoring to do so.

Making the Advertising Personal

Next I convinced myself that I should use a large share of the money I had been spending on "announcements" to pay for advertising through the mails with lists focusing my offers on the right class of customers. This cost a bit more than newspaper space, but I hit hard just where I wanted to hit. By mail, I reasoned with myself, you can talk almost personally, certainly in the style you usually use, and while the customer is reading your letter he is not looking for news. It is true that for extensive campaigns direct mailings generally cost too much to be used, but I am a retailer interested in exciting a limited sales area. Moreover, my lessons from my direct advertising experiences taught me how to make my newspaper advertisements effective as sales stimulants.

Furthermore, in most places letters get into the home and every member of the household old enough to do so at least glances at them. If they are well gotten up, they pass as personal communications in the average house. Of course, you would not be deceived by a form letter—still, take a glance at the second or third paragraphs of some of the letters you have received recently from the factories before you agree with me too enthusiastically—but on account of the facilities modern office equipment affords it is not difficult to turn out form letters that the general run of American families will consider personal.

There are several other advantages to using some of your advertising appropriation on direct advertising. Your competitors, for example, do not know what you are featuring when you advertise through the mails, unless some one happens to tell them or they are wise enough to arrange to secure your mailings. Further, by direct advertising you can hold a special sale limited to those to whom you write and those they tell. It is exceedingly easy to extend special inducements to prospects with whom your competitors have unusual influence.

Most important of all, you will not—if you focus your mailings according to my plan—offer diamonds to both the bank president and his gardener. You will avoid attempting to sell the attorneys and the doctors dollar watches and plated spoons, or whatever corresponds in your shop to the cheap lines of jewelry stocks. In other words, you can make your special offers to those who appreciate them most—your high-priced goods will be described to the high-priced people, your medium-priced stocks to those in moderate circumstances, and your cheap lines to those unable to afford better. By the way, I have found it wiser to over-estimate the prospect's purchasing ability than to under-estimate it. It is best, I think, not to draw the distinctive line too close.

How do I collect these lists for my direct advertising? It is cheapest to stock up at first by securing a list of the taxpayers from the tax records. Then, when people come into the store who are not on this list, they can be added. For instance, suppose a woman comes in to look at knives and forks. She decides that she will "drop in again."

I always secure her name and address at this stage in the conversation and make a note that she is looking at "k and f."

Starting a Mailing List

Later I write her a letter and call attention to my lower-priced lines, if I believe she was shown too expensive stocks. If she fails to come in again I mark the card carrying her name and address with a signal to indicate that she is buying of competitors. At reasonable intervals she and the others in the same "customer class," as I call the divisions of my direct advertising list, will receive special offers that I believe should interest them in my store.

Once the list is started, it grows almost automatically if every sale is recorded on a sales slip that calls for the purchaser's name and address. An extra carbon copy can be secured without added effort, if your accounting system makes it useful. I have a slip made out for each purchase. So that customers will not think we are cross examining them unreasonably when they make cash purchases, we give away many little gifts at regular intervals to names drawn from our lists.

If a customer hesitates about giving his name and address, we explain about these drawings from the list. After the presents are awarded notices go to the lucky customers. Fully two thirds of them call for the presents. It is not necessary, naturally, to write out detailed information every time a steady customer buys, but it would not take much time to do so, at that. I also secure the names and addresses of all those who use only the repair department, to add to my general list. The detailed classifications concerned with age, credit, standing, patterns of stock preferred, and the like are usually added when cards are made out from the sales slips for new customers.

When using my direct mailing list I have in mind a number of pithy facts about the purchasing power, as the economists would style it, that lies right here under my nose, so to speak. Some day I am going to write them out on a card for my salesmen, and when I do, these will be among the first:

Every newly married couple surely need from the stores something in addition to their normal demand.

Every young man with a "best girl" is interested in certain lines, which in jewelry include a diamond, and probably a plain gold ring.

Every piece of patterned stock is a foundation for more sales in the same pattern.

Every owner of certain types of valuable possessions should have them repaired at regular intervals.

Every automobile owner has special wants.

Every baby offers a chance for varied sales, especially if its birthday is recorded.

Every boy needs "grown-up equipment" of various kinds at a certain age, and his father should be reminded.

Next I want to show how I handle these direct mailing lists. I use a 3 x 5 card, although 5 x 8 size might be more serviceable. It is cheapest in the long run to use good cards. Along the top of the card runs a line reading: "1, 1A, 1B, 2, 2A, 2B, 3, 3A, 4, 5, 6, 7." These signals, which are checked to fit each case, have the following meanings:

1. Customer who uses high-grade goods.
1A. Customer who uses medium-grade goods.
1B. Customer who uses cheap goods.
2. Customer who uses high-grade goods but divides his business.
2A. Customer who uses medium-grade goods but divides his business.
2B. Customer who uses cheap goods but divides his business.
3. Customer of competitors who uses high-grade goods.
3A. Customer of competitors who uses medium-grade goods.
4. Prospect who sends off for goods.
5. Prospect I know will want something from my stocks.
6. Prospect living out of the city.
7. I leave this number blank for special occasions.

Over the check mark in this line of signals on each card I place a small metal tab such as any business equipment shop carries. I buy tags of a certain color for each of the divisions, so that it is easy to sort my cards at a glance. On the right-hand side of the cards I have these signals: "A, B, C, D." They have to do with credit standings and mean:

A. Good.
B. Good, but slow.
C. Not good. Unworthy of credit.
D. No credit information available.

The remainder of the card is not different from others in use all over the country. There are these self-explanatory headings: "Mr., P. O., No., St., or R. F. D. No., goods wanted, advertising sent, date, results, remarks."

Under "remarks" I record the approximate age of each customer and prospect, so that I do not spend money telling young folks about goods only elderly people can use. Recently I decided to send some direct advertising about "far and distant" spectacles to elderly people and found I had over five hundred suitable names. Under this heading I also classify the names according to the special lines of my stocks in which they are particularly interested.

These lists can be easily handled by a girl—at low pay—who need give only a small portion of the day to them. If your business is not large enough to warrant hiring a girl for general office work, half an hour of your time, or a salesman's, will do the trick. But unless it is absolutely necessary, do not give your time to handling the routine of your mailing lists. Although it does take a bit of time, a mailing list classified so as to focus your advertising will more than pay for itself. At any rate mine does. The savings which it puts into my profit and loss account by bringing cash returns from advertising expenditures I formerly expected to pull nothing, helps me to make money in spite of the tide of rising costs.

So much for the first of my five plans. The second deals with special advertising plans. In place of many of my discarded "announcements" I use advertisements about unusual advertising campaigns or stunts. I have two or three that go particularly well, but there is little need for my describing all of them, for if I show the advantage of hitching advertisements with unusual sales, others will probably be able to think up plans better than mine.

Special Advertising Plans

However, I want to describe a typical sale. I have used it twice, and it went better the second time than the first. In a neighboring town, owing to a misunderstanding, it started a town row which, of course, had only one effect on my business—to help it along. When this plan is working, Ricker & Son are usually the topic of conversation wherever two people living in our selling radius meet.

I take ten prizes from stock: five watches that sell at a dollar, three dollar-and-a-half watches, one man's watch fitted in a silverine case, and one woman's filled watch. These I number from one to ten and show in the windows. To ten people known only by me as "volunteers" in my plan, I give tickets numbered from one to ten with instructions to hand them to the first person inquiring: "Do you trade with Ricker & Son, the jewelers?" I tell about the sale in my advertisements—no longer "announcements" when they have news such as this to spread—and during the first few days hire a man to go about firing the question at every one he meets. Of course, those who get the tickets receive the watches with the corresponding numbers.

Usually I hand several of the ten tickets to men out among the public a great deal, and, curiously enough, these are almost always the last to be located. In most instances the lucky numbers are searched out in odd ways—at entertainments, school affairs, and the like—which causes comment that is the best kind of advertising. After the excitement is over people tell how near they came to getting a prize or that they had intended to ask this one and that one. This sort of plan does not cost much and it puts life into portions of my advertising costs which I had considered almost, if not absolutely, dead items. If I get but half of 1 per cent. increased effectiveness from my advertising bills as a result, it is just half of 1 per cent. that I can count on to check rising costs.

My third method of keeping up with rising costs by securing more sales at my old expense rate is to connect my advertising with local events. This is worth while for the same reasons that make my methods one and two helpful—it concentrates my advertising and takes it out of the announcement class. For instance, when the state normal school had a May-pole celebration, one of my windows contained a miniature pole surrounded by dolls. During our city ball league's season I usually show a little baseball field, with tiny players properly named. Under this method belongs my belief that it is advantageous to connect up with the manufacturer's national advertising.

Making Advertising Timely

At one time I tried to buck the 1847 silver national advertising. I spent a lot of money and in the end lost out. Now I attempt to use the 1847 advertising and push my own line indirectly when the opportunity offers. As a result, I am selling more of both the 1847 line and my own. I also find it wise to use freely the various advertising services offered to retailers by the manufacturers. . . .

Another article in the same series tells how Charles E. Spillard, a clothing dealer in an Illinois town, utilized advertising to develop what he calls "store personality." A portion of the article follows:

*First of all, I decided that the customers must unconsciously feel that the clerks had their satisfaction at heart absolutely as keenly as I, the owner. Then they would not object to buying from the boys when Spillard was not at hand. It was as plain as the nose on your face that the clerks would not make an impression of this sort—of the strongest kind—unless I made them, too, owners.

Creating Personality for the Store

So I called the boys together and gave them a working interest

*System, February, 1915, p. 141.

in the business. It was the most satisfactory deal I ever closed. . . .

The advertising, for example, played its part. I wrote advertisements that emphasized the store policies we ratified at the meeting which ended in the boys getting a share of the business. I mentioned the boys in these advertisements. This publicity made good.

Here is a sample of it:

MY BUSINESS BIRTHDAY

To-day is my business birthday. As a business man, I am fifteen years old to-day. I can't let the occasion pass without a word or two addressed particularly to the young men associated with me in the store (who have a profit-sharing interest) and to the good staunch friends and loyal customers by whose aid I have been able to climb a little way up the ladder of success.

Our motto has always been: "To the other man's business we give our respects; to our own we give our attention, our ability, and our all."

Ours will always be a progressive and aggressive policy. For your business we will fight with fair methods and first-class merchandise, not over-priced, but never, never with slander.

I find it hard to express in a few words my deep sense of obligation for and my sincere appreciation of your help and patronage. This means all of you—the man who buys a fifty-cent working shirt, as well as the man who buys a silk-lined overcoat.

Another—one that drew attention to the way the boys and I buy:

OUR WAY—IS IT YOURS?

We've told you from time to time about our method of selling goods: Nothing misrepresented, the same price to all, trade back for your money back, and so on.

We follow what we believe to be the best way—the fair way. We've often said, "If you can tell us a fairer way, we'll follow it," and we will.

Now, we want to tell you about the way we buy. The boys here in the store and I try our best to do what is right, not only in the selling, but also in the buying. We think we sell the best of everything for the price. If it's a shirt for a dollar, ours is the best for that price. If it's a suit or coat for twelve-fifty to thirty dollars, ours is the best for the price. And it's just so with everything in the store.

This is the way we figure it. We don't take any one man's judgment in any of the buying. Every one of us in the store helps to buy. When a shirt manufacturer tells us he can offer us a better shirt to sell for a dollar, we compare it with the kind we carry. We examine it from tail to collar band. We first examine the quality, next the make, then the style, and then the fit. We never ask a customer to buy them until we have tested 'em and tested 'em thoroughly. That's the way we do it with all the goods we buy.

When you buy, why don't you try this buying method of ours? If you do we will get the lion's share of your trade.

One more—purely about store policies:

THEY CAN, IF THEY WILL—BUT THEY WON'T

"Why is your store a better place to buy a shirt, or anything in the clothing line, than any other store?"

"Can't other dealers use the same methods in buying and selling as you use?"

These are two questions I confronted the other day. Here's my answer.

"They can if they will—but they won't."

When the boys or I sell you a suit, we all strictly enforce this rule—we fit you or we won't sell you. We don't sell you a suit, the coat of which you find a little too low or a little too high in the neck when you get home. You will not find the trousers too long or too short, and you will not find any other defect, either. Nothing of that sort to our suits. They must be right before they go out.

Another rule: Wool must be wool, not part cotton.

Another rule: The price is the same to everybody, and the lowest that good, honest goods can be sold for.

A third rule: If by mistake anything should go wrong, or an error be made, I stand ready and willing to make good. And you won't be made to feel uncomfortable when you bring the goods back, either.

Will you take time some day to visit my store? Then you can judge if it is, or if it is not, the best place to buy.

Will you take time to see if my suits for $15, for $18, for $20, and the higher prices, are not the best—and much the best—around this section for the price?

Will you take the time to look? Will you?

In the succeeding issue Mr. Spillard outlines somewhat more fully some of the main features of the advertising policy.

* . . . I think most of us will agree that it is very difficult to decide what it is right to spend for advertising. Furthermore, after we have reached a conclusion and paid out our money, it is often even more difficult to trace definite results. Under these conditions we are sooner or later tempted to treat advertising as a bad habit, write our copy or dress our windows in a lackadaisical way, and let it go at that.

Please do not think I am putting a pedestal under Charles E. Spillard when I say that I have gotten enough out of my advertising to warrant looking at it in a different way. Many a time I have worked for hours over an advertisement and paid out good money to have it printed—without obtaining any sales that I could trace. But by fighting it out over and over again, I now consider advertising one of the keenest weapons with which to master rising costs.

**System*, March, 1915, p. 267.

It is a bit difficult to put into words exactly how I make my advertising pay. Still I think I can do so in at least a rough and ready way. For one thing, I always have a definite object in mind when I start to write an advertisement. I find that doing so gives a "slant" to the advertisement. Ideas and statements which have nothing to do with the object of the advertisement are kept in the background. The result is that the reader carries away the thought you really want to impress upon him, and not a jumble of more or less vague impressions.

Making the Advertising Pay

Here is a concrete example of what I mean—an advertisement intended to drive home the fact that mistakes are bound to occur every now and then, even in the best regulated of stores:

ONLY ONCE IN A THOUSAND TIMES

A customer came in the other day—returned a shirt. The conversation follows:

"How much did you pay for the shirt?" (Shirt still wrapped up.)

"I paid a dollar for it."

"Here's your dollar. How long have you traded with me?"

"On an average, I buy something of you twice a week."

"Let's figure. Twice a week means about one hundred times a year. A hundred times a year means that in ten years you have made about one thousand purchases in my store—and only once in these thousand transactions has a mistake been made. How many are there—in business for themselves or employed—with whom something doesn't go wrong once in a thousand times? I can say—and say it honestly—that my percentage of mistakes here in the store is even less than that. Still I stand ready to make each of these once-in-a-thousand-times mistakes right. And if the time should ever come when that percentage increases, I shall make all the additional mistakes right. Can any one do more?"

Next in importance to loading advertising with solid shot, instead of buckshot, and then aiming at a bull's-eye, comes, I think, obtaining the right ring. By this I mean that the copy needs to ring true to the average reader and thereby carry over to him an impression—unconscious, possibly—that what you say is based on fact.

Of course we all believe what we say in our advertisements —we know the goods and we are confident of their value. Certainly if we did not believe what we say we would not have lasted long in business. But it is difficult to color printed words with this belief to such an extent that the reader will become so firmly convinced he will not doubt for a moment what they say.

I find that the best way to make advertisements ring true is to word them just as if I had the reader in front of me in the store. I try to talk through the newspapers exactly as I talk across the counter. I forget fancy words and strike out straight from the shoulder. Most of the time I do not use illustrations but rely on big, clear type; a snappy heading that will arouse curiosity; and plenty of white space, to get a reading for my advertisement. The following advertisement is of this type, which I hope hits straight from the shoulder and has no fancy words or other frills:

THIS REALLY HAPPENED AT SPILLARD'S

"Hello, Spillard. I have often read your advertising telling about the good clothes, hats, shirts, and so forth, that you sell. I also have heard a good many speak highly of them and say that your prices are never higher—and often less—than those asked elsewhere. I don't know why, but I was under the impression that you were high priced. I have started for your store several times, but in some way I was sidetracked or something interfered. But last season I came to you and bought a suit for twenty dollars—that's the price I usually pay for a suit—and all I can say is that many, many times I have wished that I had gone to you before."

I thanked him for telling me of this experience, and said: "Just tell your friends not to make the same mistake—tell them to come in and look—that's all. Will you?"

Suits and overcoats are priced step by step from $12.50 to $35.

In this advertisement I came right out and talked about the ring of the copy:

THE RIGHT KIND OF A RING

Don't think me egotistical or conceited just because I sound such loud praises about the clothes, the hats, the shirts, and so forth, that I sell. I *am* enthusiastic about them. I just can't help it. I'm enthusiastic about them because I know every word I say about them is true.

You know, just as well as I, that when a person says a thing that he really believes, it's got the right kind of a ring to it. Isn't it so? When I say I sell the best clothes, the best hats, the best shirts, and the best rest of my line, that can be had around here for the price, I believe I am speaking the gospel truth.

I sell the best that are made for several very good reasons. While the profit is not quite so large on each individual sale as on lower grade goods, customers come back again to trade. And, besides, these best goods are easier for me to sell and easier for you to buy. There's more than one way to prove what I say is true, but the best way is to come to my store, and if you're wearing a suit you paid $15 for, or one you paid $18 for, or $20, or a higher priced one, to compare it with mine at the same price. Then it's up to you.

Will you compare? Will you?

Before concentrating copy on a definite object and making it ring true can do much good, we must of course get the right kind of stock and offer it at fair prices. That goes without saying. I am assuming that fair values stand back of the advertising. Still I do not believe in being at all backward about telling the customers that we have the right sort of stocks.

This advertisement, for instance, helped me to convince people that my goods are right:

PUTS IT RIGHT UP TO YOU

Ask yourself a question or two and answer them fairly and squarely. Then figure if you are getting what's coming to you in the line of clothes.

Do your clothes look and fit as good as some of your friends' or neighbors', who pay the same price? Do they fit as if they belonged to some one else?

If you're of a slender build, do your clothes make you look more slender, or if you are a stout man, do your clothes make you look bigger than ever? If either of these possibilities is a fact, there is something wrong with the clothes.

If you get the right make of clothes you can overcome a good many difficulties that loom pretty big. Our time against yours. Will you look? . . .

Just one more—one that stands up for my goods and has unusual attention value for reaching the skilled men with whom I like to trade because it mentions our largest local industry, watch-making:

WHAT DEVELOPED FROM A COLLAR SALE

The Time—(One year ago).

The Place—(Spillard's clothing store).

Customer (a watch factory man)—"I bought two of those 'Slidewell' collars of you and never was so well pleased in my life. Since then I have always worn them."

Salesman—"Did you ever buy anything else of us besides collars?"

Customer—"No, I guess not."

Salesman—"What kind of sox do you generally buy?"

Customer—"Almost always I buy black, two pair for a quarter."

Salesman—"I wish you'd start in sox buying from us just as you did collar buying. If you've been buying twelve-and-a-half-cent sox, or twenty-five-cent ones, or fifty-cent ones, try out ours at the same price. Wear 'em hard, compare 'em with the kind you've been buying, and you'll say just as good things about them as you did just now about the collars."

What Happened—He bought two pairs of two-for-a-quarter sox. A little later on he bought a suit. Now he not only buys here everything he needs in our line, but is continually at his friends who trade elsewhere to try our collars and sox. He figures that if they try our collars and sox once, sooner or later they'll buy everything here, just as he does.

Will you try our collars and sox next time?

So much for advertising in the newspapers. The advertising bills do not stop when the newspapers are paid, however. The show windows are expensive—sometimes I am afraid we feel like calling them expensive and stopping at that.

Indeed, at one of the store meetings which take place regularly with us, this very question came up—"What do we get out of the windows in dollars and cents?" So for a time we carefully watched the people who went by the store; we counted them and recorded how many stopped to look at the displays.

After we had thought over the figures that resulted we tried an experiment. We had some neat show-window cards made —16 by 20 inches—and quiet frames for them. These cards told in a few words what the windows were intended to display and mentioned prices. There was nothing outlandish about them, but they were striking enough to catch the eye.

Again we watched the passing people. More of them stopped. The cards gave the windows a chance to say something—our displays were no longer displays and no more; they were displays that told what they displayed and why they displayed it.

We even traced direct sales to the windows, once they were given a chance to tell what their offerings cost and why they were worth buying. Now we make it a practice to keep cards in the windows, for we believe they have a share in the fight against rising costs. . . .

How Much Should the Retailer Spend in Advertising

The experiences thus recounted indicate the degree of attention which is now being given by retail stores to scientific methods of operation. And among the problems which they are constantly encountering is the question of how much of their total cost of business they ought to spend on advertising. I. R. Parsons, Advertising Manager of Carson, Pirie, Scott & Co., of Chicago, in an address before the Chicago Convention of the Associated Advertising Clubs of the World, discussed this question specifically. While Mr. Parsons represents the department-store type of problem in his main positions, there are many points in his paper which "regular" retailers can use to advantage. He said:

*How much should a retail store spend for advertising? Answering that question reminds me of the fix into which an indulgent fiance got himself one day. It seems each week they dined at a well-known restaurant, he and his sweetheart. Being most solicitous of her pleasure, he would insist that she order whatever her whim might dictate. Gradually she ran out of gastronomical ideas and one evening she said, "Now, Jack, I don't see why you make me order all the time. To-night you please say what *you* want this time. Now do; you say what you want and then I'll say what I want—and then we can argue."

So, to say what a retail store should spend for advertising puts me in the same boat with this fiance. After all, I am afraid it's simply a case of "then we can argue."

Naturally, I have some very definite ideas regarding how much a retail store should spend for advertising, just as I have regarding how that amount should be spent. But so many varying conditions surround the matter, and there are so many different conditions constantly arising in the daily conduct of a retail business, that to put *any* figure down in dollars and cents or in percentage is a most difficult matter indeed—and at best it will remain open to argument.

However, we all do know that there must be some limit to the amount a retail store should spend for advertising and there must be a figure below which a store cannot safely go in trying to save in the matter of its advertising. But putting down any figure as an arbitrary limit either way, without very definitely outlining the conditions which must surround that retail business to make this figure practical, would be like taking a man blindfolded to a certain spot of your own selection. He may have to admit he's there, but he doesn't for the life of him know where it is or how he got there.

I know of stores that are purported to spend but $1\frac{1}{2}$ per cent. of their entire gross receipts for advertising, their advertising charges including many items of more or less general expense, like window decorating and other general promotion costs,

**Printers' Ink*, June 24, 1915, p. 97.

and each of the stores in question does a tremendous business. I know of several other stores whose yearly advertising cost amounts to 4 per cent. of their gross sales or thereabouts and they seem to get away with it. But I do not know of any retail store of any consequence which spends less than $1\frac{1}{2}$ per cent. for advertising, nor did I ever hear of any store lasting very long with an advertising burden of more than 4 per cent.

The Average Advertising Investment

Somewhere between these two extremes must be that state of sublime business existence where, as mother used to read to us out of "Little Goldie-Locks," the soup is "just right, being neither too hot nor too cold." In fact, between these two extremes lies the advertising expenditure upon which a retail business can build and prosper, upon which it can justify every dollar it spends for advertising as the proper cost of just another branch of the actual service rendered to its public.

In fact, if a store does not advertise enough to make the daily happenings of its business known or to keep the public informed of the advantages of every kind which it offers, whether they be of monetary or simply educational consideration, that store is just as much lacking in its plain duty to the public, which it has been favored by the Fates to serve, as is the store which resorts to methods of over-exploitation. These methods, by the way, may be as seemingly innocent as the attempt to create for a sale a false impression of extraordinary value or importance by the use of a tremendous amount of space and big black type, even without any extravagant statements contained in the wording of the advertisement itself or without being as luciferous as any deliberate falsehood might possibly be. For, in the one case, the public remains *un*-informed about the store and in the other case the public is *mis*-informed about the store.

So a retail store, to be worthy of success, must advertise enough, just as it must not advertise too much.

While, of course, one or two stores in the Loop of Chicago spend much less for advertising than would be necessary were they not so ideally situated, out of my experience has grown the belief that a basic figure amounting to between $2\frac{1}{2}$ and 3 per cent. on the gross business done is about the right amount the average store should spend for advertising—that is, if the store in question is situated in a fairly good location and its other physical features are equally favorable.

How the Appropriation Might Be Divided

Such a store, being generaled by a merchant in the good old Anglo-Saxon meaning of the term, can fulfil its service to the public without spending over 3 per cent. Such a store generaled by the man and merchant, or the composite of several men, as I will picture later, may have an index of its advertising percentages covering its principal departments reading something like this:

YARD GOODS AND ACCESSORIES

Department	Advertising Percentage
Silks and Velvets	1½%
Dress Goods	2 %
Wash Goods	1¾%
Laces and Embroideries	1 %
Ribbons	1 %
Trimmings	1 %
*Notions and Dressmaker's Supplies	1 %

DRESS ACCESSORIES

Veilings	1¾%
Handkerchiefs	1¾%
Women's Neckwear	1 %
Gloves	1½%
Hosiery	2 %
Knit Underwear (cotton)	2 %
Knit Underwear (silk)	3 %
Parasols and Umbrellas	2 %
Jewelry	3 %
Hair Goods	4 %
Leather Goods	3 %
*Toilet Articles	2 %

HOUSEHOLD LINES

Furniture	5 %
Linens	1¾%
Carpets and Rugs	3 %
Blankets, Bedding, etc.	3 %
Lace Curtains	3 %
Art Needlework	1½%
Silverware	3 %
China and Glassware	3 %
Trunks and Bags	4 %
Housefurnishings	4 %
Books	3 %

*Such departments are often used for promotion purposes in which case any definite advertising percentage would be hard to estimate.

READY-TO-WEAR APPAREL FOR WOMEN AND CHILDREN

Department	Advertising Percentage
Women's and Misses' Suits	3 %
Women's Dresses	4 %
Girls' Apparel	3 %
Women's and Misses' Coats	3 %
Shoes	3 %
Waists	3 %
Separate Skirts	3 %
Millinery (in season)	3 %
Petticoats	2½%
Lingerie	2½%
Negligees	3 %
Infants' Wear	2½%
Corsets	3 %
Furs (in season)	3 %

READY-TO-WEAR APPAREL FOR MEN AND BOYS

Men's Clothing	5 %
Boys' Clothing	4 %
Men's Shoes	3 %
Men's Furnishings	3 %
Men's Hats	4 %
Total Average Advertising Cost	2⅔%

Which figure, being reduced by business done by departments not advertising, will undoubtedly come within the 2½% limit.

Now, as I said in the very beginning, to place any figures of this kind before you necessitates surrounding those figures by an hypothetical case, and so I wish to picture to you the kind of man and merchant, or, taken compositely, the kind of firm, which must direct a business having this ideal department list of advertising percentage.

The Broad-gauge Proprietor

He is a fair, just, good-natured, cheerful despot over a store reasonably well located, enjoying a good reputation, pursuing diligently every day a straightforward, honest, and aggressive policy of business-getting and business-building. He insists that the store hold strictly to the truth in its merchandise and its advertising. He believes that the sin of omission is as great as the sin of commission. He insists that advertising space shall be used to inform the public about the store, not cajole or tempt or entice the public into buying something it doesn't want.

He generals a store that considers it a duty and therefore *does* tell the public the truth about itself, telling that public editorially and otherwise in its advertising of its business purpose and intent and to what extent it is achieving that purpose.

His store goes out to do big things when it has big things to do, but he doesn't believe in filling page after page of newspaper space unless the store has something to say worth all the space it takes to say it.

He doesn't believe in using any very large fixed space every day in the newspapers, but instead feels it better business to use the space each event justifies, even if the space costs a little more that way, than to run the risk of finding the store some day forced to fill a big fixed space with copy whether or not the sales or the merchandise or the season or the weather justifies it.

The store which this great man generals has not been forced to shout at a pitch of 125 degrees, because his is not the store which the public, tolerantly standing for it in the past, has now decided to discount in every way in its attempt to arrive somewhere near the truth hidden under the bluster of its advertisements.

No, indeed, this store of which I speak has been founded on the Abraham Lincoln principle, and so words in this store's advertising are to be taken literally as expressing the absolute facts they plainly state. Each adjective, when it gets into this store's advertising, continues to hold its exact shade of meaning, and "remarkable" and "unusual" and all these other words so commonly used to fill space are used under this store's name-cut only when the sale or the article the words describe are just what they are supposed to describe and nothing else.

As I am creating an hypothetical case, I think I have a right to draw still further upon my imagination and picture to you the man in control of this business, who makes possible this ideal advertising situation because he *is* in control of it.

He is a big man, of great executive ability, with an infinite regard for detail without being enmeshed in the red-tape of too much system. He is a man of imagination, but absolute master of his dreams. He is a man who commands the respect of his associates and the love of his employees. He is not particularly a financier, for he doesn't need to be. He isn't doing business on borrowed capital or bondholders' money, so all his time can be taken up with being a merchant, as he was born and brought up to be.

His work of a day begins with the advertisement or that which has a definite bearing on the advertising and ends with the advertising, and to begin and end his day in this way he gets into closest possible touch with every essential detail of his business.

His advertising manager is one of his close associates in business. This advertising manager is fully capable of assuming all the responsibilities that have been put upon him, for this business general long ago picked his advertising manager out from all the rest, made him a business intimate and instilled in him the policies and principles of the business to such an extent that he is a living, breathing expression of it.

The "Hypothetical" Advertising Manager

Now, this well-liked, hard-working ruler of the store's destiny started on January 1st with a fixed amount in mind to be spent for that year's advertising, this being between $2\frac{1}{2}$ and 3 per cent. of last year's business. It has been divided tentatively into twelve parts—larger or smaller, as the case may be, to suit the needs of the months and the seasons.

This fund is absolutely under his personal control, as is the appropriating of this fund among the different departments, as is the passing upon all advertising and merchandising matters. His is the final word which decides whether a department shall or shall not advertise, because the merchandise does or doesn't justify it. His is the word which says: "No, we cannot advertise your department simply because you need business or because you have a lot of old goods you want to move or because you had an advertisement last year. Get something worth while that you know the public wants and we'll advertise it. Take your own loss if you have goods that are not selling, don't try to cover up your mistakes by foisting those undesirable goods on the public and adding to the burden of our general advertising, even to lowering the confidence the public has in the store and our advertising, and possibly deciding the public to discount our printed statements hereafter."

And so this really great business general, being in touch every minute of every business day with every detail of this great business, not harassed by borrowed finances, free from entangling alliances with manufacturers, ready to sell anything with merit that will do credit to the store provided there is a demand for it, but not willing to sacrifice one single precious minute of his freedom in the conduct of his daily business affairs or in the interpretation of the store's business policy or principles by any outside advertising arrangement or other sort of deal, can control the destiny of his business and so control the store's advertising.

(2) USING ADVERTISING AS A WEAPON IN RETAIL COMPETITION

A serious feature of the operation of regular retail establishments is the meeting of competition by mail-order houses and other concerns which sell direct to the consumer. Advertising plays its part in this type of activity. The hardware merchants of Ohio, for example, recently formulated a plan for meeting mail-order competition through the Ohio Hardware Association. The campaign proposed is thus described:

*Ohio hardware merchants are about to combat mail-order competition with the aid of newspaper advertising, according to a recent interview with James B. Carson, secretary of the Ohio Hardware Association, which appeared in the Toledo *Times*.

"These big mail-order houses advertise, and our local hardwaremen must advertise to compete with them," Mr. Carson says. "The Ohio Hardware Association at its Toledo convention, February 24, 25, and 26, hopes to give this matter considerable attention. We plan to so strengthen our county organizations that hardware men in every section of the State will not only advertise the goods on their shelves, but will buy space in the newspapers to call the attention of the residents of their communities to the folly of sending money to the great cities when they can buy goods as cheaply or cheaper at home, and at the same time keep their money within home circulation."

The Ohio Hardware Association comprises close to 1,000 merchants, which means that if the contemplated action takes place and works out well it can probably be adopted by a large number of associations which are now in thirty-eight States and comprise the national association.

Printers' Ink, February 5, 1914, p. 100.

Following the appearance of the interview with Mr. Carson in the Toledo newspaper, *Printers' Ink* asked Mr. Carson to give more details relating to the proposed local newspaper campaigns and he gave the following interesting reply:

"I note what you say in regard to the news item in the Toledo *Times*, but I think you have put the wrong construction as to our intentions, as I am sure the Ohio Hardware Association does not intend to wage a campaign against any one, but it is going to wage one for itself.

"We have no fight with anybody, and I cannot understand why if we adopt modern ways and means to take better care of ourselves, the same that are being used successfully by others, that the cry should go forth that a war of extermination is going to be carried on against such and such a party, whoever it may be.

"There is no doubt that the newspapers in Ohio do more in molding public opinion than all other forces combined, and I am sure they will be glad to lend their influence in building up their home communities if we will work hand in hand with them. This our merchants must do.

"The sentiment of the hardware dealers in every State is about the same, and the awakening is not confined to Ohio, nor are the troubles of Ohio hardware dealers greater than those of any other State, but our merchants have come to the conclusion that one's business should be treated as one's physical self, and when there is trouble, the case should be diagnosed and the remedy applied."

During the past summer the National Retail Jewelers Association discussed a joint advertising plan at their convention in New York City.*

This type of operation raises the question of the legality under the Sherman Law and the special correspondent of *Printers' Ink* gives the following report of an effort to secure legal sanction of this type of activity:

†Is a retailer's bureau of information, in any sense, a menace to the manufacturer or the jobber, or could it prove a factor

**Printers' Ink*, September 2, 1915, p. 65.

†*Printers' Ink*, April 30, 1914, p. 93.

that could disturb existing methods of distribution and sales? This is a question which manufacturers and advertisers in certain lines may well ask themselves, because the right of organized retailers to maintain information bureaus for the dissemination of confidential news as to trade policies, etc., is rapidly developing into an issue as clear-cut as legalized price-maintenance, the proposed taxation of tobacco and other coupons, or any of the other questions which have been brought before Congress at the present session, with a view to the securance of legislation which will indicate to business men exactly where they stand.

Where Chain-store Problem Enters

Retail merchants, especially the classes of retailers who are banded together in national organizations, are pressing Congress for specific authority—in the form of either new legislation or amendments to existing acts—to circulate information for their mutual advantage and protection. In their representations before Congress they disclaim any intention to conduct boycotts, and take the stand that there can be no more valid objection to information bureaus than there is to credit bureaus, which associations of retailers are now permitted to maintain. At the same time the spokesmen of the merchants at Washington have let it be inferred that one of the objects of the average information bureau would be to spread knowledge of the acts of manufacturers or jobbers who sell to mail-order houses at the same time that they seek distribution through ordinary channels or who openly or secretly maintain chain-store systems in competition with independent retailers. This phase of the question will make clear the application of the whole subject to the broad interests of makers and advertisers of goods.

Perhaps, however, the chief significance of this matter is in the increasing probability that the retailers may secure the authority they seek. So strong have been the representations made at hearings before the House Committees on Judiciary and Interstate and Foreign Commerce that there is a growing impression in Congressional circles that if any legislation along this line is recommended some effort will be made to satisfy the small merchants who would use concerted action in buying as a weapon of offence and defence. Not the least interesting feature of the situation that has developed is found in the seeming willingness of some of the retailers to sacrifice their convictions as to the manufacturer's right to fix a resale price in order to obtain concessions for the circulation of trade information. In their answers to questions asked by Congressmen several of the spokesmen for the retailers have indicated that they put the right to conduct an information service above compulsory price-maintenance, although, in some instances, in favor of the latter also.

Says Retailers' Hands Are Tied

In stating the grievance of the retailers, J. R. Moorehead, National Secretary of the Retail Merchants Association of the United States, said: "When I, for instance, with my competitors, undertake to get together in an organization or an association to combat the methods of the mail-order houses, we can get into a conspiracy, but we may be fighting one man and he cannot get into a conspiracy; he cannot violate the law, but he can say to us, 'If you interfere with my business and my methods of business I will hold you responsible under the Sherman anti-trust law'; and our hands are tied. We cannot even tell the truth.

"I want the right to give publicity—through organizations or personally; in any way, by publication or by letter—to any act of any competitor that tends to injure me in my business. The fact that I would have the right to say to a hundred or a thousand men, dealers in my line of business, that such and such a manufacturer or mail-order house has done such and such a thing, knowing it to be the truth, would help to correct a condition a great deal easier than a lawsuit. If I did not tell the truth he would have action against me for libel, but when I am telling the truth I do not believe the Sherman law should say you are violating the law, when the big fellow cannot violate it, claiming he is doing it by himself. We do not desire to keep a blacklist. Here is the proposition: Dun or Bradstreet can report me for not paying a debt or being slow pay and things of that kind that would absolutely ruin my credit. But when I come back and attempt to speak the truth about a matter of this kind I am confronted with the Sherman law and I cannot fight it by myself; I cannot afford to. We understand the mail-order house is here to stay forever. We have got to fight. We are up against severe competition, and we welcome that competition, but the thing we want is a chance to fight back, and we do not want our hands tied."

The anxiety of the retailers on this score has been precipitated largely because of the action of the Department of Justice some time since in bringing action against certain retail lumber associations for alleged violations of the anti-trust law. The history of this case has been gone into very extensively at the Congressional hearings, it being explained that the indictments against the secretaries of the associations have been withdrawn in the criminal case, but that a civil suit is still pending. The assertion was made repeatedly at the hearings that these indictments were procured by competitors of the organized retailers. It was also asserted by one witness that the Government case was the outgrowth of the organization of the Secretaries Bureau—a bureau of the secretaries of various trade associations which had as their common object the dissemination of information with respect to manufacturers and mail-order houses.

In answer to a question from Congressman Volstead, of the Judiciary Committee, Mr. Bolman, of the Southwestern Lumber Dealers' Association, said: "We do not want to publish an unfair list. I have been a member of associations for seven years and a director for several years. I have never heard during my membership or during my directorship any discussion of the question of division of territory or the setting of prices or of a boycott. I think the association would not object if the law specifically prevents any attempt at a boycott or combination."

"What you wish," questioned Congressman Nelson, "is the right to disseminate information that will make it impossible for a jobber or wholesaler to sell to the consumer, and the consumer would have to buy from the retailer, or else the wholesaler would be punished by your withdrawal of patronage?"

"Certainly," said Mr. Bolman.

"That would result," pursued Congressman Nelson, "in every retailer knowing what is being done so that he can withdraw his patronage from the wholesaler who is selling direct to consumers?"

"That would be within the choice of the retailer," said Mr. Bolman.

(2) THE CHANGES BROUGHT ABOUT BY SUCCESSFUL RETAIL ADVERTISING

Before entering upon a discussion of the place of regular retailers in national advertising campaigns it may be well to look at one or two special features of the retailer's skill in doing business as it affects national advertising.

One thought to which it is necessary to give due consideration is the fact that any really skilful retailer is in process of development and will need to be progressively better dealt with every year. Not many of these, of course, will expand rapidly into concerns doing a large national business, but the following account of how a local merchant became a national advertiser on his own account in an incredibly short time will serve to emphasize the fact that the same fluidity of conditions which were discussed in regard to the consumer must be considered in connection with the retailer.

*Eliminate advertising and you reduce buying to its barest bread-and-butter basis."

"Advertising will convert the luxury into a necessity."

"Advertising makes buying; without it, you must sell."

"Advertising is the pendulum that regulates and keeps manufacturing, retailing, and final buying in motion."

These were some of the epigrammatical utterances of J. J. Phoenix, the president of the Bradley Knitting Company, of Delavan, Wis. Thus the head of a big, prosperous manufacturing establishment expressed himself on the subject of advertising.

But not until one learns the story of the Bradley Knitting Company can there be a full appreciation of these pointed, decisive statements. Mr. Phoenix did not confine himself to advertising as it related to the manufacturer. He committed himself, authoritatively, as a producer, as a retailer, and as a consumer. And he does not have to use the past tense in discussing conditions in this triple rôle as a maker, dealer, and final buyer. He is the president of the Bradley Knitting Company, a partner of the Bradley Dry Goods Store, and, naturally, a daily consumer-buyer. . . .

Not Successful at the Start

About fourteen years ago a small knitting factory was started in an outlying Chicago neighborhood. A German, who was familiar with the knitting process and had a thorough technical knowledge of knitting, but who knew very little about selling, was the owner. He made arrangements with a Chicago jobber to take his

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**Printers' Ink*, May 7, 1914, p. 3

entire output. Although he disposed of all of the sweaters and other knit goods that were made, the undertaking was not successful. In the first place, the goods were sold at too close a price, and secondly, the owner of the factory knew nothing of the economical, efficient systems and methods of conducting a manufacturing business.

In a little over two years the business was on the verge of bankruptcy. While on a buying quest for his retail store Mr. Phoenix visited the wholesale house that was selling the goods of the knitting concern. "Why don't you take over this knitting business?" it was suggested. "You ought to be able to build up a big manufacturing business in Delavan." Mr. Phoenix and his partner, W. H. Tyrell, after a careful investigation of the knitting factory in question and of the possibilities of this business, decided to buy it and remove it to their home town.

"There were three things which prompted us to go into this business. First of all, we saw the necessity of having some kind of a manufacturing business in Delavan to give employment to the young men and women and boys and girls who would otherwise drift to the surrounding cities. We wanted to help build up our town, give it a more solid foundation," Mr. Phoenix explained. "Then, of course, the money-making idea was a strong inducement. We were pretty sure we could make a financial success of it. Lastly, we determined to go into it just to prove to the many men who strongly advised against it that we could make it go.

Retailers Lay out Manufacturing Policies

"Well, we began in a small two-story brick building in 1902. We employed the original owner as our manager. We, Mr. Tyrell and myself, devoted most of our time to our retail store. The manufacturing business lost heavily the first two years. The goods were sold to jobbers only. It was finally decided that the business was being mismanaged, so we let the manager go and Mr. Tyrell and I went into it more actively. We knew retailing pretty thoroughly. We'd been at it for many years and had built up a splendid business. But we knew very little, scarcely anything, about manufacturing.

"I remember how discouraged I was when I went to New York to consult with some trade-paper men whom I had known for a long time. When they explained the conditions in the knitting industry, how many competitors we had, how we would have to compete with very cheaply made lines and with long-established, high-grade lines, it didn't look very rosy.

"You see, as retailers, we subscribed for the leading trade journals and used them and the service of the men connected with them in every possible way. On my twice-a-year New York buying journeys I always went to the offices of a big dry-goods trade paper and advised with its men regarding our store and the best way to conduct it. In this way I got to know them intimately and went right to them when we undertook the knitting business. And, by the way, let me say that I consider the trade paper one of the principal factors in successful retailing. The merchant who reads and studies a good trade paper and takes advantage of its assistance, like we did and still do, has everything in his favor. He can thus find out from an authentic source the latest and best and most economical methods by which to conduct his store. He learns what others are doing. He can find out everything about the merchandise he sells. And he's able to get the personal help and advice of experienced, able men. To try to run a retail store without the trade journals is to close yourself off from almost all that is new, and to ignore the experiences of others. The Bradley Drygoods Store owes much of its success to the trade papers. It was the practical advice of these trade papers which I immediately sought when we undertook to operate the Bradley Knitting Company ourselves.

Forsake the Jobber

"It was first decided to eliminate the jobber as a sales agent and to approach the retailer directly. The first year of our control there was a loss, but much less than before. The second year also showed a loss, but very much decreased. In the ten subsequent years, up to the present time, the Bradley Knitting Company has been a paying institution. From a two-story, 140-foot-long building, it has expanded into a four-story, 400-foot-long structure. We now have five selling branches and two other manufacturing branches. When we began business the total sales of the knit-wear industry ranged between five and six millions. That's twelve years ago. Now it's up to fifty and sixty millions. We feel we have been instrumental, in a small way, in thus increasing the demand for knit goods.

"We were in a peculiarly favorable position to plan our campaigns to get dealer distribution. We could analyze retail buying clearly and practically at first hand. We had only to reason out why we, as retailers, had bought and continued buying of certain manufacturers and why we did not buy of others. We could figure out pretty well how to approach the retailer, for we knew what approaches had won our interest and business. We knew what the retailer expected from the producer or wholesaler and what he wouldn't tolerate. For we knew what had helped us and what hadn't. We knew how trade-journal advertising and consumer advertising affected our retail actions.

"In short, we made two composites—one of the manufacturers who had used good selling methods according to our views, and the other of those concerns which did not succeed with us and the practices of which we considered weak. We adopted as far as possible the plans of the former and took care to avoid the policies of the latter.

Two Composites

"Our position, you see, was unique. Right at our door—the door of our retail store—we had every practical and unpractical selling method from which to make our selection. That we were fortunate enough to put out the very best methods and apply them effectively is pretty well demonstrated by the fact that for the last seven of the twelve years we have been in this knitting business we have had more orders than we could fill. Our capacity has been taxed to its very limit. This capacity business has been done under rather unfavorable external conditions. We resolved from the start to make only high-grade goods. Inasmuch as the knitting industry has never been standardized, as most other manufacturing businesses are, there never has been any uniformity in prices or goods. The variation in price of knit wear of a given grade was so marked that the retail buying had been seriously undermined. Then buying was largely a matter of bargaining. Prices were ruthlessly slashed by the manufacturer in order to make sales. Conditions are somewhat better now, but things were pretty bad as we originally faced them. And besides, there were, as there are now, some very cheaply made, low-priced knit goods with which we had to compete

"I credit our success, despite these and many more handicaps, to one basic fact, the good will, the harmonious relationship that we established with the retailers distributing our goods. Given the best merchandise and prices, the most convincing advertising campaigns that can be planned, good salesmen, in fact everything favorable, except the retailer—and there's ninety-nine chances out of a hundred that a selling campaign will be a failure. But throw up every obstacle you can, make conditions as hard as possible, if you can get the retailer in harmony with your selling, get him to work with you earnestly and willingly and you can reverse the ratio—there'll be but one chance out of a hundred of failure.

Trade Journals to Win Good Will of Retailers

"It may appear as if I am unduly prejudiced in favor of the retailer because I have been one so long myself, and am still a retail merchant. It may be so; but let me tell you that by pursuing this policy of putting every possible effort on the dealer to win him over the Bradley Knitting Company owes its very existence today.

. . . The trade paper and the salesmen were, and are now, our only means of approach to the retailer. From the reports of our salesmen and from the inquiries and orders from our trade-journal advertising, we can see definitely and tangibly the results this advertising is bringing.

"We do very little talking in our trade-paper advertising, and what we do say is simple, direct, and free from buncombe.

How Copy Was Worked Out

Illustrations of knit wear, descriptions and price quotations are the dominant characteristics of this copy. The trade paper will sell goods just like a salesman, we find. The dealer isn't interested in what you've got to say about yourself or the possibility of business and profits from your goods. He wants to know about the goods themselves. Our trade-paper advertising brings in actual orders because we use it for that purpose—to solicit orders.

"By dealer distribution, I don't mean simply selling to the retailer. The fact that a retailer has our goods in stock is not sufficient. Our interpretation of 'dealer distribution' is to have the merchant a working principal in the selling of Bradley knit wear. You'll find that the men who retail our goods are strongly with us and our business methods and that they are pushing the sales of our knit wear vigorously and enthusiastically. We have gained this standard of distribution by square, fair dealing with the retailer and by pursuing certain policies that have won for us their highest favor.

Profitable Trade Policies

"Our policy, that we have found to be extremely profitable, is to give exclusive selling rights to one store in each small or average-sized community as far as possible. The attitude of the dealer determines this to a great extent. If he shows an interest in our goods, a willingness to do all he can to promote their sale, he can have the exclusive agency. We encourage this idea in every possible way. The merchant who has the sole privilege of selling any goods is in a position to do far more than if they are sold generally to other competing stores. We know this is the case of the retailers selling Bradley knit wear and it is the case with our retail store. We are glad to advertise in every way the merchandise that our retail store sells exclusively. Then we know all returns will come to us, not our competitors. A dealer can't possibly let himself out in the advertising of goods that his competitors also sell and who would get some benefit from it. We find that one dealer alone can do more to establish our goods in a town and in selling volume than two or three in the same town. And it costs us much less to handle the one account than the two or three.

How Price Policies Were Dealt With

"Our actions on price-maintenance is another policy that has made the dealers friendly toward us. This wasn't any easy problem to solve by any means. There must be some attempt at price-standardization. There must be some semblance of uniformity in retailing as well as manufacturing. If dealers vary too much in price quotations, the consumers will soon be always bargain-hunting, and that is bad. Yet the retailers, selling under such different conditions, as many of them do, cannot sell at the very same prices. We do not expect the retailer of the Western coast to sell Bradley knit wear at the same price as our Illinois or Middle West States' dealers, whose transportation and general 'over-head' charges are so much lower.

"Nor do we expect a merchant who has some numbers in his stock that do not sell readily to maintain the prices. He's justified in cutting prices unless we are willing to take them back. We issue catalogues for the wearer in which retail prices are quoted. Prices are also mentioned in our general advertising. But, if the dealer wishes to vary from these prices, it is his business and he has a right to do so. In several cases we tried to get dealers to maintain given retail prices, but it led to so much misunderstanding that we let it drop. Now, knowing that they can manipulate prices as they wish without interference, most of our retailers, and we have over seven thousand of them distributing our goods, seem contented to sell at the prices we suggest.

"Due to broad policies, such as these, we were able to gain a widespread, favorable dealer distribution. *Then* we were ready for consumer advertising. I won't even dare guess how many possible sales have been lost at our retail store for newly advertised goods which were given publicity before we could get them.

"I am strong for general advertising in its proper sequence. When it's employed at the right time and in the right way, there's no limit to its possibilities in producing sales. But when a concern begins to advertise, to build up a demand for its goods before it has built up the proper distribution, it is a wasteful, extravagant indulgence. This is a mistake that too many advertisers are committing. The theory is that advertising in general magazines, newspapers, etc., establishes distribution at the same time it creates a consumer demand. It does to a small measure, but I should say that about 80 per cent. of it is wasted. The inquiries for advertised goods are immediate. They begin to come in the very day the advertising appears. It may be from two to three days or two to three weeks before the retailer can get the merchandise.

"I can't urge this too emphatically: Get distribution first—then go after the buyers. That will reduce waste to a minimum and promote sales to the maximum.

"This is being clearly shown in our campaigns. When we began advertising we had a good dealer distribution. When we receive inquiries for our booklets from men and women, we send the literature and tell them who sells our goods in their vicinity. We write the retailer about the inquiry, too. As far as we are able to trace these inquiries, I judge that probably 70 per cent. are turned into sales. For, you see, we have the dealer actively with us, and he uses his local influence in connection with the interest or demand we have aroused. . . "

In answer to the question, "What do you do in co-operation help for your dealers?" Mr. Phoenix said: "There is too much being done in dealer work by the average manufacturer. In our rôle as retailers, we find this so. In the attempt to 'tie-up' the retailer to a line, the manufacturers are hampering him in his local selling. They are surrounding him with suggestions, directions, and ideas that may or may not be best for his locality. If you could see the accumulation of stuff that a drygoods store like ours gets from various manufacturers from whom we buy, you'd quickly realize the uselessness of most of it. We don't use one tenth of it; we can't. We want to talk to our town people ourselves; we can't afford to talk to them through the mouthpieces of the manufacturers, the cards, posters, newspaper electros, etc.

"Knowing this so well from our own experience in retailing, we are very particular what we give out and we give very little. We help the retailers in every possible way we can, but we're careful not to overdo it. It's worth 100 per cent. more to us to have the retailer personally recommend and endorse our knit wear than if we told the consumer what fine goods we make. I would prefer to have the retailer make the one short statement to a possible buyer, 'Bradley knit wear is the most reliable and serviceable you can buy,' than have the same possible buyer read an advertisement of five hundred words over our signature. That one remark from the merchant or his clerks will do quicker, more certain work than all we could say about our goods. When customers go to a store they do so because they have confidence in that store. So, most generally, whatever is said there in favor of any goods is accepted and acted upon. What an advertiser says about his own goods does, without doubt, make a deep impression and arouses a desire, but there's something lacking that is necessary to make a sale; that 'something' is what the retailer supplies, the personal assurance of some one that the goods are as advertised.

Cautions in Dealer Co-operation

"In our retail business this situation makes itself evident every day. Customers come to our store and ask about some advertised merchandise. They come in a favorable mood to buy. Advertising is directly responsible for this mood. But one tenth of 1 per cent. ask directly for the goods they are prepared to buy. They wait for the clerk to strengthen their buying inclination. They don't come out decidedly and buy an article. They make some kind of an inquiry about it first, giving the clerk the opportunity to put in his closing selling talk that usually makes the sale.

"I've studied our retail customers very closely and carefully in regard to this one point and know how they act in their buying. It's up to the retailer to make the sale. The advertising does everything up to the actual exchange of money for merchandise—there's where it's necessary to insert a personality—the retailer—to close up the sale.

"Acting in the double capacity as manufacturers and retailers, we are able to gauge conditions and conduct our producing business on a very practical basis.

"Under no circumstances do we sell by mail to any inquirer; nor will we sell to mail-order houses. We were approached by one large mail-order house that offered to take over our entire output each season, but we quickly and flatly refused even to discuss terms with it. As long as we are distributing through the retailer we will have nothing to do with the mail-order selling. You can't play the game from both ends and win out. The manufacturer who doesn't protect his retail distributors at every possible angle is only handicapping his own business. The small-town merchant is too valuable a factor in our business to slight in any way. This brings me to a subject that I consider one of the most important in the building of a manufacturing business—the small town.

"Being a small-town resident and a small-town retailer myself, I know conditions there rather well. Being a manufacturer, I also am familiar with the situation in the large cities. We do not go after the big-city business with nearly as much force and energy as the trade of the small and average-sized towns. City business is far more costly to get and it represents the smaller per cent. of our population. It's harder to handle and much more exacting. The big volume of our business comes from the smaller towns. It's simpler to get, easier to hold if you treat it right, and has more business for you. There's a bigger profit in it because it's less expensive to handle.

"We have been fortunate in having an excellent advertising agency to help us. The guidance of our advertising agency has kept us away from many pitfalls and has provided us with strong selling campaigns that have been very successful. I can't see how a business that makes a good article can possibly fail if it places its selling affairs under the advice and help of a trade-journal and an advertising agency. A business to-day has at its command the service of experienced men who know how to proceed, what to do, and what not to do in business building. The Bradley Knitting Company is a good example of this."

Hugh McVey of *Successful Farming*, Des Moines, Ia., brings out one other phase of the bearing of the individual merchant's skill upon the national advertiser's plans. The thought which underlies this article by Mr. McVey is the fact that it is dangerous to forget that relations with retail merchants are in a large measure individual problems and that it is not altogether safe to proceed too far upon generalizations. Mr. McVey says:

*Some firm is going to make a big winning one of these days by comparing and compiling the methods used by different active retailers and spreading the service broadcast throughout the agricultural States. I have interviewed over 400 retail dealers in the North Central States and have come to the conclusion that manufacturers have scarcely begun to develop the sales possibilities of merchants in small communities.

I know many instances where live retailers are working out the problems of their trade and have devised plans that might be profitably used by small-town dealers generally if some manufacturer would take up the ideas and encourage their use.

There is H. G. Larimer, clothier of Chariton, a county-seat town of southeast Iowa. Senator Lafe Young, publisher of the Des Moines *Capital*, has said of him: "He is the biggest man in a small town I have ever met."

Mr. Larimer is the "father" of the Iowa State Clothing Dealers' Association, probably the most active State association of its kind in the United States. He delivered an address in the agricultural division at the Toronto convention on "The Analysis of a $50,000 Retail Clothing Business in a Town of 4,000," which attracted so much attention that it was later repeated by request in the retail division.

What he has done can to a considerable extent be carried out by clothiers in other country towns.

Mr. Larimer has gone outside his own county for business—and gotten it.

Ordinarily, one would suppose that his sales would be limited to people within eight to ten miles of his store. This is probably the basis upon which many manufacturers operate. They evidently believe that if they have an agent in every good agricultural town they will get their share of the business.

The regular follow-up system of Mr. Larimer's store has not only all the names of the farmers of his county, but also the names of those in the row of townships in each county which

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border on Mr. Larimer's own county, in which huge circle there are more square miles of territory than in Lucas County and more people than there are in Lucas County, outside of the town of Chariton. The addition of these townships, therefore, doubles Mr. Larimer's list, which is divided into "tall men," "fat men," "old men," "young men," etc. Information as regards children is also carefully compiled.

Mr. Larimer made a lone fight among the business men of his town to get this trade started, but the better roads, the automobiles, parcel post, better values and liberal advertising have produced wonderful results, not only for Mr. Larimer, but for all of the business interests of Chariton.

Just at the proper time, from an agricultural point of view, and disregarding entirely the clothing seasons in the cities, decisive arguments in literature form for his clothing go out to these lists.

Does Mr. Larimer know that this pays him? Absolutely.

He keeps a check on everything sold and knows at the end of every day just how much profit he has made from that day's sales and where the profit came from.

A hat manufacturer recently co-operated with him in an extensive hat display in his windows. A week after the display was made Mr. Larimer received a letter from the manufacturer asking if it had been a success. "Which," said Mr. Larimer, "proves they don't know the first principles of trade in a small town. I know my display attracted some attention, but I didn't sell a whole lot of goods while it was in the window. Maybe in the city a store would have done this, but down here things are different. We have, however, since the display felt an increased demand for these goods right along. That is the difference between country-town and city trade. The effect on the trade of that company's display will last in Chariton for a year—in the city the effect would be over in two or three weeks. These are the things that it seems hard to get into the heads of the manufacturers.

"Another thing," said Mr. Larimer, "most manufacturers have not the right viewpoint of small-town trade. In the cities the game is to go after the young man. All the advertising is pointed that way, and if I would follow the advice I get I would be doing that here. I have been told that the young fellow about town is the liberal spender and that the farmer only purchases when dire necessity forces him to. This isn't true. The farmer wants high-class goods; we sell him just as good quality as do the city stores to the young men.

"The farmer, furthermore, is deeply interested in knowing all about the wares he buys. He has to be a good judge to be a success as a farmer, and he employs this judgment when he's buying goods in town. Once he finds an article of true merit he is loyal to it and it is hard to switch him to another brand. My success has been made largely by acquainting the farmers in my vicinity with the fact that I have high-class goods and then keeping up the standard.

"We have much less transient trade than city stores. We know most of our customers personally. We hold them by giving them service and we attract new ones by intelligent advertising."

Mr. Larimer's advertising bills have run as high as $400 in a single month, which must be considered a good deal for a country-town retail store.

"The solution of many of the problems of the manufacturer and retailer will be found when they go direct as possible to the farmer with their advertising, truthfully educating him in the merits of their products. The manufacturer who needs or wants more business should give this his attention, and the retail merchant must realize his mission is to render service.

"As a retail merchant, I only ask that the manufacturer advertise his wares to my customers to the extent that they are in a receptive mood; that they know there is a well-organized factory and force that is putting out a product they are not ashamed to have their name connected with; that their name and mine offer a double guarantee, an additional safeguard that will assure them full value and entire satisfaction."

CHAPTER III

THE REGULAR RETAILER'S FIELD AND PROBLEMS

BEFORE passing to a consideration of the retailer as a factor in national advertising campaigns, it may be well to look a little more fully at some of the problems of the retailer which grow out of the nature of his market.

It is coming to be recognized that retailing has a social as weli as a purely economic side. A sign for window use by retailers says: "If you trade outside of our town and I trade outside of our town and everybody trades outside of our town, what will become of our town?" Back of this question is one of the most complex and serious of modern economic and social problems. Local boards of trade and chambers of commerce as well as economists and sociologists recognize in this a group of problems worth thorough and careful study.

The larger types of retailer have made at least three positive contributions to the merchandise distributing process: (1) They have given the consumer larger stocks from which to choose. (2) They have, by large-scale buying, made possible a reduction in price to the consumer in some lines. (3) They have introduced some methods of management which cut down wastes and increase the speed of turnover. There may have been other positive contributions in certain cases, and in some instances certain bad features have been introduced also, but these three are undeniable and no one would be willing to give them up altogether.

Changes of this kind, however, have considerably upset the "regular" retail trade. They figure largely in the attempts to get an answer to the question: "What is to become of our town?" No matter what arguments are brought to bear in favor of supporting the home retailer, or in favor of abandoning him, the fact remains beyond dispute that what the consuming public apparently wants and will have is a combination of the good points of both systems of distribution. The large stores will be forced to do their work better, and the small stores will be forced to compete more skilfully each year.

This constant betterment is working out even now. It is not a deliberately planned process, but there is abundant evidence that it is going on. Large stores, chain stores, etc., have come to stay permanently in one form or another, but they will be forced to improve constantly. On the other hand, the smaller, "regular" retailer and the distribution organization back of him are not in process of annihilation. They are merely learning how to do their work better. This process of readjustment is sometimes gloomy, but it is by no means hopeless.

And in this process of readjustment advertising is beginning to take its part. Local advertising by the "regular" retailer has been shown to be no longer mere announcing. It is one of the most effectual of modern means for winning and holding confidence and friendship. With these the retailer's fight for life is won, and to get them at all, this appeal to the consuming public calls for the homely virtues of truth and service. National advertising also is taking its place as a means for equalizing competitive conditions between the large and small retailer. In many lines of goods it is bringing to the consumers in every section the advantages of the consumers in the most advanced sections, and at a lower price than ever has been possible in any other way.

There are two methods of attack upon the regular retailer's problem outside of the direct use of advertising which deserve particular mention here. We have shown how advertising may, and does, figure directly in many betterment plans, and in even those which at first glance seem remote from it advertising often has a conspicuous part. The two methods chosen for discussion here are: (1) The study of the small town and its needs in a search for principles, and (2) The application of modern methods of management to the organization and operation of the smaller type of store.

(1) THE SMALL-TOWN PROBLEM

About 53.7 per cent. of the population of the United States in 1910 lived outside of cities, towns, or other incorporated places of 2,500 population or over. This is the fact which gives so much importance to the problems of the regular retailer. But the percentage of rural population had declined to this figure from 59.5 per cent. in 1900. There was an actual increase in the rural population of over four million persons, but the rapid growth was in cities. It is this fact which makes the problems of the "regular" retailer so serious.

To be sure, not all of the purchases of this rural part of the population are made in country towns. But, on the other hand, as long as this percentage remains large no form of concentrated city retailing will meet the needs of a manufacturer who seeks a national market for his product. This country market is a substantial part of the field of the small retailer and it will be successfully occupied by him just in proportion to the extent to which he applies modern methods in occupying it. These methods include first of all the acquiring by the retailer of a firm knowledge of what the elements of his problems are.

J. B. Powell, Instructor in Advertising in the University of Missouri, has given some attention to this phase of national advertising and writes as follows concerning it:

*Manufacturers with a national distribution are looking seriously into the matter of the decline of hundreds of country towns and the merchants of country towns.

Let's tell the worst side of the situation first, and then turn to the many constructive things that are being done to get out of the rut.

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*_Advertising and Selling_, June, 1915, p. 56.

J. R. Moorehead, formerly secretary of the National Federation of Retail Merchants and now secretary of the Southwestern Lumber Dealers' Association, compiled figures from the 1910 census showing the decline in population of small towns in the Central West that are of vital interest to national advertisers as well as small-town merchants.

He showed that nearly 6,000 towns in seven Middle Western States lost in population as follows:

Wisconsin, 346; Missouri, 540; Iowa, 564; Indiana, 639; Michigan, 677; Illinois, 788; Ohio, 1,136. Out of 777 county-seat towns in these States, 217, or nearly 28 per cent., lost in population, notwithstanding the fact that the county seat is in many ways the centre of most of the activities of the county unit along the line of politics, courts, the collection of taxes, and other county functions.

There has been a lot of oratory on the causes for this decline of the picturesque country town and the country-town store that handles everything from dried herring, prunes, and calicoes to reapers, mowers, and patent medicines. Some lay it to the automobile, that enables a desirable class of customers to trade at distant and more attractive markets. Others lay it to the better country roads, that help the automobile. A Chautauqua speaker last summer told small-town audiences in Iowa, Missouri, Kansas, Nebraska, and Oklahoma that the mail-order man was the bogey gentleman who was killing off the country towns, and that once he got the farmer in his clutches he stopped nothing short of taking the farmer's shirt, his family, and the old home farm. Still others lay the decline to the coming of the rural route that killed off thousands of country post offices that operated profitable country stores as side-lines. Country merchants all over the land fought the parcels post as the latest weapon of the city merchant and especially the mail-order merchant aimed at their destruction. Country merchant influence forced the zone system of parcels post distribution, and now the mail-order merchant cashes in on the zone system by shipping his merchandise and catalogues by freight to various distributing points and then using the parcels post.

We must first get it out of our minds that the farmer is going back. An investigation of country towns along the Rock Island Railroad showed that 70 per cent. of all the bank deposits were by farmers, and that out of an average of eleven directors per bank, from three to nine were retired farmers. In Kansas one farmer out of every five owns an automobile. In Missouri the ratio is a little better than one car to every twenty farmers. A visitor at a Michigan county fair in September, 1914, counted more than 2,300 automobiles. At the University of Missouri more than 2,000 students out of a total enrollment of 3,500 listed their fathers as farmers and retired farmers. A glance at the membership of any of our State legislatures will show a good big proportion of the membership is made up of farmers and retired farmers.

Farmers Are Not Going Back

No, the farmer is not going back. He is going ahead. He is becoming a better business man and is buying better things and living better every year. Investigators for the United States Government have recently reported a steady increase in the tendency of farmers to form co-operative buying units. The co-operative selling idea has been a success for some time.

What have the average country-town merchants been doing in the midst of all this general prosperity in their trade territories? They have been doing just what a majority of the country preachers and a majority of the country editors have been doing. They have been exerting themselves just enough to get by with the least possible effort and thought and practically no service.

The main cause for the decline of country towns and country-town merchants lies in the general lack of efficiency and modern business judgment on the part of the country merchants themselves. In brief, the average country merchant spends too much time in damning the "interests" that he thinks are forcing him out. He spends too much time in trying to keep his competitors from getting ahead, instead of studying his own problems and trying to get ahead himself.

Fortunately there is a dawn of light in all this general desolation of country towns. In many towns, through the organization of retail merchants' associations, commercial clubs, and ad clubs, the towns are awakening to their problems. When this happens the town takes on a new lease of life and goes ahead instead of the reverse. Through the study of credits the country-town merchant is finding that the desirable cash trade of his community is going to larger trading centres through the medium of mail-order buying, while he is left to deal with the cheaper, poor-pay customers.

In opposition to this tendency to trade away there has started the "Trenton (Mo.) Idea," the" Franklin Co. (Kan.) Association," the "Hampton Plan," the Neosho (Mo.) Ad Club Plan, and a number of other movements. Many towns are copying wholly or in part these schemes. The first two are similar in that they are based upon a closer union between the merchant and farmer, the local organizations being composed of both for the common development of the community. The "Hampton Plan" includes this feature and in addition the idea of coupling up with national advertising, by the local merchants, as a way of boosting the prestige of the town as a retail centre by showing that the stores have in them goods of national fame at prices as low as can be secured elsewhere.

What Some Towns Are Doing

These small towns have a new type of commercial secretary who is rapidly developing into a town business manager. He maintains in his office the leading books and periodicals on advertising, business promotion, foreign trade extension, credits, store efficiency, window trimming, and so on. He advises merchants on their advertising copy. He inaugurates trade extension movements. He plans celebrations, corn shows, municipal Christmas trees, downtown lighting systems. He sometimes has a vigilance committee that keeps the fly-by-night fire-sale fiends away, and discourages misleading advertising. He has a filing cabinet that contains the thumb-prints of all the professional dead beats of his town and other towns.

This type of town has taken the farmers into partnership with the business man. The farmer has learned that the proximity of a good town with a market for his products means an increased valuation for his farm. This type of town and this type of rural community will forge ahead because it is based on that old word with a modern meaning—*service*.

The national advertiser will find all these towns responsive to his dealer work and excellent places to establish a second line of defence against the encroachment of chain stores, private brands, and other forms of opposition to his methods.

The Hampton plan referred to in Mr. Powell's article has created a good deal of comment. It is described in somewhat more detail in the following article:

*Westfield, Mass., and other small towns which have made themselves famous are going to have a close rival in Hamp-

**Printers' Ink*, February 11, 1915, p. 55.

ton, Ia. The merchants of that town have seen a great light. They are going to start a campaign of coupling up with national advertising, using the means they have at hand, their local papers, their windows, the United States mail, etc., in an effort to show that their stores have in them the best-known goods in America. They are going to demonstrate that they are entitled to all the patronage of buyers of their neighborhood, to draw new buyers from a distance, and to "cash in" on general publicity. If the idea proves "a go" in this typical farming centre, the farm-paper publishers will extend the campaign throughout the country. In other words, Hampton is to be made a sort of laboratory test.

At a meeting of the Commercial Association of Hampton, President E. P. Andrews related how he and others had become interested in a plan suggested by the trades relationship committee of the Agricultural Publishers' Association.

H. G. Larimer, of Chariton, Ia., whose success in coupling up with national advertising has already been described at length in *Printers' Ink*, told how he had built up a retail business in his town of $60,000 by pushing advertised goods.

"During last November," he said, "there were many days when more than 50 per cent. of my sales were with farmers who lived outside my county. The same thing can be done in Hampton.

"Each merchant carries certain lines of nationally advertised goods. Get in touch with your manufacturers; tell them what you want to do. And don't forget that one of the most essential things in advertising is *timeliness*—it would not pay, for example, to advertise B. V. D. underwear in February. This campaign will be *built on timeliness.* Find out from the manufacturers when various lines are to be advertised heaviest. Then couple up with their advertising campaign. Insist upon wholesalers and manufacturers furnishing all kinds of dealers' helps, inserts, circulars, etc., to mail out to the trade.

Cultivating Affability as an Aid to Salesmanship

"Did you ever see one of these old 'crabs' who look as though they never smiled in their life? Watch them when they run for office. They are affable, pleasant, and can get out and fraternize with everybody. Practise along this line. Put it on a little stronger. A colored woman once told me, 'I like to trade in your store.' I said, 'I am glad you like to trade here, but why should you like to come here rather than elsewhere?' She replied, 'This is one place I am treated as a lady, whether I am one or not.' Everybody likes a slap on the back. Don't be afraid to tell Jones, who has been trading at your store a long time, that you appreciate his business. Act as if you really appreciate his help."

James M. Irvine, of the Curtis Publishing Company; E. W. Rankin, representing the Capper farm papers; Arthur Haubold, of the National Farm Power Papers, and S. R. McKelvie, publisher of the *Nebraska Farmer*, spoke in support of the plan.

C. F. Roemer, of Hampton, president of the Iowa Retail Dealers' Association, said:

"There is good for Hampton in most advertising. I, as a general implement dealer, have been selling, among other goods, one article for seventeen years. That article is advertised in farm papers. It is the De Laval Cream Separator. Seventeen years ago a 350-pound separator sold for $125. This machine has been nationally advertised and I have advertised it locally to couple up with that of the manufacturer's advertising and get the benefit. To-day their 900-pound machine sells for $110. The 350-pound machine sells at $70. This bears out the statement that the cost of advertising is *not added* to the cost of the goods."

Cards were distributed reading as follows:

BUY IT IN HAMPTON

BECAUSE HERE ARE FOUND AMERICA'S BEST KNOWN GOODS—THOSE THAT HAVE THE TRIPLE GUARANTEE

(1)

Guaranteed by Our Own Reliable Merchants

(2)

Guaranteed by the Leading Manufacturers of the United States

(3)

Guaranteed by the Foremost Farm Papers and Magazines

BUY IT IN HAMPTON

The meeting at once raised a fund to engage a manager for the "Buy It in Hampton" campaign, and started work. It has already attracted attention among national advertisers, who see in it an opportunity to make their advertising much more effective, and perceive the fact that the small-town merchant often carries more nationally advertised lines of goods than those of the larger cities.

The Agricultural Publishers' Association plans, after Hampton has succeeded in the work, to spread the idea by the use of trade papers and convention work.

One development which promises to take on great importance in the next few years is the development of analytical methods and their application to selling problems. In the case of the small-town problem it is comparatively easy to make use of data already available, and it will not be long before advertisers will have as much of such material as they need for a really careful study of the retail-town problem. W. H. Bridgman, at a recent meeting of the Wisconsin Farmers' Course and Country Life Conference, gave the following summary of the business conditions of Stanley, Wis., which indicates something of the simplicity and definiteness of this phase of the market-analysis problem:

*The subject of this paper is a typical American small city whose population in 1900, according to the United States census, was 2,387. In 1910 it was 2,675. Apparently it is enjoying an increase now in a ratio equal to that which prevailed during the ten years which elapsed between 1900 and 1910. It was originally a sawmill settlement in the woods, its location being determined by the proximity of much merchantable pine and other timber. The first settlers brought hither to the number of 300 or 400 to man this single industry were Scandinavian in nationality. They left the impress of their character on the town for all time.

These people are extremely conservative in their business habits and inclinations as related to their personal affairs and as related to public affairs. They never loaned themselves to the plans of the town boomer and real estate speculator. They always cast their votes against bond issues in any considerable amount, and the city indebtedness, except for a few short-time loans for school buildings, has always been practically nil.

Advertising and Selling, September, 1914, p. 78.

Notwithstanding this the city has to-day $100,000 invested in school buildings and equipment, nearly a mile of brick and cement paved streets, a fine sewer and water system, a brick city hall, and well-lighted streets, and the people are grateful to those who, during the first thirty years of the city's life, have seen fit to steer clear of the shoals of debt.

The schools cost twenty thousand dollars a year, with courses in domestic science and manual training. The assessed valuation is one and a half millions and the tax rate 2½ per cent. Six hundred and fifty children attend the public schools. The high school has approximately one hundred and fifty students, half of whom are from the neighboring farms.

I deemed the above preliminary statement essential to an intelligent analysis of the business of the town. In keeping with the usual course, as the timber areas receded the farms have taken their place, and while the lumber manufacturing industry is still the important industry of the city, the logs are brought from a considerable distance by rail, and on three sides of the city for a distance of ten miles the improved farms occupy practically the entire area, but with a population much less dense than is found in similar areas of older settled farming communities. I have been unable to estimate the density of this population with any considerable degree of accuracy, but I have taken the delivery of the Stanley post office as the basis on which to estimate the population tributary to the city in a business way. I find that mail is delivered to 1,200 resident families in the city and surrounding country, indicating a population of at least 6,000, more than half of which is from the farms. I find that five hundred families of these farmers are supplied from the post office by carrier.

Amounts Spent Yearly in Different Lines

The trade of these people is with Stanley merchants or dealers in all the following lines: General merchandise, including groceries, meats, and provisions, feed stuffs, drygoods, clothing, shoes, hardware, lumber, brick, lime, cement, implements, and vehicles, approximately $600,000 during the year 1913, or approximately an average of $500 to each family in Stanley and the Stanley country. To pursue the analysis, hardware sales amounted to $80,000; groceries, $150,000; shoes, $80,000; clothing and drygoods, $210,000; lumber, $50,000; brick, $3,500; implements and vehicles, $75,000; feed stuffs, $52,000; jewelry, $12,000; drugs, $20,000, and furniture, $20,000. This trade was about equally divided between the farm and the city homes, with the exception of the following lines: vehicles and implements practically all with the farmer. Furniture, 25 per cent. with the farmer; meats, only 10 per cent. with the farmer; jewelry, only 10 per cent. with the farmer. I find that 75 per cent. of the farm business is cash business, while only about 60 per cent. of the city trade is cash business.

Sales of Produce by Farmers

The dealers in general merchandise and regular dealers in grains and feeds bought from the farmers $100,000 worth of produce, such as grains, poultry, butter and eggs. This does not include live stock. In addition to this the local creamery bought cream for $100,000. The pea cannery paid $30,000 for peas. The potato dealers paid $30,000 for potatoes, and a salting station paid $12,000 for cucumbers. A rough estimate of live stock purchased by dealers is $150,000, and the farmers probably sold $10,000 worth of wood to customers in the city. This totals $432,000. In this connection the cheese factories, many of which are located in territory tributary to Stanley but outside the city, should be taken into account as perhaps the farmer's most important source of revenue.

The total bank deposits in the two banks of the city are $430,000, $250,000 of which is farmers' deposits. The loans of the two banks are about $420,000, and the farmer loans almost exactly equal their deposits.

The so-called mail-order business is an important factor in the relations of this city as of many others with its tributary population. The amount of this business is difficult to estimate with any degree of accuracy, but I found records of business with Chicago mail-order houses by the farming people amounting to $25,000. I am positive that I do not exaggerate in estimating the amount of retail trade which is lost by the tradesman of Stanley to the mail-order houses and large stores at $100,000, and the amount should be about equally divided between the city and farm populations, which is a fair proportion.

Such institutions as the creamery, the cannery, the cucumber salting station, and potato warehouses bring many farmers to the city regularly at certain seasons and make it convenient for them to do their banking here and naturally benefits trade. One certain nationality has found cucumber culture much to its liking, the work being done by women and children on small clearings on farms of small acreage. The men of these families work at the mills and leave the women to do the farming.

Another nationality finds dairying much to its liking and specializes in butter fat production, both for butter and cheese. People of different nationalities are wont to colonize to some extent, and a certain industry frequently finds favor with a certain nationality of immigrants.

The Scandinavian people who populated the city, being born and bred lumbermen, do not become farmers to any great extent, but move on westward as the centre of the lumber industry moves.

My observation is that the most important factors in the relations of the city people with those of the surrounding country are the schools and the churches. Many of the high school students from the farms spend their nights at home, while those who board occasion two trips to the city by the home folks during the week, who bring them to the city on Monday and come after them on Friday.

Practically all of the church affiliations of the 6,000 or 7,000 people of Stanley and the Stanley country, with the exception of a possible 500, are with church organizations in the city of Stanley.

The place of national advertising in this problem of the "regular" retailer's knowledge of his market is brought out in an article on the general store by Frank Farrington, editor of the *Inland Storekeeper*, who has a wide reputation as an alert student of the small retailer's problems. In this article he says:

*The proprietor of the village general store knows little and cares less about chain stores and their ravages among the small individual dealers. He is not worrying about whether he shall sell advertised goods or not. The high cost of living is to him largely a subject for the attention of newspaper and magazine writers, turnover means a kind of cake, and the war is a historical event a long way off.

All of which is merely another way of saying that our small-town and crossroads general merchants are sawing wood and saying very little.

When I say general store, meaning it in the common sense, I do not refer to commissary and company stores, such as are run throughout the South and in the lumber sections of

Printers' Ink, November 26, 1914, p. 51

the Northwest. These stores sometimes employ managers who have made a considerable study of business methods and who occasionally are quite scientific in their work. I refer rather to the average storekeeper in the small community, operating a store which sells anything he thinks he can make a profit on, and who does not hesitate to throw out that which does not pay at least an apparent profit.

Taking the census figures we find reported the following stores in towns of 5,000 and less serving 53,639,074 of our population:

General stores	141,724
Groceries	33,131
Drygoods	8,733
Shoes	3,035
Drugs	25,870
Men's furnishings	1,474
Clothing	9,206
Hardware	21,143
Jewelers	12,463
Total	256,779

In the aggregate these handle a tremendous amount of goods. With an average annual trade of $5,000, they will sell merchandise each year up to the gross amount of $1,283,895,000!

There is a business worth going after, and it is all provided with credit facilities, and, what is more, with the money to pay its bills. South America may have a business of twice as much waiting for us, but it hasn't the money now. Here are 256,779 merchants who sell from $1,000 a year up to $100,000 a year or more, and *they have the money.* If there is any money in circulation anywhere it is in the small towns.

The farmers have plenty of everything to sell. They are the customers of the general stores; they and the village business men, who, in turn, get their money from the farmers.

Not Affected by War's Worries

The war has not interfered with the business of these merchants, except to the extent of inconveniencing them a little about getting just exactly the goods they have ordered. If prices have been a little higher, they have merely charged more. Even in towns as large as 10,000 in up-state New York business is going on as usual. The local daily papers there play up the war no more than any other news. Unless they are sensational, they have reduced the ordinary war heading to single column. "We can't sell any of these war weeklies," says the newsdealer in such a town. The war has not shaken the rural population out of its groove.

The farmer likes to sit back a little while in the evening and read in his newspaper the progress of the war, but as for its making any difference in the amount of business he is giving the local storekeeper, it only increases it by giving him rather more money to spend.

Throughout the Middle West there are thousands of small communities where practically all the business is handled by general stores, which carry everything up to the latest of the advertised goods. These stores are managed by men who are on the lookout for new goods, and these stores are selling many brands of advertised goods.

Investigations have shown the following goods to be in active demand in general stores:

Ostermoor mattresses
Holeproof stockings
Black Cat stockings
Hart, Schaffner & Marx clothing
Queen Quality shoes
Whittemore shoe polishes
Prophylactic toothbrushes
Colgate's dentifrices
Sanitol dentifrices
DeLong hooks and eyes
Arrow collars
Oriental collars
Hoosier kitchen cabinets
Jewel stoves
Arctic refrigerators
Alwin baby-buggies
Haywood baby-buggies
Ivory soap
Gold dust
Mellin's food
Kellogg's corn flakes
Bissell carpet sweepers
Gold Medal flour
Royal baking powder
Knox gelatine
Remington typewriters
Oliver typewriters
Winchester arms
S. & W. arms
Colgate's perfumes
Gage hats

Porosknit underwear
Munsingwear
Walk-over shoes
Douglas shoes
President suspenders
Boston garters
Velvet Grip
Gillette razors
Omo dress shields
Kleinert dress shields
Warner's corsets
American Lady corsets
White Mountain refrigerators
Toledo steam cookers
Universal food choppers
Enterprise food choppers
Elgin watches
Ingersoll watches
Baker's cocoa
Karo corn syrup
Post toasties
Liquid veneer
Uneeda biscuit
Kingsford's starch
Rogers' silverware
Clipper lawn mowers
Ferry's seeds
Burpee's seeds
Mennen's talcum
Old Trusty incubators
Kodaks

Ford automobiles	Armour's beef extract
Campbell's soups	Durkee's salad dressing
Van Camp's pork and beans	Heinz's products
Mason fruit jars	Macbeth lamp chimneys
Richardson's silk	Diamond dyes
Corticelli silk	Fleischer's yarn
Estey organs	Seth Thomas clocks
Edison talking machines	Victrolas

This list does not pretend to be complete, and might easily be doubled in length to-day.

200 Tons of Merchandise

In the East the average volume of small-community business is smaller than in the Middle West, but in a little village of a couple of hundred people in the Catskills there are three storekeepers hauling in their goods about nine miles by team, and the smallest of the three paid freight and teaming charges the past year on 200 tons of merchandise sold over the counter. The two others handled amounts largely in advance of that. This in addition to such bulky stock as dairy feeds and grain, of which some 350 carloads went into the town to be sold through three dealers. And this community is not a rare exception.

One product of the section mentioned is creamery butter. One creamery in a recent year bought some seven million pounds of milk, for which it paid the farmers cash monthly. While the Eastern farmers are not getting grain money like those of the West, they are getting its equivalent in other forms, as above.

To-day the farmers of the East are getting 28 cents per pound for dressed turkeys, all they can ship. Their hens cannot produce eggs fast enough to keep the market price to the farmer down to 40 cents. Butter and milk are in proportion. If there is money anywhere it is in the pockets of the customers of the general stores. This is not a war-time condition solely: it is the usual thing. There have been hard years for the farmers, but they have been the exception, and scientific farming and increased demands have made such years a thing scarcely to be feared.

The general storekeeper in the country does not know much about scientific management. He hasn't time for it, or he thinks he hasn't, which amounts to the same thing. His business must be large and his goods must pay good profits, because he is wasteful. His dead stock accumulates rapidly and he lacks the initiative to get rid of it as a city merchant will and must. He is improving as a class and adopting modern methods, but there are still very backward exceptions.

Within a few miles of me is a store doing a business of $20,000 a year in a general line. It is managed in violation of all the rules for successful store management. The proprietors trust every one who wants to be trusted, and when they cannot collect they take a judgment and get something. They buy anything the farmer has to sell. They sell him anything he wants to buy, and they cut prices on a few things just enough to enable them to say they are selling cheap. This general store needs modern methods and better financial handling. But it makes money as it is, by sheer volume of business. It could make more. It might handle better goods and handle them better if the manufacturers would give its proprietor the advantage of what they know about good storekeeping. General storekeepers are not as keen as they might be about modernizing their stock and methods, but they do respond to right missionary work.

Some time ago I told the readers of *Printers' Ink* that a random list of country merchants, whose annual business was known, averaged over $20,000 each, with stores averaging 2,600 feet of floor space. It would scarcely be possible to take a list of city dealers without making a special selection for the purpose and get as good a showing.

Attitude Toward Rating Agencies

If we go to Dun or Bradstreet and select only the best-rated small-town merchants east of the Rockies and north of the Ohio, we will get about 30,000 of them. These are men the figures show to be good business men and live operators. Their business bulks large, but don't make the mistake, Mr. Manufacturer, of ignoring the country merchant who is not rated or who is poorly rated. There is only one way to be sure the general storekeeper is not doing enough business to make him worth approaching, and that is to see his store and talk with him. The fact that he does not show up well in the commercial agencies' books shows not that he has no business or money or credit, but that he prefers to keep his affairs to himself.

I have been a small-town merchant. I have hundreds of small-town merchants whom I count my friends. I know that these men do not take kindly, as a rule, to the representative of the commercial agency or to the complicated-looking blanks he offers them. True enough, he approaches them politely, and he is perhaps entitled to the information he wants. He says he only wants to know a few of the main facts, but when you have filled in the whole of one of his blanks, you have given the story of your financial life. The country merchant will not do it. He can buy all the goods he wants. His jobbers trust him. If the manufacturer doesn't want to trust him, he needn't do so. *He* should worry; that is his attitude.

To the question, "Do you give the commercial agencies a report?" I have heard merchants here, there, and all over reply, "No. It's none of their business how much I owe or how much I've got in my wife's name. I can buy all the goods I want."

Of course, the attitude is wrong. It is not the whole of business prestige to be able to buy all the goods you want, but we are looking for facts. The facts are that the manufacturer is watching the man of South America form in the smoke of his 35-cent panetela, forgetting that the map of the United States, showing the smallest post offices, is hanging on the wall right back of him.

Let any manufacturer take a map that shows all the post offices of any section and spot with red the communities where he *knows* his goods are sold. The freckles will be as far apart as the buttons on a two-button Balmacaan. "I can't send my men into those little villages," says the manufacturer. "It takes too long to get in and get out again." Perhaps this is so. But there is a great volume of business filtering through these villages and somebody thinks enough of it to go after it.

The Jobber and His Private Brand

The jobber's man gets there and perhaps he takes your line and perhaps he does not. You and I know, and so does the storekeeper know, that if the jobber's salesman has any private-brand stuff that competes with your advertised line, the private brand is the one that comes in in case lots, while the advertised kind comes only when it must.

The general storekeeper is more independent in marking his goods than the city merchant. The latter marks them as he must to meet the competition around him. He does not have the privilege of selling at such a rate as he thinks will pay him a proper profit. The general storekeeper can mark the 25-cent size of a proprietary medicine up to 30 cents if he likes, and get by with it, too. He does not figure up how much it costs him to do business and say to himself, "This package costs me sixteen and two thirds cents. My percentage expense of doing business is 18 per cent. on the selling price, which is 22 per cent. on the cost price, so I must get 22 per cent. of $16\frac{2}{3}$, which is. . . . " Not on your life. He says, "Two dollars a dozen. That sells for a quarter."

Does the mail-order house sell the same thing for 19 cents, or does the nearest large town cut the price about the same amount, Mr. General Storekeeper goes peacefully along his way with his profit-paying price just the same, unless enough of his customers complain so that he has to meet the outside quotation.

If the goods come into the store billed at $2.50 per dozen, they may slip by without getting much attention if they are something that sells only once in a while. The general-store man does not dig very deep into facts and figures on the items of semi-occasional sale. But let an article get to where he is buying it regularly and finds that he must give up 20 cents for something to sell for a "quarter," and he will investigate the cause and forever after, in spite of changes in policy or even price, remain antagonistic to the goods.

In order to acquire the trade of the country storekeeper the manufacturer must start right. In order to retain that trade, he must keep right. He must not make the fatal error of raising the price just because he thinks the trade will insist on having the goods. The country storekeeper will not insist on having anything but a profit. It may be a difficult thing to get him to stock your line at first, but it is nothing compared with the difficulty of getting him to restock it after once getting disgusted with it and throwing it out.

What kind of trademarked goods does the general store sell in quantity sufficient to be of interest? He sells all the necessaries of life, of course. Some of these are trademarked brands and some are not. Many of those which he sells in bulk or in brands not trademarked would be replaced by the advertised kind if the right kind of encouragement were offered. In some cases this replacement has occurred.

Here are some of the goods in which the farmer is specially interested and which might be sold to him in trademark brands:

Veterinary remedies, machinery and implements, tools, locks, chains, and ropes, wagon and auto jacks, kitchen-ware, foot-warmers, axes, heavy shoes, seeds, harvesting machinery, guns and ammunition, farm explosives, gasoline engines, wire fencing, refrigerators, builders' hardware, poultry and stock foods, lamps and lanterns, automobile and wagon accessories, brooms, scales, and measures, cutlery, horse-blankets, fur coats and caps, rubber boots, paint, lap-cloths, fruit-tree spraying material and tools, insecticides, heating apparatus, roofing, bathroom supplies, window and door screens, oil or gasoline stoves.

In addition to all of these, the farmer and his family are interested in and are possible purchasers of practically everything that any one else buys.

The country general store to-day is a distributing point for supplies for a very large proportion of our population. It will pay any manufacturer to study the census reports in this connection. The possibilities are ample to occupy the mind and imagination of the most ambitious.

One of the best indications that the village merchant will adopt progressive methods and modern ideas is the tremendous success the makers of computing scales and cash-registers have had in selling in this field. These are sold to him purely on their efficiency value—a strong hint to the manufacturer who may think that the general-store merchant is uneducatable. The merchant who will buy modern equipment will buy trade-marked goods every time. He is that kind of a dealer.

(2) APPLICATION OF MODERN METHODS OF MANAGEMENT

Reference has been made to the articles on "Keeping up with Rising Costs," in which *System* has presented some of the results of its study into the possibility of modernizing retail-store methods. This series will repay any retailer for any amount of careful study.

The principles of scientific management as developed by the late Frederick W. Taylor were worked out, primarily, for industrial enterprises. But the system of thought upon which they are based certainly has value in commercial operations as well. Most of the refinements of the system call for a larger field for application than is furnished by the ordinary retail store, but the five principles described in the following article by C. Bertrand Thompson clearly have value to any retailer. And sooner or later they will perform their part in bringing retailing to a better basis:

*Running a retail store by scientific management is an idea quite new to store managers. They have heard of scientific

*System, December, 1914, p. 568. Other articles in this series are to be found in *System*, January, 1915, p. 66, and February, 1915, p. 178.

management and the possibility of its application to railroads, and they know that factories and a few government establishments are being operated under scientific management. The popular idea of this particular development is that it consists in the application of stopwatches and motion study to the work of operatives and the administration of a factory with an excessive amount of red tape.

One would not have to reflect long, however, to arrive at the conclusion that, if this is all scientific management consisted of, it would have died a natural death long ago, instead of being, as it is, the livest issue in modern industrial developments. Scientific management includes time study and motion study and an elaborate number of forms and records which naturally gives the appearance of red tape. But these things do not constitute the system; they are merely parts of the mechanism. The system itself consists of a series of principles whose application, as made by Fred W. Taylor and his group of engineers, is but one particular form. The mechanism is in many cases not adaptable to retailing, but the principles are. . . .

The Fundamental Principles

The fundamental principles of scientific management as practised in industrial establishments are: first, the organization of the present scattered knowledge in regard to the business into a coherent science; and, second, the organization of the human and material factors involved to secure the most efficient application of the science.

That there is a science of production has been known to engineers and factory managers for decades; and that this science includes not merely the chemistry and physics of engineering, but the technique of machine operation and hand work has been demonstrated for years under scientific management. As Mr. Taylor has shown, there is a science of shovelling as well as a science of bridge building—simpler, of course, but none the less ascertainable and definite. There is a science of selling, too, and many people are trying to find out what it is, thus recognizing the application of this manufacturing principle to marketing.

The principal methods in a scientifically managed factory for securing proper organization of the human and material factors include: first, the selection of the right men for the job; second, the systematic training of each man for his job and for transfer to other jobs when needed; third, an accurate determination of a definite quantity and quality of work which each man may reasonably be expected to produce, day in and day out, without inconvenience; fourth, the establishment of such conditions as will in every way facilitate the work of the operator, such as careful planning of all work in advance and having on hand at the machine or work place all the materials, tools, and instructions necessary for the workman to proceed; fifth, the payment of a wage sufficient above the ordinary to be an inducement to the workman to accept the instruction and other facilities offered him.

Some of these methods are already familiar to store and sales managers and have been consciously developed, in some cases, to a high degree of perfection.

Though it cannot be said that the selection of salespeople, buyers, and the force of help about a store, is done on any noticeably scientific basis, it is evident that considerable thought has been given to the training of such people as are actually employed. Classes in salesmanship are quite common. Committee meetings of buyers, and so on, practically amount to the same thing; and frequent conferences between the heads of a concern and their subordinates are in many stores the occasion of definite instruction. Conventions of salesmen are utilized for the same purpose. Thus the second method has secured considerable recognition.

The establishment of a quota of sales, whether as the basis for the tenure of a job or the fixing of a salary, is a recognition of the third method: the establishment of a definite task.

Fixing the salary proportionally to the sales made, whether in the form of commission, bonus, premium, or what not, is in a degree a recognition of the fifth method—I say "in a degree" because the increased compensation in selling is usually paid simply for the product; that is, the quantity of sales and not, as in factories operating under scientific management, for the acceptance of instruction and increased facilities provided by the management, which brings with it as a by-product an increase in output. Commission and premium schemes as applied to sales are more like the old piece-rate system in factories. In the piece-rate system some one sets a rate according to his judgment, and the worker is paid exactly in proportion to the number of pieces produced. The management does nothing in particular to assist him in production, but depends on the operator's initiative and ability to devise improvements and increase his output. This is evidently entirely different from the method of scientific management, which has standardized so far as possible all the conditions under which the operator works, trains him thoroughly to the best use of the conditions provided, sets a task based upon the continuance of such conditions, and pays a high rate for their acceptance.

It should be clear from this comparison that the feature in which sales management is most undeveloped in comparison with factory management is in the organization of the conditions in which the work is done. In other words, in the adequate performance of the duties which should devolve upon the management and which affect sales only indirectly. Take the stock-handling system of any large department store as an example. The store gives the best of its attention and ability to advertising, to the selection of buyers and the training of salespeople; but its store and stock-rooms are usually inadequate, poorly lighted, poorly located, poorly accounted for, and, in general, in comparison with the factory storeroom, quite inefficiently managed. The expense connected with the management of a storeroom is charged as "non-productive" or "burden" and the idea, now becoming obsolete in factory management, that overhead or indirect expense is a burden and therefore to be reduced to a minimum, still prevails largely in marketing.

The same observations apply to the usual retail accounting systems. They are looked upon as a necessary evil. As much attention as is necessary is given to the commercial accounts—those by which the manager keeps posted on how much he owes and how much is owing to him. But of cost accounting, as that term is known to the factory manager, there is little or nothing; and yet it is reasonable to suppose that the same methods of cost accounting which have fully demonstrated their value in manufacturing might be at least equally useful if applied to selling. . . .

. . . The manufacturer considered that he existed to make the product and that his chief problem was to make it as quickly and as cheaply as possible. The product was apparently made "at the point of the tool," and it was therefore the technique of machinery, equipment, and material that got his attention. It was at least twenty years ago, however, that manufacturers discovered that there was more involved in the economical making of a product than merely the machinery and the material. The propaganda of "costs" called his attention to the fact that the indirect expenses of his business constituted a large element in their real cost; and with this discovery came the resolution first to find out exactly what these indirect expenses were, and then to take the necessary steps to reduce them to the minimum consistent with efficient operation or else to make them of value proportionate to their cost. This determination to eliminate wastes of equipment, materials, and later of effort is behind the whole modern movement of scientific management.

The time seems to be ripe for retailers to pursue the same course. Nothing is more striking to the student of industrial methods than the co-existence in the same store of the most refined methods of buying, advertising, and selling, with the very crudest methods of receiving, storing, handling, and delivery of goods, and the most cumbersome methods of accounting. The relatively greater profits in retailing—or perhaps the ignorance of the retailer as to the real extent of his profits—have succeeded in covering up the necessity for close supervision and the importance of detail. Retail merchants, however, are already bitten with the cost germ and are discovering that their profits are not quite what they thought they were. Or else they have begun to take a pride in the efficient management of their business for the sheer artistic satisfaction that comes from doing a thing exactly right, and they appear to be at least in a receptive attitude toward scientific management.

As the store manager reads this and reflects on the great mass of printed forms, running into the hundreds, which he uses, he may wonder what these statements mean. It looks to him as though, if his store has anything, it certainly has system. It undoubtedly does have system of the type familiar to manufacturers fifteen years ago: that is, numerous and variegated cards and sheets, expensively ruled and highly colored. It is the very quantity and complexity of these forms and the clumsiness of their use which open him to the charge of wastefulness. Retail merchants should see what manufacturers have long since discovered, that efficient system does not consist in a multiplicity of forms, but in the quick, accurate, and economic securing of valuable results in the way of useful information in regard to the business, and more particularly in the reduction of wasted effort.

The extent of antiquated methods in the administration of retail establishments as revealed by recent investigations would almost lead one to question whether store managers are anywhere near ready for any form of scientific management. One gains reassurance, however, from the readiness with which shoe retailers are accepting and installing the uniform cost accounting system developed and provided for them by the Harvard University Bureau of Business Research. Reports from all over the country indicate that this system is not only being adopted bodily by leading shoe retailers but is also influencing the accounting system and business methods of many more. This cost system should lead retailers, as similar systems led manufacturers, to take the next step, which is to reduce the costs of doing business as soon as those costs are accurately ascertained.

As I have pointed out in former articles,* the beginning of wisdom is analysis and classification. A classification once made is exceedingly useful and pays for itself many times over, as will be shown later. But even more valuable than the classification is the detailed analysis of the business which is necessary before classification can be begun. Before you can classify your costs, you must know exactly, exhaustively, and in minute detail what you are spending your money for; and the mere gathering of this information and putting it down on paper is in itself a startling eye-opener.

The Place to Begin

Probably the first thing it will show is that from twice to five times more blanks and forms are being used than are necessary, and that, with proper management, the clerical force can be considerably reduced and quicker and more accurate results secured. It will also undoubtedly show, in a fairly large store, that the stock of supplies of various sorts, such as wrapping paper, twine, elevator supplies, janitor's supplies, and so on, is a considerable but indefinite quantity, scattered all over the place, and subject to no direct control whatever.

If the store runs a soda fountain or a restaurant, an analysis of costs will probably show first that they (or at least the restaurant) do not pay; and an analysis of supplies will probably show a variety of brands and of prices and a laxity of control which may account largely for the deficit.

You undoubtedly have, or can easily get, a sufficiently good system of accounting for your merchandise. You know from your inventory the billed prices of your purchases, the freight

*The earlier articles to which Mr. Thompson refers will be found in *System* for September, October, and December, 1912, and January, February, March, and April, 1913.

and cartage on them, and the discounts. It is not so safe to wager that you know or can get easily the depreciation on your stock or the cost of returned goods in the course of a year; but even this you may have. If you are right up to the minute, you know the cost of heat, light, power, repairs, and renewals of equipment, depreciation of equipment, office supplies and expenses; and, of course, it is easy to get your rent, insurance, taxes, and licenses, and management of office salaries. If you are running a small store as a unit, you can know, with this information in hand, whether you are making a profit. But if your store is departmentalized even to the slightest extent, it is reasonably certain that the indirect expenses are not being apportioned properly over your departments and, consequently, that you cannot tell which departments are running at a profit or at a loss and how much the profit or loss is per department. For you must remember that the mere accounting for merchandise does not give you this information. Your merchandise accounts may show a profit for a department which is in fact entirely wiped out by a proper apportionment of your indirect expenses; and it is precisely this indirect expense which store managers as a rule know little or nothing about.

The analysis and classification of costs which I shall describe is intended to make it easy to determine the exact amount of indirect as well as direct cost and to provide a quick and easy method of apportionment of the indirect over the direct cost. It is not an easy and simple matter to make the analysis and classification. On the contrary, it calls for a great deal of thought and painstaking care. But as usual, thorough planning means easy application; and that such is the case with this analysis and classification has been demonstrated. Applied to an up-to-date department store in which the manager got each month, from twenty to thirty days after the end of the month, an accurate distribution sheet, its first result was to get the distribution sheet five days after the end of the first month, and three days after the end of the second. It is now used to get a *weekly* distribution sheet laid on the manager's desk the first thing Monday morning.

For what kind of things does a store pay out its cash? In the first place, of course, it pays salaries and its bills for merchandise, and in most cases rent, and interest on borrowed money. In addition it has many bills for freight, express, and cartage, advertising, office supplies, wrappings and delivery expense, insurance and taxes, repairs and renewals of equipment. In addition to these actual expenditures, the store should have a proper charge for depreciation on stock and on fixtures. There will be many other items of expense such as telephone and telegraph, elevators, janitor service, stock handling, and so on, and in some large stores there may be such adjuncts as an employment department, an information bureau, waiting rooms, and perhaps even a bank.

This does not exhaust the list by any means. Every store has an accounting department more or less developed, and occasionally has to meet legal expenses and to pay for protection against theft. One of its largest items is likely to be for advertising, including primarily newspapers, window dressing, catalogues, and billboards, and extending into a wide variety of special advertising accounts, such as contributions to charities, fairs, and so on, dodgers, circular letters, programs, magazines, and gifts, such as playing-cards, fans, rulers, pencils, and so on, inscribed with the name of the concern.

To illustrate in further detail, the advertising department may employ special men of its own, requiring salaries and wages; there will be certain telephone and telegraph charges against this department alone; it will consume a considerable quantity of supplies and stationery, and in some cases may even maintain a small printing plant to set up large newspaper advertisements in advance.

All these items and more need to be analyzed and classified. The procedure will be explained in a second article.

CHAPTER IV

"DEALER HELPS" FROM THE RETAILER'S VIEWPOINT

"DEALER HELP" is a term the meaning of which is being changed by the betterment of advertising. The term was employed originally to describe various devices provided by national advertisers to help retailers sell the advertiser's goods. The term in this sense still covers a large part of what is done by national advertisers for retailers, and in this field much progress is being made year by year.

But recently there has been added a new type of dealer help which has even larger promise for future development. That is the type designed to help the dealer be a better merchant, and not merely to help him sell more of the advertiser's goods. These two types are both making history very fast and it will be worth while to examine them before taking up some of the more general features of the relations between retailers and national advertising. Our consideration of this adjunct of advertising will fall into three main divisions. (1) The attitude of the retailer toward dealer helps, (2) Some accepted forms of dealer help, (3) Methods of using dealer help.

(1) THE ATTITUDE OF THE RETAILER TOWARD DEALER HELPS

There is no satisfactory way to learn how a majority of retailers regard nationally advertised goods nor how they look on the efforts in the way of dealer help made by national advertisers, because there is no general issue, and no chance for a vote. Some retailers have expressed an opinion, however, and that opinion in nearly every case resolves itself into favoring anything which helps them make money and preserve their independence:

*A prosperous-looking, alert man about forty years old walked into the office of *Printers' Ink* the other day. He wanted to talk to somebody about the material that advertisers have been sending out to the small-town dealers this fall. His name is H. C. Larimer, and he owns a clothing store in Chariton, Ia.—a big little town of 4,000, a typical Western farming centre.

Mr. Larimer was persuaded to talk about the character of his town, and in the course of conversation it developed he did a business of $50,000 a year. He had a mailing list indexed and cross indexed to eliminate duplicate work. This list contained 7,000 "live" names. He was in New York to look over the styles and see what was what on Broadway. He wanted to make sure that the farmers who depended on him for the best and latest would not be disappointed. Quite different from the small-town dealer of your childhood days, isn't it? Yet Mr. Larimer says he is only one of a number of clothiers belonging to his association, who work lists of this size, and take just as keen an interest in giving these prosperous farmers what they want. Incidentally his views as to what advertisers should and should not do, when it comes to dealer co-operation—especially in planning advertising material—are mighty interesting.

To start with, Mr. Larimer made the statement that with one exception no manufacturer with whom he did business understood him or his needs. "They don't seem to be able to realize that there is all the difference in the world between the dealer in the town of ten thousand and over and the dealer in the farming centres like Chariton. In the small towns the dealer must depend largely on his out-of-town business; he does business on mail-order principles, and he requires a different kind of co-operation from his larger-town brother.

"I want good, high-grade advertising material," he said, "especially the kinds which I can use in connection with the mail campaigns which I am constantly waging. But I won't use anything that is not designed to appeal to the farmer. I want different material for different purposes: material for the farmer, his hired man, or his son. This material should have a

Printers' Ink, November 26, 1914, p. 45.

farm flavor about it; a manufacturer shouldn't waste postage on style books, mailers, blotters, and such matter ornamented with a picture of some milk-fed youth with blooming cheeks and chic airs. I want men, real men, the kind we see out in Iowa.

"But all this material, to appeal to me, must be prepared with some definite purpose. In other words, I won't waste good American postage stamps on a whole lot of disconnected advertising matter. Neither do I want a lot of stuff thrown at me fighting the mail-order houses. Mail-order competition is bad enough without being reminded of it, and besides that is not the way to fight mail-order competition. What I want is advertising material that connects my store up with advertising in publications which the farmer and his family read; but it has to do it in a way that will not rob me of my individuality."

What This Merchant Wants

"Just what do you mean, Mr. Larimer, by robbing you of your individuality?"

"I mean 55 per cent. of the material I receive—electros, booklets, signs, window trims, and the rest of it—I never use, because whoever designed it is not familiar with how a small-town dealer sells a nationally advertised line. They seem to think we go out and say: 'Look here, I have been honored by having been chosen by the Jones Dustless Duster Company to represent it in Chariton.' Well, I don't, and no one else with any brains does. What we do say is this: 'After looking over every possible line of clothes to find the one best suited for your particular needs, I have decided upon Hart, Schaffner & Marx clothes, and because of my knowledge of goods and styles you may be assured that when you buy your suit from me you will be well satisfied.' And we expect the advertising matter which the manufacturer sends us to strike that same tone."

Questioned further as to just what material fitted into his advertising plans and would be put to the most effective use, Mr. Larimer said: "Of course, my mailing list is the backbone of my business. Upon it I depend for the greatest percentage of my sales; but at the same time I do a lot of newspaper advertising and appreciate good electros. I will not use electros, however, which advertise a manufacturer's product too obviously. I can't afford to have people think I am cheap. Rather than give that impression I would send 50 or 75 cents away to a stock cut house, whose catalogues I have, and get cuts of my own. Neither will I use the cut-and-dried ready-made ads, although I suppose there are lots of country dealers who are foolish enough to use them. It has always been the idea of the members of the Iowa State Clothiers' Association that if newspaper space is worth buying it is worth using to good advantage to advertise our store and not some manufacturer's underwear.

Praises Superior Underwear Plan

"I think the plan of the Superior Underwear Company is one of the best I have seen for some time. This concern will send you cuts for illustrative purposes without mentioning its name. I just saw a large half-page cut of this company used in connection with a Harvest Home sale. Any fair-minded dealer will agree to mention your product in the ad; but in the name of efficiency don't try to get your money's worth by sticking your name all over it. When you do you are simply labelling the dealer as being too cheap to get cuts made especially for him."

Mr. Larimer talked so understandingly about advertising that he was asked where he acquired his information. "Well," said the gentleman from Iowa, "we have had to educate ourselves or go out of business. The only way to fight the mail-order people is with their own weapons—advertising. And so we have set out to be just as good advertising men in our little centres as we possibly can be. It is remarkable what a man will learn when he has to.

"Then, of course, there are other educational forces at work. We read the same trade papers as does the merchant in the larger city, and usually read them more thoughtfully, as we have to depend more on them. Manufacturers like Hart, Schaffner & Marx are continually educating us into being better dealers; and just lately some of the farm papers, *Successful Farming* for instance, seem to have realized that their future depends to a great extent on getting us lined up with them, and they have started in to show us how to tie up our stores with advertising carried in their columns. So you see we have education a-plenty." . . .

But before the maximum benefit can be secured through these dealer helps, the rural dealer and his way of thinking and doing business must be given serious study and thought. Some advertisers are even going so far as to establish, under the supervision of some successful salesman in the small-town field, a separate division to develop and promote business in the small-town market. The packers, for instance, are doing this in their fertilizer and animal food departments. With the bulk of the

$8,498,311,000 which represents the value of American farm products passing through the small-town channel, surely the field is worthy of special cultivation and special study. It is too valuable an outlet to let go by default.

S. R. McKelvie, publisher of the *Nebraska Farmer*, presented at the Toronto Convention of the Associated Advertising Clubs of the World some interesting views of Nebraska storekeepers on this question. He said:

*Recently I secured reports from one hundred and twenty-five Nebraska retailers, advising me: First, whether they prefer to handle advertised or non-advertised brands of merchandise; second, what percentage of each they sell; and, third, the names of some well-known, nationally advertised lines handled by them.

A large majority of the retailers that reported to me indicated a preference for advertised brands. It was particularly noticeable that this majority was developed in the smaller communities.

The one hundred and twenty-five retailers who gave me this data indicated that sales of advertised goods average approximately 42 per cent. of their total business. In the list of advertised brands carried by them I find practically every article that is seen advertised nowadays in all the various classes of publications.

Quoting from among the one hundred and twenty-five communications, here are some of the arguments *against* handling advertised brands advanced by Nebraska retailers—mostly by those doing business in larger cities:

One retailer says: "I prefer to sell non-advertised goods as they usually have more merit. Fifty per cent. of the advertised goods in my line could not be given away if they were not advertised." But he also says: "Let us have more advertising but cleaner and more honest advertising. The publisher is the one who can bring this about."

Nearly every retailer opposed to advertising is antagonistic because of the small margin of profit allowed on advertised goods. On this point I quote the following:

**Printers' Ink*, August 13, 1914, p. 42.

1. "There is hardly a nationally advertised product upon which there is a reasonable profit to the retailer. Advertising helps to make sales, but not money, for the retailer."

2. From one who says that about 10 per cent. of his sales are of advertised goods: "We can hardly say that we prefer to handle advertised goods as a whole. But we do find it advantageous to handle them in about the proportion that we do. This is because of the good that we get out of the advertising, though we feel that this cost has to be paid by some one."

3. "Nationally advertised goods cost more money and are not any better than, if as good as, non-advertised goods."

4. "Under a recent court ruling the large department stores cut the price of nationally advertised goods and at the same time make long profits on non-advertised goods."

5. "As a rule the margin of profit on nationally advertised goods is too low. We prefer to handle jobbers' private brands exclusively because of a better margin of profit."

6. "Non-advertised goods are sold to the retailer for less money and allow a margin of profit which enables him to do his own advertising. It also allows him to specialize on goods that are not carried by all his competitors. Advertising helps the manufacturer at the retailer's expense."

7. "The tendency of all advertised lines is to force the retailer to handle the products without a profit."

Allege Small Profit

8. "Advertised goods cost the retailer more, quality considered, and are used by mail-order houses in many instances as leaders at cut prices."

9. "We can buy non-advertised goods a little cheaper than the advertised lines. Furthermore, we want the name of our store to stand out pre-eminently in the minds of our customers, instead of the name of some manufacturer."

10. An Omaha retailer says, "The purchaser of the non-advertised article makes his selection upon his own judgment rather than upon that of the persuasively worded advertisement which is bound to be an *ex parte* statement. Ninety-eight per cent. of all the sales of nationally advertised goods should be attributed to the power of advertising, as it is a fact that such goods are seldom personally recommended by the seller."

There seems to be considerable antagonism to advertised goods because of the fact that they are occasionally sold to mail-order houses, and are by them listed at a lower price than the retailer is obliged to ask for them. This fact is indicated in the following, which comes from a small-town retailer: "Some years ago the Blank Stocking Company, after years of advertising its product, allowed Sears, Roebuck & Co. to catalogue its hose, for which the merchant had to pay from $2.10 to $2.25 per dozen, at 19 cents per pair. Blank & Blank Company did practically the same thing. In such cases, and in many others of the same nature, a nationally advertised product is an injury to any merchant. It is very possible that Sears, Roebuck & Co. did not pay as much for the hose as the average retailer, but they did not make a profit, selling cost included, when they sold these hose at 19 cents. At the same time, that low price created in the mind of the consumer a false impression since we were charging 25 cents and made only a very nominal profit. It is not unusual that mail-order houses have profited by slaughtering a nationally advertised product, and have at the same time discredited the retailer, thereby enabling them to sell something that is not advertised at an excessive profit to make up for the loss on the advertised article."

As arguments in favor of handling advertised goods, I submit the following extracts from letters from retailers in small towns:

1. "Advertised goods are easily sold. Quick sales, smaller profits, and manufacturers' co-operation can't be beat. Any national campaign of advertising, if properly displayed, will produce results for the retailer; but the retailer must co-operate with the manufacturer through window displays and otherwise."

2. "It gives to a store a standing that cannot otherwise be gained when goods are found in stock that are well known to the people who call."

3. "Too much time is lost in introducing non-advertised articles."

4. "Nationally advertised lines are those of quality, high class, that give a store distinction, are sold on a close margin, a sure quality and good value. Price, to our customers, is secondary to quality."

5. "We believe that there is less dead stock among goods that are advertised by the manfacturer. Also, we know that advertised goods are more easily sold and better goods as a rule; for national advertising means national competition."

6. "Ease and speed in disposing of customers is the principal reason why I handle advertised goods. I could make more money on other lines for the individual sale, but saving of time

and increased sales make the advertised lines more remunerative."

In connection with an article on dealer window displays prepared by A. M. Lucas, Second Vice-President of the George F. Eberhard Company, appearing in *Advertising and Selling*, March, 1915, there was printed the following summary of the opinion of manufacturers in ninety-two lines of goods concerning different forms and methods of dealer help:

(1) Ninety per cent. of the manufacturers quoted consider dealers' window space valuable.

(2) Eighty-two per cent. consider that the attitude of their dealers is favorable to their dealer helps; 15 per cent. that it is unfavorable; and 3 per cent. that the attitude of country dealers alone is favorable.

(3) The average estimate is that 72 per cent. of the display material sent to dealers is used by them.

(4) The methods of distributing dealer helps used are as follows: 75 per cent. send directly to dealers; 62 per cent. send through salesmen; 80 per cent. send to dealers upon their request; 33 per cent. send to dealers without their request.

(5) The considerations which influence dealers to put up displays or signs are estimated to rank thus: desire for gain, 70 per cent.; co-operation with the manufacturer, 47 per cent.; lack of more attractive material, 36 per cent.; liking for salesman, 25 per cent.; because manufacturer pays for space, 2 per cent.

(6) Ninety per cent. of the manufacturers quoted use store and dealer helps.

(7) The average percentage of advertising appropriation devoted to dealer helps is 38.3 per cent.

(8) Twenty-nine per cent. of the manufacturers quoted state that their appropriation for dealer helps is increasing; 17 per cent. that it is decreasing.

(9) Twenty per cent. of the manufacturers quoted have a distribution crew.

(10) Forty-five per cent. of the above manufacturers using window display state that the effect on sales of such displays is immediate and visible; 16.5 per cent. report that their effect on sales is slow; 39 per cent. that their effect on sales is lasting.

(2) FORMS OF DEALER HELP

Several valuable series of articles have been printed in the last year or two concerning window displays. One of the most suggestive of these was a series written by M. P. Staulcup of the Burson Knitting Company of Rockford, Ill., manufacturers of women's cotton hosiery.*

Window Displays

From these articles the following quotations are made:

†Just to clear the ground, let me state that the Burson Knitting Company, like the majority of manufacturers, sells its product through jobbers. It does not grant exclusive agencies, either to dealers or jobbers, and it has no direct dealing with retailers so far as the sale of its goods is concerned. Its product (hosiery exclusively) is made in an assortment of styles and patterns, and in grades ranging in price from 25 cents to 75 cents. Its business differs in no essential particular from that of hundreds of other manufacturers of wearing apparel, food products, hardware, and so on

The company's window displays in the larger cities were placed in a few stores at a time by myself or my assistants, were allowed to remain for a week or ten days, and were then removed. In the smaller towns we used a lithographed set, which was sent to dealers upon request, and which they themselves set up from our directions.

When the editor of *Printers' Ink* asked me to write these articles he told me that he wanted them to be thoroughly practical. He would expect me to be able, he said, to answer some of the troublesome questions which manufacturers are facing in connection with displays in their dealers' windows. To that end he wrote to several concerns, asking them to tell him what particular features of the problem would be most interesting to them. Most of them replied with a list of questions, which I have before me. I shall endeavor to answer those questions as fully as I can, illustrating my answers from personal experience.

**Printers' Ink*, November 12, 1914, p. 17; November 26, 1914, p. 20; December 17, 1914, p. 44.

†*Printers' Ink*, November 12, 1914, p. 17.

"How can the merchant be convinced that the fine window display benefits *him* as much as the advertiser who furnishes it?"

Make It Easy for the Dealer

That can be done more or less easily according to the kind of stores in which the goods are sold. Drygoods and department stores are easiest to convince, drug stores come next, then hardware stores. Grocery stores are most difficult, as a rule. The first-named have been most thoroughly educated to the value of their window space, and the last appreciate it least. Drygoods and department stores, from the very start, have dealt in goods which lent themselves most obviously to display. The other stores have needed outside influence—speaking broadly—to show them that their goods also have a display value.

Convincing the merchant that a display is of benefit to him depends, first, upon the quality of the display as demonstrated by good photographs. No argument is likely to get under the skin unless he is able to see the display as a whole and use whatever judgment he possesses in determining its value. Then, if he is to install it himself, he must be shown how *easy* it is to set up and take down, and perfectly plain directions must be given so as to convince him that he can readily duplicate the effect of the photograph. . . . Above all, don't ask him to do something *for you.* Make it perfectly clear that you are offering to do something *for him*, which will cost him no money and the very least possible time and trouble.

In less than three years the Burson Knitting Company has secured the display of more than 4,000 twelve-piece lithographed sets, which required not only some time and trouble to install, but also required the merchants to take some of the goods from stock and put them into the window. The cost of the entire campaign, including everything down to transportation charges, came to a little less than three dollars a set. Four thousand merchants were convinced that the displays would help them sell Burson hose by the line of procedure outlined in the foregoing paragraphs.

First, we advertised the display in the trade papers which reached our field. We made it important enough to devote page spaces to it exclusively. We showed a photograph of completed display and offered to tell a dealer how to get one. We did not offer to send the outfit, only to tell him how to get it.

Letting the Dealer "Sell" Himself

To all inquiries we sent a booklet, showing ten different ways in which the material could be combined—in effect ten different displays—and giving all the arguments for its use. A post-card was enclosed which entitled the dealer to an outfit without charge. The dealer was led first to inquire; then he got the book, which he was able to study at his leisure, and, finally, after he thoroughly understood the proposition, he was led to ask for the material. If he wasn't convinced that it would pay *him*, he never would ask for it. . . . I have been told by a merchant that I could have his windows for one of our big displays for so much a day. "Thank you," I usually replied, "but if your windows aren't worth any more than that we can't afford to give you the service. This display cost a great deal of money to build, and the company is paying my salary and that of my assistants simply to give this service to those merchants who are important enough to deserve it. If you don't think that your windows are worth a good many times twenty-five dollars a day to you, we'll have to accept your own valuation of them, but we are sorry to say that it isn't high enough to warrant us in placing the display in them."

That novel viewpoint usually led to a discussion of the real value of window space, and we very seldom failed to secure the window on our own terms. It is needless to say that we never accepted it on any other terms. . . .

*"How can we give our displays an immediate sales value, so as to bring actual customers into the store while the display is installed?" is another question asked.

Give Each Display a Definite Message

I suppose any display, no matter how poor, has *some* immediate sales value, depending upon the clearness with which it delivers its message. What that message is depends in turn upon the goods which are on display. With most things it is necessary to inform possible buyers of the quality, the styles, assortments or sizes, and the price. Often it is necessary also to indicate what the product will do. The sales value of the window depends upon the definiteness with which those things are indicated. A merely "pretty" window may give an air of attractiveness to the store, but does not necessarily promote sales of any particular line of goods.

First, it is important to know the class of buyers to whom the appeal must be addressed. The Burson Company, for

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**Printers' Ink*, November 26, 1914, p. 20.

example, must appeal to the middle-class woman—not the cheap trade, nor the fashionable set. Those who wear silk hosiery, high or low-priced, were absolutely eliminated from the start. The bargain-hunter also was eliminated, since there are plenty of other concerns making hosiery of similar grades, to retail at the same prices, and our appeal was not based upon price but upon durability and lasting fit. Our message was just this: "Burson Fashioned Hose. Knit to fit without a seam. Will not lose their shape after laundering. Black, white, and tan. Twenty-five, thirty-five, and fifty cents.

Every feature of the displays was arranged so as to illustrate or suggest one of those points. Plenty of decorative features were used, but they were never placed so as to distract the attention from the goods themselves, or the show-card in the centre of the window, low down, containing the whole story in a few lines of type. The central figure, posed in a frame against the background, might be a girl in cap and boudoir gown displaying a trim ankle, or a laundress hanging stockings on the line; but whatever it was it spelled hosiery, and suggested perfect-fitting qualities or lasting shape. When we displayed leg forms, the backs were turned toward the glass to show the construction of the back of the stocking. No price tickets were placed on the goods, but the range of prices was announced, once for all, upon the centre card, which nobody could escape.

As for immediate sales, we never kept any very complete records, for we considered our windows as largely a medium of general publicity—and with good reason, too, as I shall attempt to demonstrate later on. I know of one salesgirl in a Chicago store who sold, during the week of the display, 23 dozen pairs of Burson hose. That was a single clerk, in a hosiery department which carried probably a dozen other lines of cotton stockings. When a display was installed I went to the hosiery department and talked with the salespeople, showing them how to sell our goods. They were very quick to make use of the points I gave them, though they probably never would have discovered them for themselves.

Some Sales Records

But the best indication of the immediate sales value of the displays was the purchases which the stores made from the jobbers. One store in Pawtucket, R. I., which had a fairly representative stock when the display was installed, ordered 180 dozen more from the jobber, and reordered three times on certain numbers during the week. A store in Lynn, Mass., ordered 78 dozen and reordered during the display. A store in Manchester, N. H., bought between 200 and 300 dozen. And all of those stores were stocked with some of the goods before the displays were installed, so that the orders recorded were due almost wholly to the displays.

Counter Displays

Supplementing an investigation into certain aspects of window displays which will be found quoted elsewhere, the *Printers' Ink* staff early in 1915 made an investigation of counter displays. The following quotations are from the report of this investigation:

. . . *Several dealers were prevailed upon to give a frank statement of their attitude toward manufacturers' counter displays. Among them was Charles Holzhauer, of Newark, N. J., one of the leading pharmacists in the State of New Jersey and past president of the New Jersey Pharmaceutical Association. Mr. Holzhauer's idea of counter display hinges principally on the question of profit in the article to be displayed. He brings out the fact that many times a fine display has to be refused by him because he has a similar article under his own name which yields him a better profit.

Commenting upon the value of the counter display, he said:

"Our counter space is valuable and we must put it to the best use. We do use counter-display devices very often where the article does not conflict with other goods and the profit is good. A great deal of money is wasted, I believe, in getting up material of this sort, which, falling into the dealer's hand, is at once consigned to the ash-barrel because he can sell the goods at no profit."

One of the greatest objections the dealer offers in not accepting a counter display from a manufacturer is that the article is cut to such an extent that it either limits his margin of profit or cuts him off from a profit entirely. As a result, he loses interest in the article or his antagonism is aroused and he becomes a critic of the article instead of a booster. Where a manufacturer has to confront such a condition, he might as well put his good money into something else besides counter displays. In one case a manufacturer under such conditions invested about

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**Printers' Ink*, April 22, 1915, p. 33.

$8,000 in counter displays, and he is still trying to give them away. Formerly, he thought he would be able to induce the dealer to stock more goods on the strength of the counter display, but latterly he was glad to see the dealers accept the display without the order. In fact very few cared to accept it. It was a handsomely gotten-up counter display and quite original, but in view of the fact that the article was constantly being exploited by cut-price stores, the dealer was not willing to give the manufacturer the friendly co-operation which he extended to some of the others. . . .

The investigator saw as many as five different counter displays of well-known advertised brands in one of the most exclusive shops in the Wall Street section of New York. Sealpackerchief handkerchiefs, Ingersoll watches, Ever-Ready razors, and Paris garters are displayed in most of the leading men's furnishing shops.

The hardware field is probably the most lucrative of them all. From interviews with the retailers, they all favor the counter displays and gladly accept them. This is due to the fact that many commodities in the hardware store are bought upon impulse. The dealer is aware of this situation, and realizes the necessity of the counter display. Many of the fine-tool manufacturers realize that in order to have the purchaser appreciate quality they must display the tools in an artistic manner. The L. S. Starrett Company, Athol, Mass., makes a fine display which it sends to the dealers. In order that the dealer may avail himself of this display, it is necessary for him to buy an assorted outfit amounting to $125. The company makes up several styles of cases—some are placed around the post in the store, others are hung on the wall. Other cases have drawers to hold surplus stock.

E. F. Wing, treasurer of the company, says:

"We believe thoroughly in the value of these displays. We have some 3,500 of these cases in the hands of dealers in this country and Europe. From this number in the hands of the dealers you can plainly see the attitude of the dealer toward them."

Another manufacturer of hardware and tools says that the dealer who will not accept a counter display is an exception to the rule. "But," he continued, "displays must be constructed in such a manner as to add to the appearance of the store, and must not be too large and bulky."

Manufacturers are at liberty to draw their own conclusions from the data given. A few general conclusions may, however, be drawn. In order to secure representation, a counter display should fulfil the following conditions:

1. It should be *distinctive*, so that the dealer will feel that it will add something to his store.

2. It must feature goods which the dealer really wants to sell, i. e., goods which afford him a good margin of profit.

3. It must be presented as a means to help him *sell* more goods; not as a bait to get him to *buy* more.

H. J. Winsten, Sales and Advertising Manager of the Chicago-Kenosha Hosiery Company, believes that dealer helps if properly used may be made to give valuable assistance in maintaining prices and credit rules. Some of his ideas on the subject are contained in the following article:

*Dealers' co-operation is the business stimulus that the manufacturer injects into the veins of the business body of the man who sells his goods. Competitive conditions have been responsible for its growth. It's a big problem in the manufacturer's mind to-day.

Every manufacturer who is working toward success through the known laws of business science is asking:

"How can I make my dealers' co-operation more highly efficient?"

We have wrestled long in the throes of the problem, analyzed it carefully and then gone ahead. Results seem to prove we are on the right track. We found two evils—two channels through which money, time, and effort were flowing off territory which the manufacturer seeks to irrigate. These are:

Haphazard, unscientific, voluminous distribution of dealer helps.

"Pauperizing" the dealer by doing all the work and paying all the bills.

In solving the problem for ourselves we considered first the vast quantity of advertising material that the postman brought weekly to the dealer from the various manufacturers whose lines he handled. We realized that the value of dealers' advertising helps were under-estimated because of their volume and their

*_Printers' Ink_, March 12, 1914, p. 17.

lack of connected motive. They lost their dollar value in his eyes. Quantity meant cheapness—weakness. That's what the report of our salesmen showed.

Then we found that other manufacturers were over-stimulating the dealer. The result was impoverished business blood—pauperization, as we termed it.

These manufacturers were carrying the whole advertising burden. They were paying the whole bill. The dealer was being fed out of a gold spoon. He was being deprived of his own strength, made lazy, indolent. To pay for the dealer's local advertising, in almost every instance, is to lower the dealer's estimate of its worth and to strangle his own co-operative effort.

We go at this whole proposition on a plan that approximates the method of promoting a show on the road.

We put on an "advertising show." First, our advance man, who is a Black Cat salesman, outlines our complete advertising plan. A special portfolio is turned over to him, covering every phase of our advertising work. Strong emphasis, however, is laid on one particular week, say, for example, "Black Cat Week" in April.

"Black Cat" Connective Helps

We explain what we are going to do in the way of national advertising at that special time. Then our salesmen explain how we have provided different phases of local advertising to make it possible for the retailer to get the full benefit not only of our advertising but to place his hosiery department in the best light before the public.

We show him full reproductions of an electro to couple up with our national advertising, using the same illustration and copy to fit local conditions.

Perhaps he has no local paper, or he may prefer to use a lantern slide, using the same illustration. Often the dealer takes both.

Our eight-sheet poster fits in generally with the same illustration, imprinted with the dealer's name.

Last, but not least, we show him a complete window display, generally "before and after," to help him make it right. The window display most likely incorporates the same illustration as is used in our other plans.

Furthermore, the salesman shows the dealer other selling helps—notion envelopes, folders emphasizing the local condition, with the dealer's name imprinted, calendars, at the same or a less price for a few hundred as it would cost him were he to purchase 100,000.

Our salesmen make out an advertising order as follows:

ADVERTISING ORDER

191 .

Send..
How...
Signs...... No..
Electro...... No..
Notion Env..
Folders...... No. ....
Slides...... No. ....
Poster ....
Miscellaneous...
....
Imprint ....
Salesman ....

No advertising is ever sent to any dealer without either a salesman's order or a dealer's written order. Our salesmen are positively instructed to be liberal with advertising, but to be just as certain that our retailers are using or will use what we send them.

Our salesmen are interested and enthusiastic over our advertising program. No opportunity is lost to ginger advertising in the same degree as selling Black Cat.

We send preliminary notices to our dealers about the special campaign. Then we send a broadside description of our April week, with return card for the special electro, slide, poster, and window trim.

Whatever the dealer orders is sent prepaid about ten days before the "event" and a letter goes out at the same time.

Do we get satisfactory results? Well, that's a question of comparisons. We want more!

Results of Co-operative Plan

In the spring of 1913 we had such a plan. We had 2,214 requests for window displays. We sent out 1,014 electros for illustration and copy for a newspaper ad, nine inches deep and four columns wide; 901 slides were mailed to dealers; 5,000 eight-sheets were used by dealers, nearly half through the National Bill Posters and retailers were charged for the posting.

We work this sales-stimulating campaign four times a year. Then the dealers use the electros and slides throughout the year. For example, we got out special "Black Cat Christmas" ads.

Let it be noted that we seldom feature Black Cat to the exclusion of all other merchandise. We try to get our dealers to use both kinds of advertising, one featuring Black Cat entirely, the other featuring store service and general quality, naming Black Cat as one feature of quality and service.

We believe that advertising must be one of the important links which unite and bind the dealer and the manufacturer. It must connect both to a fair, honest policy toward consumer, for our mutual interest lies ultimately in the absolute satisfaction of the consumer. That's why we tell our dealers: "We hold no sale final which does not result in the customer's complete satisfaction."

What has our advertising plan done for us? It has helped to eliminate to a considerable extent two very disastrous phases of competition: Price and credit.

We hold steadily to our prices and seldom deviate from strict credit rules. We are gradually building up our retailer force to a point of high efficiency.

I think our competitors will testify that it is difficult to dislodge Black Cat when it is intrenched through our co-operative plans plus quality merchandise.

Our selling and advertising department is inseparable. It can't be "unscrambled." One is the right, the other the left, arm of distribution. There is no dividing line. They work in harmony. Every stroke counts with the use of both arms.

Generally the hosiery order and sales report come in with an advertising order. Both orders are treated alike. Advertising orders are given just as keen attention as the hosiery orders. The different advertising material is assembled in the advertising room or in our printing shop, then taken to the shipping room to be packed with the hosiery shipments.

The shipping room has nothing to do with the selection of advertising matter. It cannot hand it out indiscriminately. Every order specifies what and when on advertising just as plainly as the orders for hosiery.

To get distribution where there is no appreciable demand, the manufacturer must treat the case differently from where the distributive channel is already effected.

There is room for serious thought and discussion as to how far the manufacturer should go and what should be done for the local dealer in the town where the manufacturer has no distribution and his national advertising has not been felt appreciably by any merchant.

Our problem is not so much one of distribution, for 8,000 dealers spread over the medium-sized towns of the United States afford us fairly good distribution.

What to do to cut down the rising cost of advertising and selling without taking that cost from quality or retailer's profit is the problem we have to contend with.

The answer to a considerable extent is efficiency, or the elimination of waste, coupling selling and advertising forces—a clearer understanding by all parties as to how far the manufacturer can go, how far the retailer should expect the manufacturer to go, how far the manufacturer wants the retailer to go, and how far the retailer must go in order to reach at least cost with greatest efficiency the final count—the consumer.

The key to the situation so far as the older types of dealer helps are concerned is in the degree of helpfulness to the dealer possessed by the material sent out from the manufacturer. In the same series of articles on "dealer helps" already quoted there occurs the following passage, which sums up in compact form the central idea which seems to be developing out of the manufacturer's studies of the purpose and value of dealer help:

*But perhaps the greatest factor in making sure material is used is to get up the right kind of material to start with. The H. Black Company seems to have pretty nearly the right idea. "The helps must be prepared," states this company from its experience, "so that to the consumer, the ultimate buyer, they will look like material originated, designed, written, ordered, and paid for by the dealer. The average dealer's own copy contains a great deal of favorable mention of his store's facilities, service, buying judgment, etc.—and quite properly And it also contains reference to the consumer and needs of the consumer, also quite properly. So it follows that advertising matter sent from the manufacturer to the merchant should take into account the dealer's natural pride and customers' needs." Or, to make the same point in another way, we might take a paragraph from a letter from the H. W. Gossard Co.: "We find the dealers only

Printers' Ink, December 10, 1914, p. 70.

too glad to co-operate with us, provided we study their problems first-hand and not at the desk."

The newer idea of dealer help goes one step further than the direct help obtainable from the cards or other displays furnished by the manufacturer. The central feature of this idea is that whatever makes the merchant a better merchant makes him a better distributor of the manufacturer's product, and the emphasis, therefore, is centred not upon direct stimulation of sales for the manufacturer's own goods so much as upon anything that will make the retailer a better merchant. Some phases of this idea as they bear upon increasing costs will be discussed in the following chapter. But at this point it may be well to look at one or two methods which have been employed with success in educating the retailer's sales force as a form of dealer help. R. E. Fowler describes as follows the correspondence course for dealers' clerks which has been employed with success by the Printz-Biederman Company of Cleveland, Ohio, makers of the Printzess garments:

*We, as well as almost every other manufacturer who distributes a trademarked article direct to the retailer, have known for some time that the weakest link in our distribution chain is the retailers' sales force.

Our national campaign to the consumer, our trade-paper campaign to the dealer, our retail service department—all might be working to their maximum efficiency, and yet when Mrs. Prospect stood face to face with the clerk the whole structure would come tumbling about her ears—and the sale be lost, in most cases simply because the salesperson had not had ready for immediate use the real selling points of the article—its advantages, its uses, its quality.

We established the Printzess Correspondence Course of retail salesmanship because we wanted the saleslady or salesman to have something more to say than "It looks nice on you" when she slipped a Printzess garment on a lady's shoulders.

Lost sales mean merchandise left in stock; and merchandise

*_Printers' Ink_, October 1, 1914, p. 3.

that wears a brand and that is left in stock looms up in a buyer's mind like a skyscraper in a community of cottages, for buyers forget the merchandise that "sold" but do remember the merchandise that lagged.

For years we have been bending every effort toward the education of the retailers' sales force. We have issued booklet after booklet, pamphlet after pamphlet, personal letters direct to the clerks, store talks delivered to the entire sales force.

A "Demonstration Shell"

Four years ago we made what we call a demonstration shell; it shows just how our garments are tailored. This shell was sent to all of our dealers who made requisition for it, and who sent us the names of their salespeople. To the salespeople we sent letters of advice and suggestion, together with a little booklet "How to Use the Printzess Demonstration Shell," by this means giving the salespeople the "Reasons Why." This helped, but still didn't accomplish as much as we wished it to, and we began reaching out for something that would go still further.

We felt if it were possible for us to have a representative visit each one of our dealers' stores and organize and conduct a class in retail salesmanship that we would reach the goal we were seeking.

At one time we thought seriously of doing just this thing, of hiring some of the trained sales experts and routing them over the country on an educational tour. But when we had gone a little further into the analysis of the subject we saw not only how expensive such a tour would be, but also how little could be accomplished unless our experts could spend at least a week in each town.

With this avenue shut off we naturally turned to the next available one—teaching by mail. After we had convinced ourselves that such a course would be practical, we decided to obtain not only the opinion of our retailers on the subject but also an idea of how many would actually be interested in such a course to the extent of seeing that their clerks *studied the lessons and answered the questions.*

A Letter That Started the Wheels Moving

So we sent out the following letter with the return card enclosed. It might be well, right at this point, to say that it is the policy of our advertising department always to test out our new ideas by getting in touch with our trade—before even any preliminary work is done, other than uncovering the original thought. If the verdict is negative, into the waste basket the idea goes and the money it might have cost remains to the credit of the department. This policy has saved us money; that is the best recommendation we can give.

The letter that was sent:

DEAR SIR:

Do you have any trouble in getting your garment salespeople to talk your merchandise intelligently?

Do you feel that you are getting 100 per cent. sales efficiency?

Are you selling a goodly percentage of the lookers?

We are not asking these questions out of idle curiosity but because we believe that there is room for a vast improvement in retail sales efficiency.

We are willing to do our part to raise the standard of retail salesmanship. You can do yours by reading this letter and giving usy our reply on the stamped and addressed card enclosed.

If there is a sufficient number of merchants who will co-operate with us we will establish a correspondence course of Retail Garment Salesmanship—which will start with the woolens and bring the students up to and through the actual sale.

This course will be gratis to your garment department employees and will lead to a Printzess Diploma of Salesmanship.

Your co-operation will be essential throughout the course, so if you are willing to co-operate and think that such a course could be carried through successfully in your store—fill out the enclosed card and mail it to us at once.

Give us your opinion whether favorable or not.

THE PRINTZ-BIEDERMAN COMPANY.

The card that was enclosed in it:

Date....................

The Printz-Biederman Co., Cleveland, Ohio.

I am willing to co-operate with you in forming a correspondence class of salesmanship in my store and will do all in my power to make it a success.

Name..

Address ....

The response was gratifying, merchants from all over the United States not only signified their willingness, but also their enthusiastic desire for something of this nature.

With the retailers' co-operation assured, we then turned to the actual task of compiling a practical course of retail salesmanship, one that would cover the subject, and yet have enough human interest to hold the attention of the student until the last lesson was learned and the last question answered.

A number of experts familiar with the teaching of salespeople were interviewed. The writer listened to discourses on psychology from some, and on the best way to keep a salesgirl's hair within bounds by others; but at last the course was written and we were ready to offer it to our retailers.

We decided that the average person will take almost anything you give him and lose interest in whatever it is as soon as he receives it, but if you can bring him to the point of actually buying something, the very fact of having invested some money, regardless of how little it may be, gives him an entirely different viewpoint. So we decided to make a charge of two dollars for each course, not by any means to cover the cost, but as an evidence of good faith, and to insure that the lessons would be studied.

Why a Change Was Made

We argued that if the average merchant invests from ten dollars to thirty dollars in a number of salesmanship courses for his clerks that he is interested enough to see that his clerks study the courses.

The results prove that we were right in our suppositions.

The course as we had had it written covered the subject in a broad way, *and only mentioned our product where it was deemed absolutely necessary*, and was really of as much service to a girl selling dress goods as to one in the garment department.

The course consisted of sixteen chapters, with sub-headings. It was issued in loose-leaf form, and each student was sent with the first lesson a suitable ringed cover for the permanent binding of the lessons.

When Lesson No. 1 went forward to the clerk the questions on Lesson No. 1 went to the firm with the request that when the students had familiarized themselves with the lesson, the lesson be taken up by the firm and the questions issued; these questions to be answered and mailed to our advertising department for marking, and when we returned the corrected questions with them would go the next lesson.

I

MEETING THE CUSTOMER

You Teach Yourself—Essentials—Three Parts of a Sale—What Study Is—Readiness for Business—Confidence the Keyword—First Influences—Bodily Carriage—The Smile—Dress—The Voice—Its Influence—The Tone—Train Your Ear—Formation of the Tone—Lips Mold Tone—Lip Practice—The Jaw—The Tongue—The Ear Critic—Tone Expresses You—.

II

GREETING THE CUSTOMER

Mind Meeting Mind—People Different—People Alike—Scientific Salesmanship—Mind Thinks, Feels, Wills—Saleswoman Director—Attention the First Step in Sale—First Words—Get Cue from Customer—Signs of Choice—Enter Into Madam's Thought—The Looker—Interruptions—Your Customers—

Individual Greetings—Poor Greetings—Question Not—Suggestive Greetings—Size—Color—Attention—First Step—.

III

THE HISTORY OF WOOL FABRICS

Interest Second Step in Sale—Expert Advice on Garments—Printzess All Wool—Scouring Wool—Characteristics of Wool—Sorting Wool—Qualities—Woolens and Worsteds—Worsted Processes—Combing—Dyeing—Spinning—Yarn Inspection—Woolen Processes—Weaving—The Loom—Sizing—Burning—Blending Wools—Oiling Wool—Mending Cloth—Cleansing Cloth—.

IV

THE TAILORING OF PRINTZESS

Finishing Processes—Fulling—Napping—Lustre—Final Touches—For Market—Telling a Worsted from a Woolen—Printzess Career Begun—Measuring Examination—Examination of Material—Material Returned—Sponging—Shrinkage Examination—Pattern Designing—The Master Pattern—First Model—Board of Critics—Second Model—Finished Pattern—What Our Care Means to You—Cutting—Assembling—Tagging—Setting Together—First Garment Examination—Pressing—Lining, etc., Examination of Separate Parts—Final Pressing—Final Examination—Filed Records of All Workers—Canvass Ideal—Our Discovery. Printzess Plio—Qualities—Printzess Complete—Seven Examinations—.

V

THE SALE

Two Tests—Profitable Salesmanship—Printzess Label—Printzess Greeting—Printzess Name—Interest—Desire to Be of Service—Signs of Interest—Desire Third Step in Sale—Decision Fourth Step in Sale—Recognize Desire and Get Decision—Summary—Wise Leadership of Saleslady—Thoughtful Advice—Talking too much—Recognize Steps—Decisive Attitude Important—Selling to a Group—.

VI

THE SELLING ARGUMENT

Three Rules—The Selling Points—Style—Fit—Material—Tailoring—Analyzing into Selling Points—Values of Comparison—Good Selling Talk—Price Not Important as Such—Value for Price Important—Saleslady as a Teacher—Rule for Attention—Article—Slow Sellers—Steps for Promotion—Quick Sellers—Diminish Alterations—Exclusiveness—Good Stock Keeping—How Your Garments Serve You—.

VII

STUDIES IN COLOR AND LINES

Color Effects—Nature the Model—Nature Provides Color Settings—Color Changes—Color Mental—Gray Harmonizes—Change and Rest—A Dominant

Color—A Combining Color—Vividness in Touches—Rule of Balance—Colors as Neighbors—Successive Colors—The Complexion—The Neck—The Pink and White Face—The Reddish Face—The Over-Pink Face—The Red-Cheeked Brunette—The Yellowish Brunette—The Yellowish Skin—The Red-Cheeked Gray Skin—Match Eyes or Lips—The Red Gold Blonde—The White Face—The Uncertain Skin—Freckles—Gray or White Hair—Rules of Lines—Shiny Materials—Folds—Colors Differ in Materials—Value of Study—Study of Customers' Style of Individuality—When and Where to Decide—.

VIII

READING THE CUSTOMER

Individualities Differ—Experience Teaches—Observation Signs of Mind—Memorize Types—Curved Outlines—Amiability—Irritability—Your Influence—Unbelief—Purpose of Study—Types of Will—Combining Signs—Curved and Straight Lines—Facial Expression—How to Use Signs—Eliminate Your Feelings—.

IX

THE SALESWOMAN

Study Yourself—Your Desire—Opportunity or Necessity—Point of View—Penetrate the Surface—Examples—Point of View a Habit—Success Grows by Use—What Habit Is—Will Directs Habit at First—The Pattern for Habit—Value of Right Pattern—How to Change a Habit—Password to Habit for Saleslady—Examples—Not Easy to Start Right—Fear and Worry—Direct Your Thoughts—Fear Is Negative—How to Prevent Worry and Fear—Hope Finds Solution—You Are Captain—No Time but Now—Self-Control—Money Stored up Labor—Dignity of Money—The Money-Maker and Money-Saver—.

X

SUCCESS HABITS

The Emotions—Desire Inspires Intellect—Observation—The Senses Defined—Mind Observes—Reasoning—Memory—Personal Memory—Promises—Imagination—Accuracy—Things Mental First—Example—Opportunities—Imagination in Speech—Truth—Judgment—Tact—Judgment in Tact—Tact as Bluff—Tact Uses Memory and Imagination—Virtues of Tact—Free Self—Three Ways for Tact—Language—Your Word Wardrobe—Word Variety—Worn Words—Extravagance—Slang—.

How Standing of Clerks Was Determined

Each lesson was to be given a standing, and this class standing, taken into consideration with the answers of 20 final examination questions, determined whether or not the students had maintained an average of over 75 per cent. and were eligible for their Printzess Diploma in Retail Garment Salesmanship.

Some time had now elapsed between the receipt of the cards expressing interest and the date that we were actually ready to issue the course, so the following letter, with enclosure and order blank, was sent out:

Dear Sir:

Some months ago, in response to a letter which we wrote you, you told us that you would be willing to co-operate with us in establishing a course of retail garment salesmanship in your store. This course is now ready for distribution, and if you will read the multigraphed sheet enclosed it will give you a general idea of how carefully we have compiled it.

We are enclosing an order blank, and hope that you will make use of it, letting us know at once how many of your clerks you wish to have take advantage of this course. We ask this so that we may be supplied with advance information so that we may know just how many of these courses to compile and have them ready for delivery.

The Printzess-Biederman Company.

The multigraphed sheet, signed by our firm name, was enclosed as follows:

"We have realized for years that if we could assist the retailer in making his sales force more competent that we would be strengthening what we all agree is the weakest link in the chain of modern merchandising. This knowledge and desire led us to have prepared a sixteen-lesson course in retail-garment salesmanship, which we now offer to the salespeople of our customers.

"You can readily see that in offering you this correspondence course of retail salesmanship we are placing at your disposal one of the most progressive steps that any manufacturer has attempted in co-operation with the retailer and that we are offering you the knowledge, advice, and suggestions of experts whose services, if you were to engage them, would cost you thousands of dollars.

"The course will take up in detail, but in an easy, chatty way, the fundamentals of woolens, garment construction and garment salesmanship, as well as the proper decoration of the garment department.

"Examination questions will be asked on each lesson, and corrected and returned to the student. At the close of the course a final examination will be held, and all of the students who pass this final examination with an average of 75 per cent. or better will be presented with a Printzess Diploma of Garment Salesmanship.

"This course, if offered for sale, would readily command a high price; but we will gladly shoulder the expense of its preparation if our retailers will in turn see that their salespeople give it the proper attention; and, to insure this attention, we ask a fee of $2 for each student, payable by the firm he represents. This charge of $2 will by no means cover the necessary expense per student of postage, leaflets, binders, and lessons that we will incur, to say nothing of the heavy initial expense of compiling, editing, and printing the course; but the charge is made to secure, in so far as possible, a pledge of genuine interest."

The results were gratifying. Stores from one end of the country to the other replied. Big department stores, which maintain their own system of schooling, and little stores, tucked away in the edge of nowhere, entered their clerks in the course; and what seems a good deal better to my mind than the first flush of enthusiasm with which the idea was greeted is the fact that we began signing diplomas some time ago and are still at it.

In lines where personal and somewhat expert service is necessary in selling there are rather large possibilities for training the retailer's sales force. H. W. Gossard, President of the H. W. Gossard Company of Chicago, manufacturers of corsets, describes as follows the methods which his concern have employed in this type of work:

*In the long run it is more economical to indicate to your dealers *how* to sell your goods than it is to try to argue or cajole, or drive them into doing so. This is particularly true if the product is one on which the public needs education. The real question turns on how to show the dealer and how far to go in helping him.

One of our travelling saleswomen will sell a dealer a bill of goods and after they have arrived will dispose of the greatest part of this initial stock in two or three days. She will, if the merchant wants her to do so, reorganize his corset department, adding our high-priced nationally advertised numbers that give the merchant a better profit than the low-priced lines do, and will train his saleswomen in the fitting and selling of our corsets.

It is necessary to continue the training of the store saleswomen by mail and we publish a house-organ largely for this purpose. We also devote a good deal of attention at our home

*_Printers' Ink_, January 29, 1914, p. 3.

office to the instruction of women who come to us for personal training in Chicago.

This is expensive, but on the other side of the balance sheet are the following advantages: We actually sell the goods, dispose of the dealer's stock, and book a duplicate order. We show him that high-priced corsets actually can be sold; we teach one or two of his saleswomen how to sell them, and in this way, and by means of our house-organ, we lay the foundation for close relations with the dealers and their saleswomen. The saleswomen in the stores become almost as much a part of our organization as our own saleswomen are. The relations are quite close when we train them in Chicago and supply them to dealers. Lastly, we must not overlook the local advertising the dealer does in connection with these demonstration sales and at other times as a result of our co-operation and the important consequences to us that flow from building up a first-class corset department in his store. Our dealers are our friends.

Made Corset Department Pay Best

"We have at last made the corset department pay better than any other," is the statement of many dealers. Wherever our corsetiere saleswomen have been we hear such things, and now that we are bettering our written instructions and getting them on a more practical basis we are securing similar results and testimonials from dealers who bought and stocked as a result of our advertising and not of the saleswomen's helps.

The special training of the corsetieres was an absolute necessity. We could have done nothing without it.

"There are just two trades in the store—gloves and corsets," a New York department store man told us the other day. "Everything else just fills in. We could transfer any other clerks from one department to another without its making any particular difference. After they had learned the prices they would be just as good in one place as they would in another, but we could not transfer them to the corset or glove departments. The young women who fit gloves and corsets must know their business, and good ones do."

When we first began to do business a dozen years ago the average sale price for any kind of corset on the market was about \$1.50. Practically everything above \$3.00 was sold to order from measurements. There were no extensive lines, and the attention they got from either the public or the store was comparatively small in comparison with what is given to-day.

Improved designing and advertising has changed all that. Our dealers, at least, have now come to realize that high-priced corsets, such as $5, $6.50, $8.50, $10, and $15, and upward, can be sold from stock, and there is a larger net profit from the corset department than from any other department in their stores.

That is one of our most constant representations to them. Our greatest effort, we point out, is to raise the average retail sale price of corsets in their department. There is a solid business reason for this aside from giving the dealer a profit that will assure his interest in the line. Corset-making is a science and corset-fitting an art, and both of these cost something to support; they cannot be done on nothing; but the net result of doing both right is that everybody is satisfied. The customer cheerfully pays the higher price for better corsets and comes back for more. We could not possibly give this satisfaction if we reduced our own or the dealer's profit. There is no place in our policy for "skinning or shaving" in either material or workmanship. We count such practices as commercial cowardice and regard their indulgence as a confession of incompetent salesmanship. It is encouraging to note a wholesome tendency toward honesty in merchandise, and it is believed manufacturers generally are beginning to recognize the value of a standard unalterably maintained—a *pride mark*—a justified price, real advertising and salesmanship to move the goods. More explanation is necessary, more efficiency required, etc., but when we sell corsets to a dealer, they stay sold and he will go to some little personal expense to acquaint the public with the character of the merchandise. The higher-priced corset brings a higher class of trade to his store and the careful fitting and personal service please customers and other departments of the store profit in turn by it.

Our main contact with the dealer is our travelling saleswomen. They are both a sales force and a teaching force. They open new accounts, arrange corset department sales, reorganize the departments, pick out store girls for local corsetieres and train them, and sometimes visit physicians and surgeons to enlist their help. It goes without saying that we could not get this service out of the corsetiere-saleswomen unless they were a picked body and had been carefully instructed.

Corsetiere's Contact with Dealer

We have three retail stores of our own in Chicago. They give us an outlet into a large population centre and they enable us to keep our finger on the public pulse and thus confirm our interpretation of styles, understand complaints, and generally see things from the outside of the counter. It helps us to see things from the dealer's side, too. But one of its greatest benefits has been in giving our corsetieres a practical training in fitting and selling before we send them to our dealers.

Our force of travelling saleswomen is now thoroughly grounded in everything that pertains to corsets and their fitting. They have a working knowledge of anatomy and physiology, and also, for special availability in medical fittings, some knowledge of such weaknesses and deformities as hernia, corpulence, spinal curvature, floating kidney, enteroptosis, post-partum, gastroptosis, etc.

They must also be informed in regard to the demands of fashion, and receive instruction in the elements of selling including skill in reading character.

These acquirements are indispensable to our saleswomen, who, as may be seen, fill a responsible place in our organization, playing the triple rôle of travelling saleswomen, corsetieres, and teachers. Even this does not fully describe their function. There is something of the manager and organizer in each one of them.

The corsetieres are not an evolution of a previous sales force. They really represent a revolution in sales method. In fact, our business has been a series of revolutions. We were originally a wholesale house selling dressmakers' supplies to the trade and engaged in the corset business almost by accident.

It was about twelve years ago that our Paris buyer, when over here, suggested that it would be good for us to add a French corset to our line of gowns, trimmings, and laces. I thought well of the idea, and on my next trip to Paris made it a point to look around. Of the corsets I saw, I was most impressed by one in the Bon Marche, a high-priced corset with the unique—at that time—feature of front lacing. It was called "L'Irresistible," and I learned from the manufacturer, whom I found in spite of obstacles thrown in my way by uncommunicative tradesmen, that it was the joint invention of a countess who also was a famous artist, and a well-known dressmaker. The demand for it, though exclusive, was very small, and the manufacturer was open to a proposition. I closed the transaction at once.

We arranged for an initial importation of twelve and a half dozen. The retail price of the corset was to be $25. If I had known anything about the corset business of that day, I probably would never have ventured on such an undertaking. The average price of a corset was probably one dollar. Five dollars was a high price. And I had undertaken to sell a corset at $25! But, not knowing the situation, I rushed in where most experienced corset men would have feared to tread. We were saved only by our selling agencies. If they had been any other than the highest class of dressmakers in the country, we probably would not have succeeded. Nobody else, I believe, could have pulled the proposition through.

It was done, however, and done, all things considered, with astonishing rapidity. The secret was in the front lacing, which not only made it much easier for the wearer to put on the corset, but gave a degree of comfort which we can only assume, from the large sales at our high prices, had been before unknown.

One of the largest elements in the high price was the 60 per cent. customs duty on corsets. We at length decided to manufacture them on this side of the water. Our first product was crude, but we soon overcame the manufacturing difficulties and have since gone on improving the garment and increasing the output and our factory facilities. This made it possible to extend our line. We now have corsets ranging all the way from $40 to $2, the lowest price being the most recent addition.

As our business continued to expand we found it necessary to make the indicated change from a selling organization of dressmakers to drygoods stores. We did not drop the old organization all at once; in fact, we have some of the old representatives in many parts of the country.

It had not been difficult for the fashionable dressmaker to induce her patron to buy a high-priced corset as a means of getting a better fit for her high-priced dress. This was the chief appeal of the dressmaker. When we changed over to the stores, we lost a good deal of the power of that method. Usually the saleswomen did not have the influence with the customer that the fashionable dressmaker had. So it became necessary to supplement this appeal with another. We began to analyze the corset proposition more closely than we had ever had any occasion before for doing.

Corsets are two parts necessity and one part fashion. We could, and did, put in a strong word for them as the embodiment of fashion in corsets. Necessity, we had not gone so strong on. Convenience, yes, and comfort. Why not health? The medical profession was, as a whole, very pessimistic on the subject of corsets. Since practically all women continued to wear them, it had been the fashion to ignore the doctors as factors in the corset business. Was this good business? We were not satisfied that it was. Women might wear corsets, doctors or no doctors, but unquestionably few women gave the attention to corsets that they should, and the right kind of attention. Thousands of them unquestionably were wearing cheap, ill-fitting, injurious shapes when they could, by paying a little more, get something that would be positively beneficial.

Corsets and Doctors

We knew that the corset had been maligned. We knew from experience that all corsets were not bad, but only those which were ill-fitting, which bind where there should be no pressure, and fail to give support where it is needed. Physiological comfort had been taken into account by the original designers of "L'Irresistible" and we had followed the lead, but now we went into the question with great thoroughness, consulting medical literature and some of the leading men in the medical profession, hospital surgeons and specialists.

When it was at length evident that a growing number of the physicians were not only approving our efforts to follow scientific principles in the construction of our corsets, but were actually prescribing them in hernia, spinal curvature, and post-operative cases, we saw the great possibilities of securing the moral support of the profession. We prepared special literature for distribution to the doctors. Our corsetieres made it a point to call on leading specialists in the cities they visited and direct the matter personally to their attention.

This led to a change of view on the part of many physicians and to actual prescriptions of our corset in medical cases. This professional support was especially valuable when a two or three days' Gossard sale was being held in a town. The use of the doctor's name and his endorsement went a long way toward inspiring confidence.

You observe that the actual work of interesting the doctor, or most of the work, is done by the corsetiere. She comes into the town, interviews the dealer, sells him a bill of goods. He must do something to get the people into the store. She will supply him with electrotypes and copy for the local paper and suggestions for a circular letter to the patrons of the store who are likely to be interested, and for a letter to the physicians. Any physicians especially interested and influential she is willing to call on.

And then on a later day she returns and gives a demonstration sale. She helps arrange the stock and drills any helpers she needs. She then receives the women who call, fitting them with care and making them satisfied and walking advertisements of the Gossard corset. With such success has this been done that often a woman who is fitted the first day returns the following day with a friend or two whom she wants fitted.

Sells in Dealer's Store

At the end of the second or third day our corsetiere has sold the stock and taken the merchant's re-order. When she moves on she has that department started on the right road. The double demonstration of selling and teaching often impresses the merchant so much that he wants to make full-fledged corsetieres of his best one or two clerks and sends them on to Chicago for a few days' instruction in our stores and school. We have done this for merchants a great many times. It is a part of our service.

They do this because they realize the importance of trained saleswomen and corsetieres in the corset department. It makes all the difference in the world to them. An experienced saleswoman can sell our high-priced corsets by fitting and make a larger profit on each, and she will satisfy the women who come into the Gossard stores and bring them back again.

The corsetieres we train and place in retail stores are really high-grade saleswomen who can go anywhere and get from $60 to $150 a month.

We are urging all the local corsetieres to study our literature for physicians and perfect themselves in medical fitting. Those who have done so have been enabled to get into touch with the hospitals and fit many patients with our corsets under physician's prescriptions, often over bandages and plaster casts. In the same way they have gone into private homes. This part of the work has been developing step by step with the dealer co-operation.

We have been consistent advertisers from the very first, in the dressmakers' magazines, trade papers, and women's magazines, with large space copy. We have also used several newspapers in Chicago, where our retail stores are located, and newspapers in New York.

I think we can account our advertising second to none in the corset line, which boasts some very fine advertising. We derive some advantage from the fact that we are the largest manufacturers of high-priced corsets in the world and that our modes are authoritative and are so accepted. When we began to import the front-laced "L'Irresistible" corsets, they were the only front-laced corsets on the market. To-day all but a bare half-dozen of the many corset-makers have front-lacing corsets. The front-lacing principle has won out, as we knew it would, because it is aligned with progress and because the front-lacing method is the only logical one. I think we may give much credit to advertising for the general adoption of the front-lacing principle.

Our position also enabled us recently to make what without presumption we could fairly call a "proclamation" of the authoritative corset styles. We issued these proclamations in the spring and fall. We arranged in connection with them "proclamation weeks." We followed the announcements up with the ads giving samples of the new models of our corsets. The models were electrotyped for the dealers and the dealers ran the cuts in their local papers and direct advertising. This "proclamation" advertising has been among the most successful that we have done.

The Proclamation of Style

The basic note of our trade-paper copy is that we extend privilege to the dealer when we let him sell our goods. We say this good-humoredly, but earnestly, and he knows it is so. We see to it that he has been convinced by the merit of the corset.

One of the most important forms of advertising that we do is for the education and stimulation of our sales force, both those actually on our payroll, travelling on the road, and those also in the dealers' stores, who are specializing on our corsets and whose interest in everything pertaining to sales promotion we endeavor to satisfy. We do this by means of our *Gossard Corsetiere*, a house-organ of 24 pages, with cover. This is a practical little magazine, reproducing our advertising, discussing the new models, following up the sales talks, giving helpful hints about personal appearance, and just now conducting a discussion on how to read character. There are in it also hints for the advertising man, ideas for window display, and like matter.

Among the most interesting things in the book are the testimonials and anecdotes reprinted from letters received from wearers of the corsets, many of them former hospital patients.

We are adopting a new advertising policy for next season. Up to this time we have rung the changes on the superior value of the front-laced corsets and we have converted the public—including our competitors. We are now ready to take the next educational step. We shall point out that having established the comfort and hygiene of the front-laced corset, we can now go on to the not less important point, that an equal value of the corset is in the design.

It is by such advertising that we are giving support to our corsetiere saleswomen on the road, our dealer agents, and their local corsetieres. The three must work in harmony to get the best results. The best evidence that they do is the growth of the business.

(3) USES OF DEALER HELPS

Quite as important as the nature of dealer helps is the way they are used. A series of five articles which appeared in *Printers' Ink* in the fall of 1914, covering the dealer help situation as it then existed, gives almost as much attention to the uses of dealer help as to its forms. *The following paragraphs are taken from the third article in this series and illustrate the importance which is attached by retailers to the methods used in getting out dealer helps:

†Ordinarily one thinks of dealer "helps" as supplementary to national advertising. To reverse this and say that there are advertisers this season who are making their advertising supplementary to their dealer helps might appear startling. Yet it is so.

These advertisers have discovered that the old cry of "hitch our trademark to your store" is losing its influence. Dealers seem to feel that advertisers have grown fond—perhaps too fond—of saying: "Use these electros in your newspapers, put this

Printers' Ink, October 22, 1914, p. 17; November 5, 1914, p. 33; November 19, 1914, p. 12; December 10, 1914, p. 67; December 17, 1914, p. 60.

†*Printers' Ink*, November 19, 1914, p. 12.

display in your window, distribute these booklets in your bundles, so that the buyers in *your* town will know that *your* store is the 'Home of Wear-forever Clothing.'" So they have tried to circumvent the condition by building the campaign upon the "helps"; that is, advertised helps in the newspapers, trade papers, outdoor displays, and magazines.

Isn't dealer material so advertised likely to enjoy preferred position and preferred use? It would seem so. Such "helps" have a value in the eyes of the dealer, greater than that of the material itself.

Like a good many other sound ideas that are in evidence this fall, this plan originated in the clothing field. But it is spreading to other fields, and for a reason. "We get great quantities of dealer material," said an alert clothier, just out of Philadelphia, "but nothing that gives us as much benefit as the material sent out by Hart, Schaffner & Marx." And you can go into any up-to-date clothing store and you will be told the same thing. Dealers swear by this company's style book and store material. Why?

Because Hart, Schaffner & Marx send out material that is a credit to the merchant's store, material which people will come into the store to ask for. "I have sold a good many dollars' worth of goods this fall," said a Newark, N. J., clothier to a *Printers' Ink* staff man who was making inquiries, "by putting the Hart, Schaffner & Marx 'dancing couple' (one of the fall window-cards) in our windows with a little card. This card says that if any one wants a copy of the poster, to come into the store. It proves that people who hang posters in their dens like it, for several score of men have come in to ask for copies. Seldom do they go out without buying something."

But the real reason for the popularity of Hart, Schaffner & Marx dealer "helps" appears in this statement, made to *Printers' Ink* by Joseph Schaffner, secretary of the company: "It is not so much because we understand the dealers' needs," said Mr. Schaffner, "that we have been successful in getting their co-operation, *but rather because we give our material a value in the eyes of the dealer other than the value of the material itself.*

Joseph Schaffner Explains

"Unless we advertised persistently and effectively we could not expect one fiftieth as much service from our dealer literature. The advertiser who *expects* the most from dealer literature is the in-and-outer who advertises to-day and immediately tries to make his dealers believe he has tapped the springs of continuous demand. This form of deception is very common. The next year his courage fails or pocketbook rebels and he drops out.

"The mistake is a grievous one because it amounts practically to a request to the dealer to advertise for the purpose of aiding the manufacturer, whereas what the dealer wants is something that will aid him. The thing he can and does advertise is the article which means something to him, to his salesmen, and the public.

"Here is a case in point: We publish a style book for the use of our customers. It is a good thing in itself, but we have multiplied its value to the dealer many times over by giving it national publicity. We have spent thousands to advertise that piece of dealer literature and have made it so well known to the public that it becomes an almost indispensable part of the dealer's campaign."

In other words, by exploiting a dealer help locally in the newspapers, street-cars, or by outdoor displays people are brought to the dealer's store. The advertising immediately becomes an immense aid to the dealer, not only because its contents sell the goods he has on his shelves, but it actually gets people into his store.

One dealer said, when asked why he gave the Hart, Schaffner & Marx window-card such prominence in his store: "Because they advertise in the newspapers that merchants who sell Hart, Schaffner & Marx clothes can be quickly found because they have this picture in their window—and the ad is illustrated with a cut of the window-card. I would be a chump if I didn't put it up, wouldn't I?" . . .

This series of articles on dealer helps brought out from Joseph Katz of the Hub, Baltimore, Md., the following discussion of dealer helps written from the retailer's point of view. The centre of Mr. Katz's conclusions seems to be that dealer helps which really assume the dealer's point of view are the only ones which have any chance of bringing satisfactory results:

*Manufacturers who have read the series of five articles on dealer helps in *Printers' Ink* recently have undoubtedly found much in them in the nature of a surprise.

******Printers' Ink*, **January 7, 1915, p. 57.**

Those who read between the lines could not help but note a growing resentment of the type of dealer help that makes no allowance for the individuality of the dealer.

The big town was always the hard town for the manufacturer who wanted to put "Home of My Product" across the dealer's door, on his side wall, in every one of his windows, and all over his newspaper advertising.

But *Printers' Ink's* investigation has uncovered my long-held theory that the small-town merchant is changing his viewpoint.

There is one paragraph in one of the articles that's worth its weight in gold. In it is found the key to 100 per cent. efficiency in getting dealer helps used—and that is this by A. W. Newman of the H. Black Company: "The helps must be prepared," states this company from its experience, "so that to the consumer, the ultimate buyer, they will look like material originated, designed, written, ordered, and paid for by the dealer. The average dealer's own copy contains a great deal of favorable mention of his store's facilities, service, buying judgment, etc.,—and quite properly. So it follows that advertising matter sent from the manufacturer to the merchant should take into account the dealer's natural pride and customers' needs."

Read that again; paste it in your hat; it's the key to the entire situation.

Let every manufacturer give this test to his matter. How many sets of dealer helps can stand this test? *Very* few. I'm sure. I've seen very little of such advertising matter.

It's a clever manufacturer who knows the art of putting the dealer to work. The best way to do it is to give the dealer a place in your argument. Write your ads and booklets as if the dealers were to sign them. Say: "Our clothes are made by Hart, Schaffner & Marx," instead of, "Hart, Schaffner & Marx clothes are the finest in the world and are sold by W. C. White." Read this copy from a folder furnished to dealers by the House of Kuppenheimer:

In justice to you as one of this store's good friends, we cannot let winter weather approach nearer without telling you something about the greatest overcoat success of the season—the Klavicle.

The Klavicle—we say it without reservation because it is our conviction—is the greatest overcoat achievement of recent years. Coming from America's greatest overcoat makers—The House of Kuppenheimer—there is nothing like it to be found under any other label—in comfort, in style, in service. It is cut on the free, loose lines of a cavalryman's cape, full sleeves and back without a seam; wide rolling lapels; velvet collar; natural color buffalo horn buttons.

But the look and feel of the garment—the way it drapes upon your shoulders—will tell you more about its merits than anything we can say.

You know us well enough to be assured that our welcome to you is always broad enough to show our merchandise at any time you call and leave the question of buying entirely to your judgment.

THE HUB, Baltimore St. at Charles.

The dealer is doing the talking in the folder, even if the marker did furnish it. And the merchant is only too glad to get folders of this character.

To write copy like this a manufacturer must anticipate how far a dealer will go in talking about an advertised make over his own signature. It is taken for granted that statements like these must be milder than usual.

Advertising matter of this character cashes in on the local reputation of the dealer—the biggest kind of factor in producing business. If I may judge by the way most advertising is worded, few manufacturers admit it, but it is a fact that manufacturers can profit by the recommendations of their dealers. A good dealer is a power in his community, and few articles are so strong that they can afford to kill this individuality in the dealer's advertising.

A store wants to lead its own life. Let the manufacturer encourage this *good* quality—it is the hallmark of a good merchant.

The fact that some dealers can be induced to use almost any kind of dealer helps doesn't make it right or good business to "put it over." It is surprising to what lengths some manufacturers will go to preserve their own individuality, but they don't care much about the dealer's end of it.

A certain manufacturer was running a series of advertisements in a Baltimore paper. We tried to put our signature cut inside of the border, but the newspaper told us it had orders to place a cut-off rule after the ad, and so our name would have to be cut off from that of the manufacturer.

We wrote to the makers—these folks get out unusually good dealer helps—and they replied they would have to follow their original intention "because it will help us to maintain the natural character of our newspaper work."

Yet most manufacturers don't hesitate to ask you to run "manufacturer-created" copy—and even pay for it yourself.

Another big mistake to which much waste is due is in getting up but one set of helps. The H. Black Company again has the right idea. They say: "Small-town stores do things differently and have different facilities from the large-town stores. We have learned this lesson and we are trying to express it in the work that we do with the dealer this fall."

Analyzing Dealers' Needs

Most manufacturers make no distinction between their calculations of the big store in the metropolitan city and the cross-roads merchant.

The advertising policy of the big store differs radically from the small establishment. The big fellow, for example, rarely uses anything over a five-inch clothing cut in his regular advertisements—space is too costly. Country paper space is reckoned by the inch instead of the line—and the larger cut is often used. The big storekeeper doesn't care for a cut with the maker's trademark plastered all over it. An agate copyright line is his idea of the maker's share in it.

A cut in the paper is worth a thousand in the cut cabinet. Clever concerns like Hart, Schaffner & Marx, Kuppenheimer, and the makers of Society Brand clothes long ago learned that cuts with but an agate copyright line are used *every* time—and have for their pains advertisements in hundreds of towns paid for by their dealers.

Another reason why so much dealer's material is not used is because it does not take into consideration that in most cases the dealer handles competitive lines.

If a dealer handles half a dozen lines of hose and each show-card says "the best on earth," how in the world can any sensible dealer put them all up?

I believe that manufacturers have a very hazy idea of how much advertising the average store does. Most dealers handle several good lines of nearly everything they handle. They can only use a small part of the helps they receive.

It is also vitally important that your matter reaches the right man. Hart, Schaffner & Marx send letters to *every* executive so that they *all* get behind the campaign. Here's one:

Advertising Manager,
The Hub, Baltimore, Md.

Dear Sir:

Advertising matter like the enclosed is going separately to your concern but we wish to call your particular attention to it. We believe you will recognize an opportunity for hooking up with our own campaign, and getting some immediate sales on this full dress suit at $35.

Our own newspaper advertisements will appear in your city about November 6th. You can learn the exact dates later from the publishers. The copy will be confined to this one item—a full dress suit to retail at $35.

The *Saturday Evening Post* of November 7th, *Collier's* of the same date, the *Literary Digest* of the 14th, and all the December magazines will contain announcements of this same dress suit.

The whole force of the campaign is going to centre on November. We write you about it in advance so that you may be fully prepared to get the biggest possible benefit.

Yours truly,
HART, SCHAFFNER & MARX,
Per R. O., Advertising Dept.

Another weak link with many manufacturers is not to notify the *dealer* in advance of advertising slated for his local papers.

Miscellaneous Suggestions

More than once we have been surprised to see big announcements of goods we handle—and we were not tipped off early enough to enable us to place our announcement under them. This bad slip, I am glad to say, is rapidly becoming obsolete.

Cut books should be printed on one side of the paper in black ink. This gives the dealer a chance to make cuts any size wanted.

For the larger stores, instead of books with ready-made ads that are never used, why not furnish a vest-pocket affair with terse paragraphs giving the selling points peculiar to the product advertised, for the use of the store's advertising man?

Signs for windows should be small, so as not to interfere with the display of the merchandise. Those in imitation of hand lettering are particularly desirable. Small brass signs are always welcome.

Writing dealer helps from the standpoint of the merchant is also a way to make better dealers. Don't ask a merchant to sink his individuality—it's his most valuable asset.

Interest yourself in the dealer's problem. Give him some good general advice once in a while.

Read this paragraph from a letter that came with some suggested clearance ads from Hart, Schaffner & Marx:

This season, more than ever before, try to keep away from the common clearance-sale idea of sensationalism—"enormous," "gigantic," and all that; people seldom believe this sort of thing, anyway, so give them the truth straight from the shoulder. We've tried to do it in these advertisements.

Have the newspaper use light-faced type, Caslon old style, if possible; you want to be sure to keep away from the big, black, noisy type.

Note the plain, homely style; it's the kind of talk that wins a dealer's confidence. Compare it with the average bombastic form letter.

The maker whose helps don't "kick out" the dealer's own personality is the one who will find most of his material used. And the fellow who is all wrapped up in his own importance will find his carefully prepared, expensive cuts, booklets, etc., on the way to the scrap heap.

CHAPTER V

THE REGULAR RETAILER AND NATIONAL ADVERTISING

THERE is no point at which there is more dispute about the value of advertising than in the relations between national advertisers and retailers. In the days when national campaigns were few, the pioneers in the field were able to demonstrate to dealers an enormous increase in speed of sale as a result of nation-wide appeals to the consumer. But with increased conflict between these national appeals themselves as well as between advertised and unadvertised products, it became more difficult to convince the retailer of the substantial advantage accruing to him from a national advertising campaign.

This was followed by the development of various forms of dealer help. Window displays, counter cards, etc., were worked out by various national advertisers, and a great variety of plans grew up for co-operation by the national advertiser with the retailer in his local advertising. It was characteristic of all these efforts that they aimed to stimulate the sale of the products of some one national advertiser directly. When there is only one large advertiser, or when there are at most only a very few, in any field this form of co-operation between the national advertiser and the retailer still works very effectively. But when the number of concerns bidding for the dealer's show window, or his counter space, becomes large these "dealer helps" lose most of both their interest and value to the retailer.

The problem of "rising costs," which we have already discussed, has become the most absorbing feature of the thought habits of most progressive retailers. And some national advertisers have grasped the connection between this and their responsibility for preserving the ability of advertising to help to deliver goods from the producer to the consumer better and with less waste than they can be delivered without this help.

The betterment of form and methods in dealer helps is still in progress and is by no means a negligible feature of the present situation. But what appear to be the two most important new developments in the relations between national advertisers and "regular" retailers are: (1) An increased appreciation of the national advertisers' stake in the retailer's fight with "rising costs." (2) Increased attention to the exclusive agency idea as a means for making more certain the results of national advertising.

(1) HELPING THE RETAILER MEET RISING COSTS

At the Rochester Advertising Club meeting on March 18, 1914, O. K. Johnson, President of the Rochester Retail Shoe Dealers' Association and Advertising Manager of Wm. Eastwood & Son Company, a local shoe-retailing firm, expressed the retailers' views of what dealer helps ought to be in the following language:

*"The manufacturer who thinks that he has a cinch on a considerable proportion of the business done by the retailer, because he advertises to the consumer, is very much mistaken. Because his national advertising to the consumer does not control the customer's purchasing. It would be possible to name several well-known brands of shoes, whose names are well known because they have been nationally advertised, of which I can positively say that in seven years I have not so much as heard the name spoken, either by members of the company, manufacturer's salesmen, buyers in the departments, salesmen on the floor, or customers in the stores, and they are nationally advertised. But I do hear frequent calls for the product of makes whose names have never been printed in magazines or newspapers, and have become known to consumers only because a retailer has made them known to his customers.

*_Printers' Ink_, April 2, 1914, p. 97.

"The retailer controls the situation. The manufacturer will never control it by national advertising or by branding his product with a trademark. It is a good thing for the manufacturer whose product is distributed through retail stores to get next to the retailer.

The Retailer Controls the Situation

"Help the retailer sell your goods, but not alone your goods, but any goods that he may carry in stock.

"It is a great thing to be able to regard this problem from the point of view of the retailer. What do you do for the retailer must be done unselfishly, not to help sell your goods, but to help sell *his* goods. Way back in the subterranean caverns of your mind you may know that his goods are your goods, but in dealing with him keep yourself in the background, keep your interest concealed, and keep him and his interests in the forefront. Right here, too, many manufacturers err; everything they try to do for the retailer is so permeated with themselves and their interests that they fail to convince the retailer of their good faith, and he refuses their aid because he does not feel that his interests are properly conserved.

Why Some Dealer Helps Are Useless

"Do you know, I have never yet seen a so-called dealer's service prepared by a shoe manufacturer that I could use? If I wanted an illustration of a shoe, it was sure to have the name of the manufacturer cut into its surface. If it was a booklet that I wanted to use, it was sure to have in it some outrageous laudation of the manufacturer's product, or something that I could not afford to let go out because it would do injustice to the goods of some competitor of the manufacturer, and I must not make a gain in business in one line at the expense of another, save as difference in quality makes the distinction between the two lines.

"Of course, I know that when a manufacturer smears his name and his trademark over everything he does for the retailer, he is under the impression that he is making a little money go a long way in corralling the trade of a large number of the retailer's customers. But he is mistaken. He is practising so-called business insurance. But business insurance is not to be had in any such way. It is to be had by quality of merchandise and satisfactory factory service, and on these grounds only are you entitled to make a bid for further business from the retailer."

The call which retailers of this type have made upon national advertisers to help them in attacking their problems has not fallen always upon deaf ears. Help of far wider scope and greater practical value than the "dealer helps" of even five years ago is no longer rare. But, if one may hazard a forecast, the movement has only begun. The basis for such a forecast lies not in the fact that it has been done in several instances, but that some of the far-sighted minds in the advertising world see its possibilities.

Earnest Elmo Calkins, of Calkins & Holden, New York, recently wrote a reply to a letter which *Printers' Ink* had received questioning the value to retailers of national advertising. Mr. Calkins' reply presents an able advertising agent's view of this very situation. The letter and his reply were as follows:

*WM. G. HILDEBRANDT,

GROCERIES, MEATS, FRUITS, AND VEGETABLES

CHAPPAQUA, N. Y., January 9, 1915.

Editor of Printers' Ink:

What right on earth has national advertising, anyway?

What justification can you advertising men offer for its existence?

I am a dealer.

Every once in a while I buy or borrow a copy of *Printers' Ink* and other advertising publications and I read and hear a whole lot about the desirability of handling nationally advertised goods. I get a ton or more of circular letters and folders from manufacturers telling what a lot of advertising they are going to do—how it will "move the goods right off the shelves," "put a lot of money in my pocket," "start a stream of dollars and people moving my way," "turn my stock over so much quicker and oftener and enable me to make so many more profits," and so many other wonderful things to make me rich, prosperous, and fat, if I will only lay in a stock of goods and put them in the window or advertise them in my local paper.

Most of them are especially keen about the latter. "Connect with our national advertising," they say. "Do as much for yourself in your local papers," some of them have the nerve to tell me, "as we are doing for you through our national advertising." And, "in order to make it easy" for me "to take advantage of the valuable work they are doing" for me, most of them are kind enough to send prepared advertisements and electrotypes. All with complete directions for using in my local paper and "getting my share of the big profits."

Very few of these national advertisers, however, offer to contribute toward the cost of this local advertising, and most of those few that do want you to burden yourself with an awfully big stock of their goods in return for an awfully small share in the cost of the local advertising—not to mention the trouble, time, mental energy, and elbow grease involved in looking after the work so graciously laid out for you by the benevolent national advertiser.

**Printers' Ink*, February 25, 1915, p. 33.

Now what I'd like to know is this: If, as so many of them say or imply in their circulars, my local advertising is necessary to make their national advertising more effective, if the more local advertising I do brings so many more people into my store who have seen "the ads in the magazines," tell me, then, please, you advertising men, why national advertising is necessary at all?

What proportion, do you suppose, of those whom my local advertising brings into my store, don't see the corresponding magazine ad?

What proportion would come whether they saw it or not?

How do you know but what a proportionate share of the money spent in magazine space added to the amount invested in local space would not bring far more people into my store for a given brand of goods than the same amount split up between magazines and local papers?

Tell me, if you can, why the manufacturer wouldn't sell more goods if he cut out national advertising entirely? Does any manufacturer know for sure from his own records and experience that national advertising is absolutely essential—that he couldn't reach more people by depending upon local advertising entirely?

Of course I'm not a manufacturer, and I look at things from a dealer's viewpoint, but as a close observer of business methods for many years I've come to the conclusion that national advertising is the modern fetish—"everybody does it because everybody does it." I may be wrong—but I'd like to have some tangible proof to the contrary.

Can you or some of your readers, in the interest of good advertising, offer it to me?

William G. Hildebrandt.

Mr. Hildebrandt: You ask, "What right on earth has national advertising, anyway?"

The answer to that is easy. It is that the national advertiser, or in other words, the manufacturer, has a right to exploit his business in any way he sees fit. But that does not answer the real question behind your rhetorical question which is this: "Why should I sell advertised goods?" "How am I benefited by national advertising?"

In other words, while the manufacturer may exploit his business in any way he sees fit, he must, for his own sake, exploit that business in a way which will appeal to the dealers who distribute his goods.

That puts a new wrinkle in this question, because your point of view, whether it is a wrong or a right one (and I hope before I have finished I will prove to you that it is a wrong one) must be reckoned with by the manufacturer who advertises in the hope of selling his goods through your store.

I will leave the question of the dealer's advertising helps and other advertising material which you receive in such large quantities for discussion later, while I take up the question of the advertised goods themselves and their relation to your store and your customers.

Consumer's Right to Know Brands

The people who buy at your store have a right to know the name of the maker of the goods they buy. While advertised goods are not essentially, on account of their advertising, better than unadvertised goods, they are apt to be. The handling of advertised goods tends to standardize the whole transaction. Makers of unadvertised goods recognize the value of advertising by cutting the price of their own goods in order to influence the dealer, which is not in the long run to the best interest of your customers. Whatever your individual experience may have been, the selling of goods by advertising has proved of great benefit to the great mass of people in more ways than can be specified in a single letter like this.

This brings us up to the specific advertising of a given manufacturer whose goods you sell.

This manufacturer, having spent his appropriation in national advertising in magazines, or newspapers, or street-cars, or billboards, or some of them, or all of them, and having taught people to believe that his goods are desirable and that the price is right, and that they can be obtained at a reasonably large number of retail stores, realizes that there are many dealers whose mental attitude toward all this work is the same as yours. He tries to stimulate the good will that he ought to have from you by offering you various advertising helps.

The retail dealers of this country in all lines spend through the pages of their local papers millions of dollars in advertising—much more than all the money spent by all the national advertisers—but very little of this advertising is as good as it should be.

The manufacturer realizes that the dealer who advertises regularly and has to fill a certain space in his local papers appreciates advertising help of some kind. Many manufacturers have made the mistake of supplying to the dealer such help overloaded with their own advertising. I believe that there is room for improvement in the ready-prepared advertising which the manufacturer furnishes the dealer. I think that a large amount of the stuff sent you has undoubtedly been worthless. If you had looked at it more critically than you evidently have, you would probably have found some good things in it. Also in writing about it stronger claims have been made for it than should be.

But let me ask you a few plain questions:

Do you or do you not believe that advertising in local newspapers helps a retail store?

If such advertising helps a retail store, should it not be based upon the goods that that store sells?

If your store is going to advertise the goods upon its shelves which advertising will go farther—the advertising of the unknown goods that you sell or the advertising of goods that are otherwise advertised by the manufacturer?

If you should prepare copy yourself about the goods in your store, and if you should decide to advertise goods that are nationally advertised, would you or would you not welcome an intelligent advertisement furnished by the manufacturer of these goods?

This is the theory of the ready-made advertising supplied you by the manufacturer.

If you advertise, you probably utilize the mailing of your bills each month to carry some sort of a stuffer or folder about your business. Here again, if you sell advertised goods, would not a folder about advertised goods have more weight with your customers than a folder about unknown goods? Is that folder any less valuable because it has been prepared by a manufacturer's advertising expert than when it has been prepared by you personally?

No retail store can afford to hire the advertising services that a manufacturer can hire. He is undoubtedly able to furnish you better literature than you can get up yourself. If that literature is biased in favor of his goods, that is the pay he gets for the expense this matter costs him.

The only answer you can make to all these contentions is that you do not believe in advertising at all. If you do not, there is no argument upon which I can base a letter in reply to you, because the cause of national advertising rests upon the same sound basis as the cause of retail advertising.

The dealer who does not believe in advertising and, therefore, does not use it, is so hopelessly out of the running in these days that his attitude toward national advertising is more or less negligible.

I do not believe you belong in that class. I imagine that you are a keen and live advertiser yourself, and that if you wrote the letter which you have signed, you are able to write some pretty forceful advertising of your own.

You are one of a large class of dealers who imagine that their interests and those of the manufacturer who advertises are diametrically opposed. To some extent they are. It is true that the dealer who exploits the manufacturer's goods in his own advertising thereby ties himself up with those goods, but it is not true that he thereby lessens his own importance in the town where he lives.

The great success of nationally advertised goods in the last twenty years means nothing, unless it means that the public is absolutely sold on the idea of advertised goods. Unless enough of the public were convinced, convinced often enough and convinced about a great enough number of advertised goods, to make a large percentage of this advertising successful, it would never have existed until now. Therefore, if the public's attitude toward such goods is favorable, if the public buys them by preference, then the dealer who boldly proclaims that his store is filled with advertised goods is advancing his own interests.

The other view is a narrow, petty, and small one—the dog-in-the-manger, penny-wise-pound-foolish attitude. That is the view of the dealer who says, "I won't help any manufacturer sell his goods, even if I go bankrupt. I will cut off my nose and spite my face."

A Case in Point

The Crofut & Knapp Company manufactures hats. A salesman of this company called on a hatter in a certain town who said: "I like your hats and I want to sell them, but I am much better known in this town than you are. If you will let me have your hats with my label in them, I will take twelve dozen."

The salesmen was a diplomat. He said:

"Let's make a test case of this. Let me sell you six dozen with the C. & K. label in them, and I will sell you six dozen with your own name and label. Then we will see at the end of the season whether the C. & K. label or your own label is the better seller."

At the end of about two months the Crofut & Knapp Company received a telegram from this dealer saying:

"Please send me seventy C. & K. labels."

In other words, he had sold seventy-two hats with the C. & K. label in them and two of the same hats with his own label in them in the same time.

Something like this is true more or less of all advertised goods—not altogether, because I am very far from claiming that only advertised goods are reliable, or even that all advertised goods are. I believe that there are a great many lines as good as or even better than the corresponding advertised goods. The point is just this: that the customer demands a surer ground to stand upon. He wants to know who makes the goods he buys. He knows that the dealer does not make them, and he knows that however good a dealer he may be he cannot endorse the goods as the manufacturer can. He does not want to buy goods with a jobber's trademark upon them. He wants the trademark of the original manufacturer. His demand for such goods is steadily increasing. It is the interest of the manufacturer who advertises to see that that demand increases. It is the logic of advertising. The dealer who fights it will either give in in the long run or give up altogether. The dealer who appreciates that he can use this advertising to his advantage and who does so use it, who discriminates in the lines he carries, who doesn't buy a line simply because it is advertised, but who doesn't refuse to stock a line for the same reason, will in the long run have a better business and a better standing in his community than the dealer who follows an opposite policy.

Large stores, especially department stores of the class of Wanamaker's or Marshall Field's, make a practice of avoiding advertised goods and selling products with their own names upon them. In some cases these products are identical with goods that are elsewhere trademarked, and in some cases they are specially manufactured for them. Orders from such stores are so large that they frequently take the entire output of a factory. Frequently the goods so made up for these stores are of the very best quality. Nevertheless, in both Wanamaker's and Marshall Field's, and in other stores of a similar class all over the country, there is carried a certain percentage—small, it is true, but still in evidence—of advertised goods. These are the goods for which the public demand is so strong that even a large and powerful department store cannot ignore it.

The point that you bring up about manufacturers who ask you to advertise their goods in your local newspapers is an interesting one. But the manufacturer does not mean that the dealer's advertisement is necessary to make his advertising effective. What he says, or what he should say, to you, is: "If you will advertise in your own local newspaper that you carry these goods, you will get the benefit of the advertising I am doing, but this advertising I am doing is going right on selling goods through the stores that will carry them, whether you join or not."

The sharp distinction that you draw between magazines and newspapers exists only in your own mind. The magazines and newspapers are both mediums reaching the public. The difference is, as far as the manufacturer is concerned, that the magazines as a whole cost less than the newspapers as a whole.

Different Classes of Mediums All Aid

A national campaign run in newspapers of the cities where the manufacturer's goods are sold is unquestionably the ideal campaign, but it can be conducted only by a manufacturer whose business is so large that he can spend profitably a very large appropriation. Magazines offer a less expensive way of covering the entire United States, covering it not so effectually as newspapers, but still covering it.

Finally, the suggestion that it would be more effective for the advertiser to divide his appropriation among the dealers who sell his goods than spending it in the magazines.

This is sometimes done, especially where there is only one dealer in a town that carries the goods. As a rule, however, where unlimited distribution is necessary and where a number of stores in each town sell the goods, it is impossible for the manufacturer to do this. His plan is to convince the public that the goods are desirable, and then to urge each dealer to let that public know that he carries them. This is sound and right, and in the long run the most efficient and economic method of distributing goods.

The last question in the letter is the most astonishing one. It asks why the manufacturer could not sell more goods if he cut out national advertising entirely. I cannot take this question seriously because I have never heard it seriously contended that advertising reduced the sales of goods, however ineffective it was.

I am reminded of the little boy who fell down a long flight of stairs into the street. A kindly old gentleman stopped and asked the usual fool question: "Did it hurt you, little boy?"

The little boy got up, rubbed himself and limped off, saying: "Well, it didn't do me a darned bit of good."

There is one thing more for you to consider, Mr. Hildebrandt. The contest between advertised and non-advertised goods, as far as the dealer is concerned, is fast becoming one of relative profit to the dealer. The non-advertising manufacturer, realizing that he can never compete with the consumer demand created by the advertising of his competitor, promptly bribes the dealer with the offer of a lower

Two Paths Open for the Retailer

price. This lower price does not benefit the consumer. It is a bonus to the dealer to fight advertised goods.

The dealer who will not sell advertised goods and pushes unadvertised goods lays himself open to the suspicion of selling not the best for the price, but the thing that pays him best. You may ask: "Why should I not? Am I not here to make all I can?"

That would be good business if it were good business. But if the public knows, and it is learning more every day, then it is a short-sighted policy. It is the policy of a man who would walk rather thay pay five cents car fare, who would light his store with kerosene rather than pay the higher price of electricity. The machinery of national advertising is the best method of selling goods—the best for all concerned—maker, retailer, user—and the dealer who refuses to ally himself with it and take advantage of the lower cost of selling and the good will of the consumer is standing aside and letting the Broadway Limited go on without him, while he sticks to the stagecoach.

These facts remain and cannot be controverted. The quality and standard of advertised goods are higher than of non-advertised goods. The advertising of a manufacturer is a contract between him and the public always to keep up the quality. The tendency of advertising is to improve the quality. The retail store benefits by these things. It is enhanced in the eyes of its customers by their working out. All the objections of all the dealers to various imperfections and drawbacks of this method of distribution and sales are outweighed by all its advantages and ultimate rightness.

Do not, Mr. Hildebrandt, let the injudicious and unwarranted claims of some manufacturers obscure the truth and force and logic that are behind the right of every manufacturer to be known to the consumer by the goods he makes, to be responsible to the consumer for their quality, and to use your store as the natural and inevitable distributor of them.

The fifth in the series of articles on dealer help, quoted in the preceding chapter, contains a description of several methods of practical co-operation by which the manufacturer helps the retailer solve his most serious problems:

*Joseph Schaffner once said in *Printers' Ink*: "We have learned by experience that many merchants are not as well

**Printers' Ink*, December 17, 1914, p. 106.

informed about their own business as they should be; that they are lax in watching their stock, in figuring their expenses, profits, etc." Since then quite a number of advertisers have turned their attention to making better dealers, realizing that in so doing they were making bigger sales. Several plans of that kind are in evidence this season.

The object of all these plans is to encourage dealers to "trade-up"; that is, to do business on a higher plane. The old-fashioned dealers who cling to the policy of few sales and big profits should be taught that more money can be made by quick turnovers and small profits; those who are given to slashing prices should be taught to keep books which will soon correct the practice; those who are circularizing mailing lists having too much lost motion should be shown how to get the lost motion out of them; those doing business without an inventory system, and who consequently carry stocks out of proportion with their sales, should be shown how to keep a simple inventory which will release this capital for easy selling material; those who are letting delivery systems eat up profits which might be put into merchandise should be shown how to reduce the delivery costs; those who do not know how to keep tab on costs should be shown simple ways for doing so, and so on down the line. Left to himself, the dealer will hardly correct these bad practices; it is to the manufacturers' interest to help him do so. . . .

One example of real dealer co-operation—the kind that gets below the surface—is the assistance R. H. Ingersoll & Bro. are giving jewelers in cost accounting. The book which is called "System and Cost Accounting for the Retail Jeweler" was prepared, so it states, by the most competent experts obtainable and thoroughly tested. The system itself is complete, simple, and requires no bookkeeper. This is important in recommending cost-keeping methods to dealers.

Ingersoll Cost System

The purpose of the system is to show up "leaks," disclose where profits go, automatically show results of selling campaigns, insure charging of credit sales, show each clerk's performances, give repair costs and profits, and prevent the accumulation of old stock. The system is a plan of productive record keeping, displacing old-fashioned laborious bookkeeping. To the dealer who instals it it means more profits and provides a system for collecting information to guide him in the future. To the manufacturer it means a better dealer, fully alive to the profit from pushing a quick-selling, widely advertised watch.

The Ingersoll people go a step further, however, than merely suggesting the system to the dealer. Years of experience have taught them that while the average dealer will mentally agree the system or suggestion is fine, unless it is made easy for him to act he is inclined to procrastinate and forget. So this advertiser furnishes the material as well as the idea. After reading the booklet, and deciding that his business needs some cost system, all he has to do is to tell the Ingersoll people so, and they will provide him with the "tools" as they call the forms and books used in their system. The dealer, of course, pays the cost price for the material, which is naturally a good deal cheaper than he could buy it for himself.

Does the dealer appreciate this help? The many letters which the company has received from dealers all over the country show that they not only appreciate it, but it is increasing their business. Here is one letter from a jeweler in Philadelphia which reflects the common attitude:

GENTLEMEN: I have received your "Business System," also copy of the explanation book for the same. I wish to thank you most sincerely for your interest in the trade, as I think this is the best thing ever happened.

I have installed the System, the explanation book making the same more easy, and in the future, instead of being a "guesser," I will be able to give a correct and comprehensive report on my business.

I do not believe there is another jeweler more enthusiastic, or more proud of having a real good system, than I am, and I was up all night several weeks ago taking account of stock, and getting the System started.

You will find evidence of my having used Business System in your office now. Several days ago I sent Purchase Order No. 1 for electros, and Purchase Order No. 3 for 1,000 Repair Envelopes and 100 Sales Book Slips.

I have already seen the benefit of having a good system in taking account of stock. I found I had more money invested in clocks than I had any idea of, and in consequence, I am making a special effort to sell clocks.

I have the Ingersoll and Ingersoll-Trenton watches well displayed in show window, and am making it my aim to push their sale.

Wishing you the greatest success, I remain,

Yours truly, A. WM. F. KIEFER.

An important point about this book is that no mention is made of Ingersoll watches in the copy. One or two of the forms reproduced bear the name, but it has been purposely kept out of the book. It would not do to create a suspicion in the dealer's mind that the manufacturer had any interest in the plan outside of helping him, and thus making a better customer.

Special Service Helpful

This Ingersoll plan is very similar to that being used by Hart, Schaffner & Marx. This company is furnishing a book known as "What Do You Know About Your Own Business?" According to Mr. Schaffner, almost a year was put in investigating and perfecting before this book was sent out to Hart, Schaffner & Marx dealers. Its purpose is to encourage dealers to spend a few minutes every day in keeping a perpetual inventory which the company suggests. If dealers can be made to do this, the company feels that they will be better dealers and bigger buyers of Hart, Schaffner & Marx clothes. As such books are issued purely to help the dealer—at least visibly—and no effort is made to sell him anything, they cannot help but prove a good-will builder, even if their aim in other directions fails. . . .

Similarly, Moller & Schumann Company, the varnish people, maintain a special department to help dealers in problems of finance and business management. It is under the jurisdiction of the credit department and has already been described in *Printers' Ink.* This kind of co-operation, while expensive for the advertiser with thousands of dealers, is invaluable to the dealer, and in the case of Moller & Schumann Company has proved a great credit aid and good-will winner. Other advertisers have adopted the idea in partial or complete form, and the plan is one which should help the sales end of a business materially.

While cost-keeping help and business advice to dealers is a form of co-operation which they will greatly appreciate, there are many other ways in which an advertiser can give real help to his dealers, and at the same time help himself. This is particularly true in regard to giving advertising assistance.

And the most crying need is to get dealers who are expected to furnish lists of customers for circularizing to keep these lists up to date. A *Printers' Ink* staff investigator went into the store of a New Jersey clothier handling Stein-Bloch clothes. The dealer was one of the kind who was his own advertising manager, head salesman, and merchandise man, as well as chief bundle wrapper, cashier, and floorwalker.

"What do you think about this idea of an advertiser sending out announcements to your customers?" the dealer was asked.

"Great stuff, especially when the advertiser pays the postage," was the reply.

Keeps Mailing Lists Revised

"Well, supposing I was a manufacturer and was willing to spend say five cents each on your best customers, where would you get the names?"

The dealer thought a while, and then said: "Oh, I suppose I would send you the telephone book."

"Is that what you send Stein-Bloch?" he was asked.

"No, indeed, I have to pay the postage on Stein-Bloch letters. I have a mailing list which I keep on cards suggested by them for that purpose; there is too much waste in a telephone directory, the postage would run up too high to make it pay."

Asked to show the cards he used, the dealer took down a card file from one of the shelves in the back of the store, and showed a list that would be a credit to any manufacturing business—quite different from the average lists which dealers send in. This card showed at a glance just what kind of merchandise the customer would be interested in buying. It showed what he has bought in the past, whether he is married or single, whether his last purchase was made by himself or by his wife, the customer's position, what kind of clothing he is interested in, the price of suits he buys, and whether he is a cash or credit customer. All this information is utilized when a circular is sent out, and the circular is made to suit the different groups. Metal signal tabs are used along the top of the card to make it easy for the dealer to pick out those interested in the various lines handled by the store, or to show whether he buys high-, medium-, or low-priced suits.

Questioned further, this clothier produced the booklet which Stein-Bloch had sent him, and which had induced him to put in this modern card system. Advertisers who are troubled with having dealers send in wasteful lists, which make this form of co-operation unnecessarily expensive, will be interested in a section from this book which shows the dealer how to get worth-while names:

"First, take names of all charge accounts that you consider good and fill in cards as far as information on books will help you—have each clerk in your store go through these cards, adding what information he can to cards of customers whom he knows.

Cutting Waste out of Dealer's Lists

"Take names from club lists, telephone directories, etc. Check these first against the cards from credit customers and from different lists to avoid duplicating—the most practical way to make this checking and entering easy is to provide your card system with an extensively divided alphabetical guide. This is usually based on one hundred divisions to one thousand names in list. Have these cards gone over by clerks for acquaintances.

"*Do not* put metal tabs on cards until the information on card is sufficient to make it practical to use as a prospect. The following schedules show what information is necessary to start active card:

Prospective:
- Name and address
- Approximate age
- Business
- Position in business
- Estimated income

Customer:
- Name and address
- Approximate age
- Business
- Position in business
- Estimated income
- Sales records to indicate class of purchases

Boys and Children:
- Name, age, and address
- Parent's name

"Always address mail to home. In sending out letters on boys' clothing the letter should be addressed to boy's own name, care of his parent."

This booklet, the Stein-Bloch people say, has caused many of their dealers to put in the system, with the consequence that the money spent by Stein-Bloch in circularizing dealer lists produces greater results.

A simpler plan for encouraging dealers to keep more efficient lists is to urge them to send to the various addressing-machine manufacturers for system books. The larger companies issue special bulletins showing how retail establishments can build up efficient mailing lists. These bulletins also contain information which would help a dealer in taking the lost motion out of his present list. The manufacturer is vitally interested in his dealer's lists, and any effort spent in that direction should prove most productive of good.

Selling Suggestions Needed

But the most appreciated co-operation of the suggestive type seems to be giving the dealer selling ideas. This is the phase of business that interests him most, and while he picks up ideas from the salesmen, an advertiser can, by making the advertising department a clearing house for selling ideas, win a dealer's good will readily in this way. One advertiser who does this is the Goodyear Tire & Rubber Company.

A glimpse into the Goodyear methods might be interesting. Just lately it has issued a very beautifully printed and illustrated book called, "New Ways to New Business." While a good portion of the book is given over to cataloguing the various helps and showing how they can be used profitably, several pages contain suggestions for selling plans. The dealer is shown how to organize a "mileage club," in which fobs are given by the dealer to the rider. When he rides 100 miles he gets a yellow button, 200 miles entitles him to a blue button, and when he makes 1,000 miles the dealer presents him with a fob. This plan, of course, appeals to the boys, and as the buttons and fobs are furnished by the company, the cost to the dealer is slight.

In the same way plans are suggested for various kinds of contests: races that start in front of his stores, coasting contests, selling the Boy Scouts by getting them to organize bicycle squads, forming bicycle clubs and other plans of that kind. Dealers appreciate such suggestions and act on them. By furnishing them in a book form as the Goodyear people do, instead of scattering them through a house-organ, they can be made to serve a double purpose: help the dealer and insure his keeping the catalogue of selling helps and utilizing the ideas.

The foregoing are only a few selected examples taken from the newer co-operation plans of manufacturers. There are many others equally effective, so far as getting down to fundamentals and making better dealers is concerned. These have been mentioned to show the possibilities of the idea. Just how each manufacturer can help his dealers most effectively is for the manufacturer himself to solve; but one thing is plain: there are few better methods of securing and holding the trade's good will than by helping them to become better dealers. It is a form of co-operation that is comparatively inexpensive, and if tactfully offered, mighty remunerative.

George S. Louis, of Chicago, Advertising Manager for Paris garters, who has made a specialty of getting the retailer's point of view, declares that the securing of the retailer's co-operation is largely a matter of tact and of appeals to the motives which normally control men in their business dealings. He says:

*The retailer is responsive to the same appeal and is spurred to action by the same motives that influence all other human beings. The dollar-sign, sentiment, pride, dignity, ambition, and all the other factors that influence you or me, bear the same weight upon the retailer.

I only dare to make such apparently idle statements because of the curiously inverted methods of approach to the retailer that are employed by the average manufacturer and wholesaler. The approach that does not inspire friendliness and confidence is severely handicapped. The present practices of approach to the retailer are rousing his antagonism; the methods of accosting the merchant that are now in vogue reflect upon his intelligence, his dignity, and his business ability. The retailer resents it, and this resentment is making the selling to the retailer a far more expensive and difficult undertaking than necessary.

During the past six years I have had this fact—the approach of the manufacturer—discussed and analyzed for me by an average of 25 retailers in every State. My comments upon this question are based upon the dealers' own verdict in addition to my own experience and experimenting in appealing to the retailers in behalf of a goodly number of manufacturers.

Merchant Dislikes Word "Dealer"

In the first place, the retailer heartily dislikes being addressed as a "dealer." This is the term that is generally employed in the literature and letters sent to the retailer. The term "dealer" catalogues the merchant as a mechanical distributor, and implies, according to the interpretations of the dealers themselves, that they are not active, important, necessary selling factors in the course of distribution. So, as the spokesman of hundreds of retailers, who have ex-

**Printers' Ink*, January 8, 1914, p. 98.

pressed their dislike to this form of address, I advise its disuse; address him as "Mr. Merchant," or "Mr. Retailer," and you will have the foundation for an approach that will gain his favorable attention.

I have made a rather careful study of the letters, circulars, and other literature and trade-journal advertising that has been intended to approach, interest, and sell to the retailer. I am now in constant and intimate communication with one hundred live, successful merchants, of whom ten of each are conducting clothing, drygoods, shoe, hardware, jewelry, grocery, drug, cigar, paint, and oil and general stores. These one hundred retailers are scattered from coast to coast, and represent the most intelligent and enterprising of the average and smaller community storekeepers whom I met in my four years' retailer investigation.

From these one hundred merchants I receive almost daily the literature that is sent them from various manufacturers, with their comments, whether or not they answered or acted according to the approach, and giving me their reason for whatever action they did or did not take. Ninety per cent. of this matter, I find, does not arouse any feeling of interest because it talks *at* the merchant instead of *to* him. This difference involves, first, the use of the pronoun "we" instead of "you," and second, the exploitation of the goods instead of their selling value.

These differences are well illustrated in the following incident: A prominent shoe manufacturer mailed an expensive, three-color circular to a large list of shoe retailers. In part, this circular read:

The Bad Effects of Boasting

"We have been in business thirty-five years. We began our business in a small two-story frame house; now we are occupying a ten-story, block square building. We employ three thousand workers. We spend $80,000 each year in educating and influencing men and women to ask for and buy our shoes. In their stylish appearance, comfort, and wearing qualities, there are no better shoes made."

All the copy of this circular was of this trend. A small tryout order was attached to the circular, which the merchant was urged to sign and return. I happened to visit this concern, just as the president and other members of the organization were discussing the unexpectedly poor results that this circular produced. After hearing their rather contemptuous remarks about the retailers and their lack of intelligence and energy (for they placed the entire blame upon the retailer), I suggested that they experiment with the same copy and circular, as I would rewrite it, to a limited list of the same retailers. They skeptically granted my request. Here is how I rewrote that part of the copy quoted above:

"You have our thirty-five years of experience at your command. This ten-story building, which we are now occupying, is equipped to serve you. There are three thousand employees here working for you and your interests. The men and women of your town, and the men and women of other communities, are being influenced to ask for and buy our shoes; our $80,000 yearly national campaign has made and is making our name and the quality of our shoes known to many thousands of possible purchasers. Quick sales, gratifying profits, and pleased and permanent customers are assured you because of the stylish appearance, comfort, and wearing quality of our shoes."

Although but one thousand names were used, and the circular was a far cheaper, one-color job, it resulted in more replies than to the list of eight thousand retailers to whom the original circular was sent. The second circular talked directly and emphatically *to* the merchant; it told *him* why *he* should handle these shoes in *his* locality. . . .

In the many discussions I have had about the advantages or disadvantages of selling advertised goods there were all varieties of opinions expressed by the retailers about the power and purpose of advertising. But eventually, upon cross-examination, all agreed that it made selling an easier, quicker, and consequently a more profitable process. I have become pretty well convinced that the retailer is very susceptible to an approach through the medium of advertised lines. This is not only so because the retailer appreciates that the advertised merchandise he carries is more salable, but because the retailer is also a reader of magazines and newspapers, and an observer of outdoor display; he is even more familiar with the advertised goods of the lines he sells than the average reader, for he is naturally far more interested in them. Unconsciously, he becomes more strongly impressed with the article and arguments that confront him in advertising than he is aware. . . .

If the advertisers would only be content to tell of their efforts in co-operation with the retailer instead of attempting to influence the merchant by statement of what the efforts will accomplish, a marked difference in the effect of the approach would be experienced. The retailer appreciates what will result locally from a sound, well-conducted advertising campaign. He knows this better than the advertiser. He has been sadly disappointed by the too alluring promises of a great many advertisers of what would happen if he sold their goods. This form of approach, the promised reward if the retailer orders goods, is received very skeptically. The most favorable comments upon all the campaigns that the retailers discussed with me were of a hardware concern which approached the retailer on the following basis:

Merchant Knows His Field

"We are advertising in twelve magazines of wide circulation. This campaign will be continued throughout the year. This advertising will surely attract the attention and interest of many thousands of possible buyers, among whom there will undoubtedly be a great many in your locality. If by this advertising we can influence possible buyers to go to your store, we know you can make them your customers."

Then followed a detailed analysis of each medium which was being employed by these people for this publicity campaign. They did not make any definite statements about what the campaign would accomplish. They used the terms "possible," "probable," "likely," etc., when they made any statements that referred to the results that might be expected. The sentence "If by this advertising we can influence possible buyers to your store, we know you can make them your customers" was received with particular favor. This came as a delightful relief to the merchants who were accustomed to bold, superlative claims about the "created demand" and its tremendous power.

To approach the retailer by means of the consumer is a mighty effective way to gain his attention, if it is properly done. When the advertiser tries to force interest by shouting about the "created demand" for his goods, he will receive but scant consideration. The retailer stoutly refuses to acknowledge that a created demand means sales unless he, the retailer, works in conjunction with such a demand. The retailer does not dispute that advertising will and does create a demand for goods. He has had too many requests for advertised merchandise to ignore this fact. But —don't overlook this—he has been successful with too many

Getting Retailer Through Consumer

substitutions not to realize that the created demand is not necessarily a sale unless he acts in co-operation with it. The mandate that so many manufacturers issue, "Stock up; we have created a demand for our goods. If you sell our goods, they'll come to your store and buy," is no longer of very much weight with the average retailer. One of the most effective approaches to the retailer that I know of is that of a woman's garment manufacturing establishment, which places the matter before the retailer in this way: "With your active co-operation, we can be of tangible service to you in bringing customers to your store. Our national campaign in the following, well-known, influential women's magazines (here follows the list) is arousing an interest in our garments, and influencing women to go to the stores that sell them. We sincerely believe that if you have a fair assortment of these garments in stock and advertise the fact in your local paper and otherwise, and use your best selling effort in co-operation with us, you will be able to build up a large, profitable, and permanent business."

Two letters and one circular containing arguments of this nature were sent to twelve thousand prospective dealers. A little over six thousand replied. This approach gave recognition of the ability and power of the retailer. The manufacturer asked co-operation from the retailer; co-operation was not offered from manufacturer to retailer as is customarily done. The real burden of selling was placed on the retailer's shoulders, and it pleased and flattered him.

Recall, if you will, the approaches that have gained access to your ear and mind. Were they not of the quiet, but decisive, straightforward, business calibre that gave recognition of your ability to handle your own affairs? Did an approach that involved threats, bribes, or flattery ever gain its object with you? Apply the same methods of approach, to which you yourself are susceptible, to the retailer, and see how most eagerly he will respond.

(2) THE EXCLUSIVE AGENCY PLAN

In recent years, since the control of resale prices has been so sharply restricted as a result of court decisions, the exclusive agency plan has been adopted by many national advertisers as a means for securing the active support of the retailers and for guaranteeing to the retailers of the fullest possible advantage of the publicity which constitutes the main feature of the national advertiser's plans. M. Zimmerman, a staff investigator of *Printers' Ink*, has made a report on exclusive agencies which shows how this method is working in some cases:

*In making my visits to the various dealers in their several lines, such as clothing, haberdashery, hardware, drugs, groceries, etc., I found that as a general rule the dealer admitted that there were some advantages in the exclusive agency proposition. I found that a great many of them went after it and would even go to the extent of putting themselves in the hands of the manufacturer who could throw them over whenever he wanted to. I also found that some, while they realized the advantages of the exclusive agency, considered that there were great disadvantages as well, and went rather slowly before accepting an exclusive agency; and these generally tied themselves down with some sort of a contract which was mutual and usually lasted for a term of years.

In a great many cases where I interviewed dealers who held exclusive agencies they begged to be excused from talking on this subject because they feared that something they might say might arouse the antagonism of the manufacturer with whom they were doing business. I remember particularly that the advertising manager of one of the largest department stores in the country excused himself from talking on this matter, and I know that this department store carries a great many exclusive brands. The same thing happened in the case of a small dealer who carried well-known brands of clothing.

Among those I interviewed was a haberdasher in a city of 400,000. This haberdasher is one of the leaders in his city, and is one of the agents for Manhattan shirts and Stetson hats. I broached the question of the exclusive agency to him, and he said that he was very much in favor of it because it enabled him to feature the product, for which he was exclusive agent, in his store.

"In the first place," he said, "it is so easy to sell that shirt that I do not have to spend any time convincing my customers of the merits of the article, for the man who comes in and asks for a Manhattan shirt is already familiar with its merits. My

**Printers' Ink*, April 30, 1914, p. 27.

turnovers are quick and the article itself brings people to my store, thus helping me to sell my other merchandise.

One Disadvantage of Exclusive Agency

"But," he continued, "while there are advantages, there is one great disadvantage which I think the exclusive agent faces, and that is, he is always at the mercy of the manufacturer. Now I remember that when I first started to handle Manhattan shirts fifteen years ago there was only one other man in this city besides myself handling them. At the present time there are six others. So you see that after working hard and putting my own efforts and time into pushing this particular brand, when I am ready to reap the benefits of my work, somebody else comes in and shares them with me. I know that from time to time new agencies are being opened, and pretty soon the man who always came into my store to buy the Manhattan shirt will be able to go around the corner and secure one there also.

"I practically carry Manhattan shirts exclusively. Now, supposing that any time the Manhattan shirt people should have a quarrel with me and take my agency away, where would I stand then? All my years of effort and work will have been in vain. . . . And I am quite positive if I had been pushing my own private brand in the fifteen years that I have been pushing Manhattan shirts, and had put the same amount of effort and time into it, while I might not be doing the same volume of business, my profits would be about the same, and I would not have a customer who could go around the corner and get my shirt. He would have to come to me for it."

This is not only the argument of one merchant in this line; it is the argument of a great many. They seem to feel more or less the same way toward the exclusive agency proposition.

Experience of Retailers with Both Methods

Among others I interviewed was J. Pinto, of Pinto Brothers, who at present controls four fine haberdasheries and clothing stores in New York City. In speaking with him on the question of the exclusive agency—as to its advantages to the dealer, he said:

"I believe an exclusive agency is a good thing provided you can make the proper contract with the manufacturer. The great trouble is that in the case of a well-advertised article the manufacturer will make a contract to suit his convenience. I receive many offers for exclusive agencies, but I won't touch them. Some time ago I had the exclusive agency to sell E-Z Belts. My contract was for two years. I knew that the object of the manufacturer was to have me open the market for him and use my efforts in pushing the product. Then he would extend the agencies to every dealer willing to carry the belts. Fortunately, a new belt came out which was an improvement over the E-Z Belt, and I took in this other line, so I did not care what the manufacturer did when my contract expired.

"There was a time," he continued, "when I was strongly opposed to advertised goods and I never stocked them. While my views have not changed, still I have been compelled to change my policy, so that now, if you will look through my shelves, you will find advertised goods aplenty. And this is because I am compelled to carry them. I know that if a customer comes in here for Onyx hosiery and I cannot give it to him he will go on the next block to get it. It is to meet these conditions that I keep Onyx hose. And sometimes, to meet conditions of the advertiser, I get up an article under my own brand to compete with the advertised article. For example, at the time when Holeproof hosiery made its appearance, I knew that its great value lay in the fact that it was guaranteed. So I got out the Pinto hose, and whenever a man came in for Holeproof hosiery I convinced him that the Pinto hosiery was just as good, and that he could come back at any time and exchange any pair of hose with the Pinto label on that was not satisfactory to him. And I can assure you that we have built up a fine business in Pinto hose, and many a time I get a telephone call from a small haberdasher uptown or downtown asking if I won't sell him Pinto hose. . . .

A buyer in one of the largest department stores in this country expressed his views on the exclusive agency question in this way:

A Department Store View

"I believe it is a bad policy for any store, including ours, to take an exclusive agency for any article, because it puts you practically at the mercy of the manufacturer. If we were to take on a proposition of this sort, after advertising and using our best efforts to build up a fine trade, the manufacturer might for some reason take the agency away from us and we would have to start all over again.

"The great value of the exclusive agency to the manufacturer is that it makes him distinctive and that he does not have to fear competition. And in a great many cases where the exclusive agency is offered it is because the manufacturer wants to create a demand for his goods. After he has accomplished this result, he takes away the agency and everybody may get the product.

"Our house does a tremendous lot of advertising and every article we advertise as a general rule sells in great quantities. Therefore it pays us to feature our product or a nationally advertised article in such a way that we are never at a disadvantage."

To illustrate what the department-store buyer had in mind I need only cite from an interview which I had with Julius Strauss of 1200 Broadway. Mr. Strauss is the sole distributor in the United States for the Imperial Royal Austrian Lace Industry. He advertises in a department-store trade paper the following special offer:

"Remember, this offer will be made to one store in each town. If you accept our offer at once, you can be sole agent in your community for the sale of Imperial Royal Austrian Laces, and this privilege probably amounts to a franchise which will grow more valuable month by month and year by year."

I asked Mr. Strauss whether he thought it were wise to tie himself up with one department store in each town.

"Well," he answered, "the reason that I have to resort to this method is because of the commodity I handle. At the present time Dame Fashion doesn't favor real laces. Laces are a product which depends upon style, and just now people want soft and filmy laces. I must educate them to the value of real laces. In order to do this I have to make this special offer through one store in a community.

"But I only make a contract for a season, with the option that the department store may renew it at the end of that time. However, as soon as real laces are well known and are appreciated by the public, and a demand for them is created, an exclusive agency would not be so essential." . . .

Conditions in Hardware Field

In the hardware line I find that very few exclusive agency propositions are offered to dealers. Those which are offered are gladly accepted. Some of the hardware dealers who accept these exclusive agencies say they realize that they are for only a short time; that as soon as an article is in popular demand they will lose the agency and will merely become one of the many who will handle it, and with this knowledge in view they take advantage of their opportunities and feature the articles exclusively.

I interviewed Mr. Ludlow, President of Ludlow & Squires

Hardware Company, Newark, N. J. Mr. Ludlow said, in part: "I favor the exclusive agency and think it a good thing for both the manufacturer and the dealer. I always try to get the exclusive agency for any advertised article and I push it to the utmost while I have it. It not only helps me sell this particular article, but it sells the others for me. There are not many exclusive agencies in this line, but those which we have are good because the products are meritorious and stand for quality. This helps us build up our reputation for our own products, and one of the most important things about the exclusive agency is that the price is maintained, so we are able to make a fair margin of profit. I never accept the exclusive agency with the idea that I am going to keep it forever. I know that as soon as the article is in popular demand the agency will be extended. With this idea in mind, I always make special efforts to push the article and get the most out of it while I have it.

"We have had several exclusive agencies taken from us. By that I mean that they were extended to others. However, we do not lose any sales by this, but, as a matter of fact, our sales increase normally. I don't think it harms us in the least when an agency is extended, but I would rather have it exclusively because, after all, it compels a person to come to our store alone."

I talked with another hardware dealer, located in Harlem, who favored the exclusive agency and said that it is all right as long as he has it. "The trouble with the manufacturer is that he always gets you from his end, but you have no recourse whatever. A salesman comes around and tells me that I will be the only one in the neighborhood who will keep a certain article. After I have done all the work in marketing it and using my personal efforts to create a sale I find that my next-door competitor has it in the window. When the salesman comes around again he swears that he had nothing to do with it. But the exclusive agency has its fine points. It helps us materially in our own business." . . .

Ease of Distribution

One of the men connected with Hammacher, Schlemmer & Co. said: "It is to the advantage of the manufacturer to give us the exclusive agency. Owing to the fact that we are jobbers as well as retailers of hardware we can get distribution for an article at much less cost than the manufacturer himself. We have salesmen who visit all dealers. Our catalogue of 1,200 pages goes all over the country.

If a manufacturer has no money to invest in national advertising we can get distribution for him through our salesmen, catalogue, and our advertising and he may not actually lay out one cent. All we expect is a fair margin of profit.

"Again, it is of value to a manufacturer to have only one agency for a certain territory, because if several jobbers are handling the same articles competition arises and the prices are cut. The salesmen of these various houses will visit the same dealers, and the result will be that one will try to undersell the other. It is known in many cases that after one salesman has quoted a price and a second one comes around and quotes his price, the dealer will give the impression to the second salesman that the first one is trying to quote him a much lower price." . . .

*In some particular products it is necessary that an exclusive agency be operated in order to maintain the standard of the product as far as quality is concerned.

This is so in the candy business. I find the Whitman and the Huyler people maintain agencies in most cities. The reason for this, as one of the Huyler representatives told me, is that candy is of such a perishable nature that makers have to keep in constant touch with the dealers. If manufacturers sold to everybody in the country they could not keep track of every dealer, and as a result they would suffer loss owing to the fact that the product is perishable.

The Huyler system of doing business is not entirely through exclusive agencies. "Limited" agencies are used—the number depending upon the town in question. Generally the best dealers are selected, and when a dealer asks for an agency his business is investigated. The Huyler people claim that by allowing these special agencies the dealer is in a position to feature their goods, and they put in their candy with a dealer with the express stipulation that he feature it.

This does not necessarily mean that the dealer cannot keep other brands. He can do that, but he must feature Huyler's, and I am told that in some cases he not only features Huyler's but carries it exclusively.

The Huyler people claim where a dealer features their candy exclusively it is not only an advantage to them, but also to the ad-

Printers' Ink, May 14, 1914, p. 82.

vantage of the dealer himself. To illustrate: a certain dealer in the West had been a consistent buyer and was using a lot of Huyler's goods. Suddenly the orders began to drop until very little candy was ordered. Upon investigating the case it was found that the dealer had from time to time installed various other lines of candies. Huyler's wrote to him that unless he was willing to feature their candies, as he had done previously, they would be compelled to take the agency away and give it to somebody else. The dealer asked for a little time to investigate whether this change had proved of any value to him. Upon investigating his candy sales for the entire year he found that during the time he had carried other brands of candy his sales had dropped off considerably, and he said the reason was that instead of using his efforts in advertising one, he had not known which one to feature, and as a result had not featured any. He promised to throw out the other lines and keep only Huyler's.

A dealer in Atlantic City, located on the boardwalk, offered to feature Huyler's candy exclusively if he were given a contract for the entire boardwalk, figuring that the advertising of Huyler's would bring him enough trade to make up for the loss in the other lines.

Makers of Huyler's claim they are able to get greater cooperation from dealers by this system. The dealers are glad to use window displays, etc.

Peculiar Situation in Grocery Field

In the grocery line there are few exclusive agencies offered. The groceries are of such a nature that an exclusive agency would be at great disadvantage to the manufacturer.

I was talking to the advertising manager of a nationally known grocery product. He told me that his house never even thought of limiting agencies to its product, because the output in that line was so large that no matter how great the efforts of these agencies would be they could not equal the sales required for the amount of advertising done and would soon limit the distribution.

I asked F. W. Nash, of Arbuckle Brothers, who has been in charge of the interesting Yuban campaign: "Do you think the grocery products manufacturer gets any benefit from an exclusive agency?"

"No," he replied. "I think the manufacturer who is spending his money in national advertising is limiting distribution by using the exclusive agency and is not getting the value out of it. Not only that, but in limiting his distribution to exclusive agencies he arouses the animosity of the other dealers so that they get a competing brand. As a result one dealer is pushing your product and nine dealers are 'knocking' it. Even if the exclusive agent uses his greatest efforts in pushing your product it does not offset the other nine. A live retailer cannot confine his efforts to one brand. He *must* meet competition. And any limitation that tends to prevent his doing so in the most effective way will not result to his benefit, and will come to be so regarded by him in time. Hence the exclusive distributor is a makeshift and necessarily a stopgap at best as a general proposition. The kernel of this dealer nut is, after all, salable goods that move freely with a satisfactory profit irrespective of exclusive control. Were it not for price-cutting, the exclusive-control idea would soon die a natural death. Furthermore, such protection to profits as exclusive control gives a retailer is usually more than offset by lack of volume in sales of comparatively unknown goods of this class, and numerous actual experiments by retailers have demonstrated to their satisfaction the better net profits in the larger turnover of well-advertised lines."

Popular Device in Drug Field

In the drug line I find that the agency is a much-sought-after proposition by the small dealer. He figures that with every agency he gets a lot of advertising free which helps him in his own merchandising. A strong reason why the druggist favors the agency is because there is always a tendency on the part of the firm which extends these agencies to maintain the price, and this, to the dealer, is the greatest thing you can do for him, because in the drug line price maintenance is merely talk. Very few articles in the drug line have been able to withstand the slasher's knife. . . .

Good at Start

In the drug line most of the manufacturers who seek exclusive agencies with the dealers are those who are just starting business, or those who haven't the money to spend in national advertising; but this is not true of the Nyal line, which is put up by the New York & London Drug Company. This line consists of over 150 preparations. Strictly speaking, this is not an exclusive-agency proposition, but the agencies are given only to the best dealers in each territory. The Eastern manager of the company told me that it owes the success of its business to this agency proposition. By this method, it is said, the company has been able to obtain the co-operation of over 16,000 druggists all over the country, so that instead of the

Nyal line being a secondary consideration with the druggists, it is a primary one, and is featured to the exclusion of others, and is at the same time a factor in discouraging the so-called private brand among dealers.

"For instance," said this manager, "in a city like New York we have over 400 dealers handling our line. It is more to our advantage to have these 400 dealers handle our line full-heartedly than to have 1,000 others who would merely handle the line as a secondary consideration. Of course, we can at any time increase the number of dealers in each section if we desire, but before doing so we always consult the Nyal dealer who handles the line near where we think of putting in an agency. If he says he doesn't want it in there, then we obey his orders. Sometimes one dealer will ask for an agency for his friend who is near him, claiming that his trade will not be interfered with. It happened some time ago that a certain dealer called up for our goods. We had not been selling that dealer any goods at all, so we had to turn down his order. The following day our Nyal agent in that territory called up for the same goods. We asked him if the order was for the other dealer and he said it was and that he had no objection if the man kept Nyal goods, because he knew that it would not interfere with his line.

Viewpoint of Nyal

"In small towns we use our discretion as to the number of dealers who will carry our line, and we often find that one live dealer in a town will be equal to four dealers who will not push our goods in the manner we wish. Taking all this into consideration, we find that nearly all the dealers we approach with the exclusive agency favor it. This applies to every line of merchandise which can be sold. They all claim that the advantages exceed the disadvantages, and many, knowing they are at the mercy of the manufacturer, are still willing to take that chance as long as they can get it."

Robert Tinsman, President of the Federal Advertising Agency, had this to say about the exclusive agency: "Exclusive articles, exclusive by nature and appeal, such as cloaks, suits, millinery, furniture, require exclusive-agency representation to secure proper featuring by the retail merchant. If an exclusive article is not merchandised in this way the result will be that it loses its individuality and distinctiveness.

How Advertising Agency Man Looks at It

"It must be remembered that no exclusive agency can exist without mutual advantage existing between manufacturer and merchant. It must be good business for the merchant to feature this line as an exclusive proposition which affords him enough profit to permit this monopoly of that place in his store. If this law is not observed, then the exclusive agency will not exist, and a case in point is Holeproof hosiery, which became a general proposition after it was started as an exclusive proposition.

"An article of general appeal like Kayser gloves should be sold through all stores, as an exclusive agency would not permit sufficient featuring by any one merchant to satisfy the manufacturer.

"I think this entire subject can be covered by the statement that exclusive articles require an exclusive agency, and an article of general use, with nothing exclusive in its nature or appeal, requires general distribution. An exclusive agency for an article of general demand is a very expensive thing for the manufacturer, because it invites substitution. If your wife wants to buy a pair of Onyx silk hose she may ask for them in a store, but if they have other silk hose that look as good at a little lower price, she may very likely accept them instead of going out of her way to find a store that carries Onyx. On the other hand, if it is a coat or suit which she is about to purchase, which involves a considerable outlay; she is very willing to go some distance to get a garment that is guaranteed for two seasons' wear. There, you see, the manufacturer who has a general article with an exclusive agency is the big loser, which fact does not apply to the manufacturer who has the exclusive article, and therefore an exclusive agency.

"Experience has proved that the exclusive article with a reputation established by years of advertising can outsell the unestablished article of even superior superficial attraction in the eyes of the most persistent shopper. It is the reiteration of the quality arguments of the advertised article on the consciousness of the shopper which does the work, despite her shopping instinct, and brings her back to the exclusive agency for the advertised brand."

The Mark Cross people, who, up to a short time ago, sold their line through exclusive agencies, have now changed their selling plan and are supplying all dealers who can handle their line. P. F. Murphy, president of the company, said that the reason they had to change their policy was because their line was so large they found that very few dealers could handle it.

"For instance," he said, "our former agent in Chicago is merely a haberdasher. While he could handle a great part of our line, still he could not carry one of our most important items, which is ladies' gloves. The same would apply to a jeweler who could not handle some items on account of the nature of his business. With our new system we will be able to sell to everybody and also to appeal to certain dealers who can handle only certain articles of our line."

Mr. Murphy laid special stress on the fact that as a general rule a merchant with an exclusive agency becomes so sure that a customer cannot go to any other store and buy the line that he grows lax and makes no effort to push the exclusive article.

While this may be particularly true in Mr. Murphy's case, still in my experience I have found that whenever a dealer gets a chance for an exclusive agency he used his greatest efforts to increase his sales owing to the margin of profit there is in it for him.

CHAPTER VI

THE DEPARTMENT STORE AND NATIONAL ADVERTISING

IS THERE any inherent reason why the interests of the department store and the national advertiser should conflict? There are both department-store men and national advertisers who conscientiously think there is. There are others who do not. There are department stores which virtually refuse to handle any branded articles unless they themselves control the brand. There are others who make a feature of carrying branded goods and advertise them as they would their own. On the other hand, there are national advertisers who believe department stores ought to be driven to handle their goods, while others believe they can be led into it.

The kernel of the department store as an advertiser's problem is the fact that the department store gets its main advantages as a retailer from its power and skill as a buyer. And it is not always to the interest of the national advertiser's plans for building up the widest possible distribution to give to the department store as much of an advantage in its buying as it believes itself to be entitled to. Again, it is to the interest of the department store to keep itself as independent as possible in planning its purchases and in "developing its sources." Many buyers for department stores object to pushing nationally advertised goods, because they believe the building up of a sale for these goods curtails this independence.

There is abundant evidence that the question of the relations between the national advertiser and the department store and the public, while it is a critical one, is gradually working toward solution. It is a safe prediction that neither the national advertiser nor the department store will be annihilated, but both may be obliged to somewhat modify their present attitude toward each other. In order to trace the developments of the past year, suppose we look first at what the department-store problem really is, and then at some of the steps which have been taken toward its solution.

(1) WHAT IS THE DEPARTMENT-STORE PROBLEM?

Edward Mott Woolley describes the main features of the department-store problem in the following terms:

*When the hot weather came on last May a New York man awoke to the need of some light-weight underwear. He went to a department store and inquired for a nationally advertised brand. He had never worn these goods before, but the advertising had got hold of him.

Yes, the store had them. He gave his size, ordered two sets without bothering to examine them closely, and went back to his office.

Next morning, when he dressed, he discovered that one of the garments had legs that came to his ankles; the legs of the other garment came barely to his knees.

"Darn that store!" he said. "Why didn't the clerk ask me what length I wanted in legs?"

This sort of thing happens constantly in department stores, where branded goods are not, as a rule, handled with the same efficiency that is given them in smaller shops. The customer gets wrong sizes, wrong patterns and colors, styles that are unsuitable for the particular use desired, and "seconds" that are sold at a reduced price but without any reference to the inferiority of the goods. The result is that branded goods often get a black eye at the very place where they ought to receive an introduction to their biggest markets.

This situation suggests the present article, which, however, is not primarily an article on selling, but on the organization of department stores. If manufacturers of branded goods realized more fully the complications and imperfections of such great selling organizations, they might be able to devise better methods of co-operation for the sale of nationally advertised goods.

A Complicated Organization

*Printers' Ink, August 6, 1914, p. 3.

Incidentally, they might perhaps help department stores to improve the all-around efficiency of clerks. A manufacturer who can perform such a service for a store will surely put his own goods on a better foundation.

Retail distribution is, in truth, an art that is still crude. To a lesser degree, the same thing applies to wholesale distribution. In merchandising volume has developed faster than the real science of it. Most department stores have evolved and charted an outward form of organization, but in almost every pyramid of such a chart you will find a lack of those refinements that mark the better class of manufacturing organizations of to-day. There are, of course, some exceptions. . . .

In well-organized department stores the detail is classified and distributed. In one large Eastern store, where I spent several days studying the workings of the organization, the general manager has under him five executives of co-ordinate authority. Each of them, too, is a vice-president and stockholder. Thus the big merchandising train is run in five sections.

The members of this managing board of five vice-presidents do not take orders from each other, nor do they take orders, in the ordinary sense, from the general manager. In matters requiring special authority they get their powers from an executive committee. And this committee is made up of themselves. They meet at frequent intervals—every afternoon during busy periods—and take up such matters as are presented to them in typewritten memoranda.

The general manager may or may not attend these meetings, but the results of them are passed up to him. He has the veto power, but only two or three times in three years has he used it.

The President's Power

The president, who really stands on the same plane as the general manager and the treasurer—just one notch higher than the managing board of five—rarely interferes, but devotes himself to great creative policies, and to studying the complex subject of merchandising, a subject which few merchants have really gone into in a scientific way. But, naturally, his researches and original ideas have a strong influence on the daily operations of the store. In fact, he has evolved and put into words what is probably the most minute and complete system of merchandising ever devised. In its larger aspects it is a sort of philosophy of retail distribution.

Consider, briefly, the duties of these five executives under the general manager.

Take the store manager first. He pulls the first section of the train. The cars of his section, if strung along in a row, would be labelled in part something like this:

Operation, Selling, Expense, Employees, Deliveries, Education, Protection.

In other words, he has charge of the physical operation of the plant. Under him is the superintendent, the floor superintendent, and the clerks, messengers, wrappers, and so on. The delivery department is under him, the mail-order department, the work of marking goods. He controls the building itself and the supplies. Furthermore, he plans the settings for all the special sales and various store events. . . .

The second section of the department-store train is hauled by the merchandise manager for women's goods.

Who the Merchandise Manager for Women's Goods Is

This executive, being relieved from all detail of plant operation—except the larger matters that come before him as a member of the executive committee—has free swing with the merchandise itself. While the store manager has supervision over the routine of selling, the merchandise manager does the higher brain work of it.

What sort of gowns are the women going to wear the coming season? Are capes going to be popular? What quantities of this, that, or the other line of goods must be planned for? How are the lines going to be divided and subdivided as to grades, prices, and so on? How are profitable goods going to be worked in with those not so profitable, yet necessary to handle? These are just a few of the multitudinous questions the merchandise man must answer, almost always in advance.

It is the merchandise manager, too, who puts on the pressure. A year ago this month the glove department, say, sold goods to the extent of $12,000. This year he says:

"We must sell $15,000."

He does some calculating and finds that his average daily sales of gloves, counting out Sundays and holidays, must be $525. First he tells the store manager, and this executive prepares to stiffen up his speed a little. The efficiency of clerks must be kept from falling off. . . .

As the month progresses the clerical force keeps a daily record of glove sales. Not only that, but the merchandise manager has before him a daily sheet, of immense proportions, showing the fluctuations of all conditions bearing on the above department—and on all other departments, too, each by itself.

Records of Sales

The glove records show, for instance, the actual daily average of gloves sold to date; the daily average to the corresponding date of the preceding year; the actual sales in the aggregate, during the month, to date, and the same for the preceding year; the mark-downs for the month; the goods delivered into stock, the planned per cent. of mark-up; the per cent. of mark-up on goods delivered into stock to date; stock on hand each day; planned stock to be on hand at end of the month; quantity of goods "open to buy" each day, and so on. . . .

Now, if you were to string out in a line all the figurative cars pulled by a merchandise manager in his section of the department-store train, you would have a showing more or less like this—although there is a great variation in the detail of organization among different department stores:

Each Buyer Has Own Department

Buyers or Department Managers, Assistant Buyers, Heads of Stock, Goods, Resources, Profits, Shopping, Bargain Basement.

The buyers are really merchandise managers in a lesser degree. Each buyer has his own department to pull. He is a sort of Pullman conductor of one car. But he doesn't have the loafing job that the real Pullman conductor has.

When he starts in, the merchandise manager—who has previously worked out the detailed scheme for all the departments—allots him a certain area of floor space. On this he is charged rent, light, heat, and a pro rata of general expense all through. Then he gets a certain sum as capital.

"Go ahead," says the merchandise manager, "and make some money for the store and for yourself. You are really in business for yourself—only in some ways you are tied up to me and mustn't try to break loose. I'm the man who ties all the departments together."

Thus all the buyers make up a big group of merchants, each running his own store, so to speak. It would be pretty nearly the same thing if, instead of having all the departments under one roof, each was a separate store by itself, under a central management—only in such case the expenses would be very much heavier.

What Buyers Earn

Buyers usually get salaries and commission. Salaries run from $2,500 or less up to $35,000 or more. Perhaps they average between $5,000 and $10,000. Buyers are expected each year to show a gain in sales over those of the year preceding. A buyer who stands still isn't a good buyer. If he gains $200,000, as the buyer in a furniture department did last year, he may get, as this buyer did, a commission of 3 per cent., or $6,000. With his salary, he earns $15,000 or more. In addition, he gets a commission on the total annual gain for the whole store. This is a broad incentive to help along all departments. . . .

The heads of stock are, in some degree, buyers in theory if not in fact. Their detailed knowledge of markets and goods enables the buyers to measure the demands and shape their policies.

Jump along now to the third section of our hypothetical merchandise train. In this particular instance it is hauled by the merchandise manager for men's goods. His duties are identical with those of the merchandise manager just discussed, so we can skip him.

The fourth section, however, comprises quite another field of activity. This section is headed by the publicity man.

Advertising Man's Relation to Others

In most department stores this executive is under the control of the merchandise manager—and ordinarily there is only one merchandise manager. But in the store in question the publicity man is just as independent as any other member of the board of managers. He conducts the advertising department without being dominated by the over-enthusiasm, perhaps, of his associates, the merchandising men.

One day, for instance, some advertising copy came to him, the substance of which had been furnished by the buyer in charge of leather novelties and passed by the merchandise manager. The publicity man scanned it and sent it back to the place where it came from.

"You are too extravagant in your claims for these handbags," he said. "Tone down the copy in such-and-such respects."

Again, some neckwear copy came up wreathed in a halo of admiration for the neckwear.

"It's all right to admire your own stuff," said the publicity man, after he had sent a couple of experts to report on the goods, "but please be sure you are telling the literal truth. This store, you know, stands by the 'money back' principle to the limit, and we don't want to make rash statements that we'll have to eat later on."

The publicity man also has charge of window displays. He has a wide vision in this and in all forms of publicity, and he stands ready to give such special help to any department as the good of the whole store demands.

The fifth and last section is made up of the comptroller's department. Here are the cars as they stand lined up ready for their daily run:

Accountant, auditor, credit manager, cashier, correspondent, librarian.

What Makes the Wheels Go Round

Thus we have our department store pretty well classified into its components. But we have seen, too, that mere classification doesn't constitute true organization. You can separate men into groups and put each group into its groove and still the store won't grow very fast. The thing that brings rapid growth is usually that inner organization that stimulates all the groups with a common incentive.

Perhaps I can make this still clearer with another example. A large annual sale was being planned, and, according to rule, the store manager made his plans for it and put them into typewriting and charts. These he submitted to the executive committee, of which he was one. The two merchandise managers, the publicity man, and the comptroller also submitted their plans in typewritten form. Thus all phases of the sale, and the store activities connected with it, were harmonized and put into one plan. Instead of hiring 1,200 extra employees, as the store manager had planned, 1,000 were able to do the work. This was merely one result.

No executive or employee is permitted to move in his or her orbit alone. In carrying this principle down to the sales force, the store conducts an elaborate system of instruction, which, while theoretically under the direction of the store manager, is really conducted by all the higher executives and buyers. There is a school that teaches store salesmanship, along with its allied branch—a knowledge of the goods the store sells. All clerks work on a salary and commission.

Now what bearing has all this on the manufacturer? What can he gain by a knowledge of department-store organization—or lack of it, as is often the case?

Well, one very important thing he can learn is that goods, as a rule, don't sell themselves. He can learn that co-operation in a department store is the thing that gives sales the greatest impulse. It follows, then, that any co-operation he himself can give a store will help his own sales.

How About Branded Goods?

Many department stores, as manufacturers well know, dislike to handle branded goods because the visible profit is less. It is not easy, therefore, to force co-operation. Probably this is the reason why, in many cases, no attempt has been made to do it.

The manufacturer of a certain branded article had long paid little attention to department stores. They handled his goods in a perfunctory way, but buyers sidetracked his article whenever possible and clerks were instructed to substitute unbranded goods when it could be done readily. All the manufacturer's arguments to the department-store buyers seemed useless.

Finally an advertising agent said to this manufacturer:

"You have been working on the principle that the buyer is the whole thing. Change your tactics and get after the merchandise manager. Ask him to let you put on a little series of motion-picture lectures to clerks, descriptive of your goods, the way they are made, their points of excellence, and so on. Don't knock anybody, but do some real, constructive, educational work on the clerks."

To the manufacturer's surprise, the merchandise managers proved far more receptive than the buyers had been. Sales through department stores increased quite notably, and gave evidence of large possible growth in the future.

This suggests, perhaps, the possibility of co-operation among manufacturers of different lines of branded articles for the exhibition of series of motion pictures to department-store clerks. And, carrying the thing out logically, why not motion pictures for the buyers? At least these executives might have special invitations.

"I should not have any objection to various series of motion pictures presented by half a dozen or more manufacturers, in a combination for that purpose," says one merchandise manager. "But of course I should not want a lot of scattering motion-picture shows, taking up a great deal of time. Incidentally, there is opportunity for manufacturers, in giving such exhibits, to work in a little general salesmanship stuff. In fact, I have been thinking myself of giving our clerks some pictures of that sort."

Perhaps there is something of a field here for a man of creative tendencies to do some good work posing salesmanship pictures.

In other ways, too, a knowledge of department-store organization suggests lines of attack. Take, for instance, the department of profits, which usually comes under the direction of the merchandise manager.

The Profit on Trade-marked Goods

In one great department store that I know about profits are analyzed down to the last refinement. Practically every counter tells its own story. Merchandise is departmentized in two or three times the detail that it is in most stores.

In the average department store, however, it is customary to lump several lines of goods, often many of them, and reckon profits on the whole lot. Such stores can tell the gross profit on any line of branded goods, but not the actual net profit.

Often in the handling of nondescript goods there is a heavy cost of refilling unsatisfactory orders, patching up complaints, and things of that sort. I know of stores where the cost of the adjustment department is charged to general expense. How much of it ought really to belong to unreliable goods which ostensibly show a better profit than some branded goods do?

Then small consideration is often given in department stores to the indirect benefits of handling and pushing branded goods. One department-store proprietor, however, said to me:

"I find branded goods the best business getters I have. I always display them and emphasize them in every way possible. They give my store a prestige and a caste that I can get in no other way. It is like surrounding myself with a company of brilliant and distinguished people. Then the standardized price of such goods makes it easy to sell them."

This merchant started only a few years ago with a tiny store, and now does a business of $500,000 a year—a small department store yet, but showing a remarkable development. He has modelled his organization as closely as possible to the best types in department stores.

All of which hints at arguments which, if persistently used, cannot help but have some effect.

Still another benefit to be gained from a more intimate knowledge of department-store methods is this: Anything that helps the store give the public real service will ultimately find its way into the good graces of department-store managers. Take corsets for instance. Here you see some examples of really fine work on the part of manufacturers of branded goods. In some department stores the corset saleswomen are trained and drilled by representatives of the manufacturer. Without such trained saleswomen it would have been impossible to introduce some of the higher-priced corsets that now have large sales.

Many manufacturers spend large sums in dealer work of various kinds, but devote their attention mostly to the smaller retail stores. In the department stores there is a large and highly specialized field for this sort of thing that has scarcely been touched. One can scarcely go into a department store without realizing, often with indignation, the crudeness of things and the apparent indifference of the manufacturer to the people who are handling his goods.

A tour of one large New York store showed results like these:

Clerks handling a nationally advertised and rather complicated door-spring who knew absolutely nothing about its principles and could give no advice as to its various uses.

Clerks selling a certain advertised brand of varnish who could give no information as to its use for specified purposes.

Clerks in the refrigerator section who had no knowledge of the points of vantage on which a manufacturing house was basing its advertising. This refrigerator was on sale, but the clerks, on being questioned, showed themselves to be mere blanks.

Clerks handling an advertised porch hammock who could not explain how the frame folded or of what the mattress was made.

Clerks in the grocery department handling a very largely advertised food product put up in glass jars who knew nothing whatever about this manufacturing house. They could not even tell, without looking at the label, where it was located, nor had they any clinching little arguments with which to close sales.

This situation suggests to manufacturers of branded goods the necessity of impressing themselves more emphatically on the great modern selling agency, the department store. What branded goods need is to get deeper under the skin.

One of the most pronounced developments in connection with the working out of the department-store problem is the growth of specialty stores. In some cases this takes the form of a specialization of existing stores in certain narrow lines and in other cases it takes the form of specialty stores established to form a particular work. J. F. Beale, Jr., Advertising Manager of Saks & Co., of New York, formerly of R. H. Macy & Co., New York., and of Strawbridge & Clothier, Philadelphia, writes as follows concerning what he thinks will be the probable future course of department-store development in New York City:

*If I were a manufacturer I should do some fine commercial detective work right now in New York. I would determine which of one, two, or three big stores were most likely to push hard for leadership in the lines I manufactured, and I'd tie up very fast to them. Then I'd co-operate, with a capital C!

There is much speculation now in ever-widening circles as to the future of the department store in the United States in general and in New York City in particular.

It is a topic of great interest to hundreds of manufacturers, importers, jobbers, and bankers.

Guesses and theories are as plentiful, almost, as snowflakes in a blizzard.

Unfortunately, those who are in a position to give *real* information are strangely silent.

The spirit of uncertainty and unrest cannot be denied, however. It crops up continuously; in fact, its evidences appear with increasing frequency.

It is noticeable that merely in the matter of credit and standing in the market, houses always very careful to discount their bills are jogging up the buyers to pass through bills even more promptly than usual and goading their accounting forces to pay "on the dot." They want to take no chances with that sensitive thing "credit."

They know their credit is good and their standing strong, but they don't want to even be *discussed* on these lines. In these troublous days they realize that one or two bills not discounted are liable to be multiplied to one or two hundred "in the trade" and on the street.

One big store would like very much to know where a certain

Printers' Ink, July 8, 1915, p. 17.

rumor, persistently current, originated. It credits the store with being eight to ten months "behind" in payments on several large accounts.

Tales Told in the Trade

Another store is suffering from the widespread report given broad credence, and apparently undenied, that it lost $750,000 in one year's trading.

Another store suffers from the report that it cleaned a paltry $12,000 on a business of over $10,000,000 in one year.

And so on down the line. One store is reported unable to continue owing to recent disclosures and must go out of business. Various reorganization schemes are proposed, only to meet with opposition. Apparently shrewdly laid plans to rehabilitate a certain big New York merchant, whose great interests were interwoven with Chicago and Boston, do not seem to come to a head.

A well-known merchant of Brooklyn, whose concern came to be in distress, is quoted as saying that if he had $20,000,000 capital and a proper rental rate on the Sixth Avenue stores that have been vacated one by one by failing department stores, and could reorganize the one big store still remaining in that district, he could in a few months show the commercial world some great things in volume of business, merchandising, quick turnovers, and big profits.

The owners of one of the great stores in New York have been so persistently connected with a rumor that they were about to buy a big Brooklyn store that failed that they deemed it necessary to make denial. The denial, commented upon later by several very well-posted and prominent New York retailers, was construed as having a tone of "we have all we can attend to right here just now, thank you!"

Two of the oldest department stores are reported as considering consolidation to effect reduction of overhead and advertising expense and fixed charges.

A group of men active in the department-store and large retail field were at luncheon at the Waldorf a short time ago. It was in the latter part of June.

One of these men, who had seemingly been in a deep, brown study for a time, suddenly looked up from his plate and said: "Gentlemen, there are nine of us here and each ought to be able to give me an intelligent and dependable prediction with regard to the department-store situation in New York. What is the future of the department store?"

There was silence for several moments. To the writer they seemed very long minutes, indeed.

Then one man spoke up. He is not a department-store man, though he once was. His business, a large and growing one, depends for 90 per cent. of its volume upon department stores and the larger specialty shops. This is what he said: "I believe that in a few years, mind you, I say a *few* years, there will be in New York City not more than six department stores, as the name is now applied, and that their methods will be greatly changed and improved from the standpoints of advertising and merchandiseing methods, service, price-cutting, the sale of trademarked and proprietary goods and brands, their 'overhead,' their methods of co-operation, the manner of their competition, and the personnel of their executive forces, as well as that of the rank and file. I further believe that the desirable specialty shops, now conducted on lines of high commercial principle, will grow and their yearly profit increase. As for the chains of stores—well, I am glad I am in no way concerned with their multiplying burdens."

Predicts That Six Will Survive

The foregoing is almost an exact quotation.

Every one at the table listened intently. There was another long silence. Then the original questioner said: "Mr.—— has expressed my own views so concretely that I have nothing further to say."

Turning to a very successful and well-known advertising and merchandise manager for one of the stores he asked: "What do you think?"

"I thoroughly agree with Mr.——," was the answer.

Then it developed that the nine representative men were unanimously of the opinion expressed in the above quotation. Some of the men are directly interested in the stores under discussion, but which have not been named for obvious reasons.

One man said he desired to give emphasis to the part referring to the higher tone which must pervade the personnel of the management of the big stores. As he put it: "The word 'predatory' must be forgotten; the big stores must be managed by *merchants*, not *bankers*, by practical men, not 'relatives,' recent graduates and men of untried fitness; and tremendous salaries and big percentage 'rake-offs' must be abolished."

Another man, keen on the subject of the development of employees as units, claimed that there will be a decided advance on that line. He pointed out that indications are not lacking to prove that the best merchants are giving much thought to the improvement of their service and the decrease of waste and error by the development of the individual worker. . . .

There is going to be an era of fewer stores but better stores; an era of specialization, rather than bigness and diversity of stocks for the mere sake of "impression." There is coming an era of greater honesty in advertising and merchandising; an era of increased safety for the consumer.

Specialization, Rather Than Bigness

"Overhead," so greatly increased during the last decade by the impositions of entertainments, by the abuse of C. O. D.'s, by credits and exchanges and by other causes, will be decreased. Above all, High Principle will regain her place on the throne. We shall get closer to the ideal. It must be so.

Customers weigh points pertaining to value as well as prices. Style, durability, convenience, appearance, newness, exclusiveness are all important in the eyes of the buyer. A store's real growth and development must come from that satisfaction of customers which lasts when price has been forgotten.

Service must be the aim of the new kind of store, and service in its broad sense, the sense in which the customer regards it, is that which effects *genuine* economies for the customer and facilitates shopping. True value exists only where there is the proper relation of reasonable price and sound worth.

Big retailers of a certain calibre have been rocking the commercial boat at a lively rate for some years past. Several disastrous upsets and grave accidents of one kind and another have brought men to their senses.

It will be a great day for the people, for the managers and owners of stores, and for the manufacturer when all big stores make their bid for business on the basis of building up and keeping a *clientele*, and do not depend upon "sales" of questionable merit fast and furiously following each other for their trading; "sales" in the advertising of which they juggle in the "values," do high vaults over truth; flimflam the manufacturer out of a just profit; play "hob" with the established trademarked article of sound merit; take toll of the employee, and end by fooling themselves worst of all.

For any one of a hundred reasons a certain department may pay in one store and fail in another.

It is only common sense for a merchant to push and develop that in which he seems to be most successful. The day is coming when the retailer will not hold it as of greater importance to have a large number of departments than to conduct a less number with profit and satisfaction to all concerned.

In other words, the department store in New York as an institution has not proved itself an improvement over the specialty store. The next few years will see the great stores specializing more, and the established specialty stores developing greatly.

There will be stores that will achieve leadership unquestioned, in linens; others in home furnishings; others in apparel; still others in piece goods, etc. The people themselves will help to make the condition and will be glad to assist in maintaining it.

If these prophecies should come true it seems probable that even after the specialty store development becomes a conspicuous feature of the manufacturer's distribution problem, many of the present aspects of the conflict between national advertisers and department stores will not be materially modified except as the organization and work of the specialty houses may be more effective than is the case in the present larger and more general organizations. The following description of how a large specialty store attacks its advertising problems contains some suggestions which will be of interest to any one concerned in the probable future of national advertising in connection with large retail store outlets. Louis E. Kirstein, Vice-President of William Filene's Sons Company, Boston, described the advertising methods of his store in an address delivered on June 22d at the Chicago Convention of the Associated Advertising Clubs of the World:

*The chairman of the Retail Department of the Associated Advertising Clubs of the World has succeeded in convincing me that you would be interested to hear, from the head of the publicity department of William Filene's Sons Company, of Boston, the aims and methods of that publicity organization. I felt that Mr. Black was better fitted to put this matter before you, as he is in closer touch with the national field and is ac-

*_Printers' Ink_, June 24, 1915, p. 26.

quainted with what a gathering of this kind wants and what will be of most value to it. On the other hand, it was argued that the man you really want to hear is one who is spending his own money for printers' ink, and so in answer to the persuasive call of the almighty dollar, I am here to spend twenty minutes of your valuable time.

The business of William Filene's Sons Company is, in the main, to sell ready-made apparel. Since moving into our new store, almost three years ago, we have extended this business until it includes all members of the family.

The business is divided into four co-ordinate pyramids. The head of each pyramid is a substantial stockholder in our company; in fact, the president, general manager, and these four men virtually own as well as control the business. Pyramids are as follows:

Store management, having charge of service and personnel—Presided over by the store manager.

Finance and accounts—Presided over by the comptroller.

Merchandise—Presided over by the merchandise manager.

Publicity—Presided over by the publicity manager.

These four men compose a board of managers, which controls all the details of the business. The president, general manager, and the four heads of pyramids constitute the executive committee of the board of directors. In addition to the six men before named, the board of directors, eleven in number, is composed of the head of an important store department and four representatives nominated by our employees' organization known as the Filene Co-operative Association. I shall not attempt to divide minutely the responsibilities of these different bodies, feeling that you are interested in the matter of publicity primarily.

Publicity Manager Has the Responsibility

First of all, the publicity manager of the Filene store manages the publicity. He is responsible for it all, from the chirp of canary birds in the restaurant to the flaming electric initial on the roof. Certain laws are laid down for his guidance, but he alone is responsible for the right enactment of those laws. As somebody put it, "It's up to you to extend the glad hand through the spoken word—to be the *chef* of hot stuff in cold type."

On the official records the duties and responsibilites of the publicity manager are set forth as follows:

"The publicity department shall direct and be responsible for everything printed or displayed, in or out of the store, for the purpose of attracting public attention and business.

"Make effective the publicity policies of the store as prescribed by the directorate and management.

"Bring into the store at all times an adequate number of possible purchasers by arranging for and administering all printed publicity for circulation or display either in or out of the store; all displays of merchandise, either in or out of the store, designed to attract public notice; and every special publicity device, entertainment, or occasion designed to attract public notice.

"Be responsible for establishing through publicity media cordial and friendly relations between the store and the public in groups or as a whole, but not individually."

Sales volume is to be planned on the basis of the public's buying capacity and not in view of the limitations, real or imaginary, of any department of the store or of the store as a whole.

This means that planning shall always be ahead, pulling the store up to maximum efforts and results.

My organization has three distinct arms:

1. That which relates to advertising copy;
2. Window and other decorations and displays, outdoors or in;
3. Entertainment.

While these three departments report to me directly, their work is laid out in conjunction and the aim is to have it in absolute harmony. Almost invariably, when outsiders visit the store and learn the extent of our advertising organization, surprise is expressed that my staff is so large and evidently so costly. But the Filene store proceeds upon the theory that nothing is more important than its publicity. We have learned that it is not what we think of ourselves that counts, but what the public thinks of us. It is one thing to offer at $15 each a thousand suits that actually are worth $25. It is quite another thing to make the public credit our statement of value. It is one thing to put back of our merchandise an organization that reduces to the minimum all chance of misrepresentation or inadequacy. It is quite another thing to make the public appreciate that organization.

This all takes time. The hen was the original advertiser. Rushing from her nest when the first egg was laid, she proclaimed that egg enthusiastically and sincerely. The chances are she was not believed. But as time and cackles rolled around, the world came to believe the hen. The egg was always there. And so it is with the modern store. We must persist until the public has become convinced there is something well worth while back of our cackle.

To bring this about we have stopped at no trouble or legitimate expense. And we have proceeded on the principle that to make the truth carry home it must be made as attractive as possible. We aim at presenting Filene store news so entertainingly that the public will look for it in the newspapers.

This leads up to one of the most important fundamentals of the Filene publicity department. It is a law of the house that,

Truth-telling

"No exaggeration, no misleading statement, and no half-truth shall be made under any circumstances in connection with any of our publicity." Again, "Any statement the truth of which we do not have absolute proof at the time it is to be printed will be excluded from our publicity."

As an aid to this publicity, we maintain a competent comparison organization working equally between the publicity and merchandise organizations and responsible to both, the duty of which is to see that no exaggerated statements are made with respect to value, style, or quality, and that everything is sold as low as or lower than our competitors sell it. This has proved very effective, but it does not always prevent misstatements or exaggerations from creeping through. Therefore, to make assurance doubly sure, we offer prizes to the public and to our employees, and regularly advertise the fact in the newspapers, for the detection and reporting of errors, as follows:

1. A prize of five dollars shall be paid any woman, girl, or man, not an employee, who first detects an error in our failure to take automatic mark-downs in the automatic bargain basement in accordance with the rule, etc.

2. A prize of five dollars shall be paid any woman, girl, or man, not an employee, who first detects any misrepresentation in our advertising, awarded by publicity manager.

3. A prize of five dollars shall be paid any woman, girl, or man, not an employee, who first calls our attention to instances in which we are undersold on regular merchandise in other stores in Boston, awarded by the merchandise manager.

4. A prize of 50 cents shall be paid any employee for discovering errors in any department in the store (outside of his own department) covering errors in mark-downs, misstatements, etc.

The law that we shall make no statement in our advertising without having absolute proof in our possession means just that.

For example, if 500 women's coats are being rushed over from New York for disposal on a certain day, we will not print a word regarding them until we have seen the coats—until our comparison department, as well as our publicity representatives, have approved them. The advertisement may have been written in advance and be in proof form. We may have relied upon buyer's description for our information. But the advertisement will not be released for newspaper publication until the merchandise has been shown and approved.

The Filene store differs from nearly all others inasmuch as its publicity department is placed upon the same plane of authority and responsibility as other departments. This is in accordance with our theory that it is bad business to place responsibility without adequate power. In the Filene store the merchandise department has no authority over the publicity department—has no right to force it into exploiting any merchandise or adopting any method which in the judgment of the publicity department is not in accordance with Filene store principles. In most stores, quite the contrary is the case, the merchandise department having authority to force the publicity man into giving it publicity at the time and after the manner decreed by the merchandise organization.

Pushing the Popular Lines

It is our policy to devote publicity to merchandise which the public wants rather than to merchandise which the store wishes to dispose of. This means that the making of mistakes in merchandising is not rewarded by a great flourish of publicity trumpets. It means that the buyer cannot be careless and indifferent and then turn over and sleep on the other side, secure in the knowledge that his mistakes will be forced upon the public through the medium of printers' ink. On the other hand, our publicity department is fully empowered to plan and co-operate with the merchandise department toward procuring such merchandise as is necessary to carry out our policy of being the first store in Boston to show the season's newest styles.

This method of co-operation results in safeguarding our publicity almost automatically. The merchandise department in our store has come to realize that the merchandise which it offers must pass the careful scrutiny not only of that department, but the comparison department and the publicity department as well or no publicity will be given to it. The merchandise department has learned that this careful check influences its buying and that the merchandise which it offers, bought with this policy in mind, has a far better chance of selling rapidly and thus avoiding, to a very great extent, the dreaded mark-downs. The merchandise department having learned that our publicity policy is of tremendous advantage to it, there is very little or no friction and almost perfect co-operation between the two departments.

All of this understanding and method is made the more possible because of the fact that the major part of our advertising is planned in conference with the merchandise department, far in advance of actual selling, so that there is ample time and opportunity for co-operation with the merchandise and other departments.

To carry out the plan of showing the newest goods, the publicity department proceeds upon this policy:

(1) That we shall be the first store in Boston to show every reasonable novelty in each line.

(2) That in our windows and in our departments we shall constantly present a display of attractively new and novel styles.

(3) That each department shall be required to bring out for window or newspaper, or both if advisable, at least one obvious dramatic novelty each week in its season, or as often as is possible.

(4) The function of the novelty is to give style and tone to the department, help the sale of the regular lines, draw the favorable attention of the public to the department by reason of the fine class of goods shown and advertised, and so help directly as well as indirectly the sale of merchandise at every price.

Responsibility of Advertising Department

Another rather unusual feature of the Filene store is the fact that we draw a sharp line as to the responsibility of the advertising department at the point where that department has brought into the store an adequate number of people. In other words, it is not a part of the responsibility and duty of the publicity department to sell merchandise—simply to co-operate in seeing that the right merchandise is shown and then to exploit that merchandise in such a manner that sufficient curiosity shall be aroused to bring an adequate number of people to the store.

As for our windows, here the widest latitude is permitted. We are showing a thousand and one things in the course of the year that we do not sell—all of these novelties being aimed at public interest and public attention. As for the merchandise in our windows, our tendency is to give a constant exposition of style rather than mere bargains. In other words, the purpose is to make the windows so attractive that they will attract the public in to inspect the whole store instead of to visit one or two departments.

On five of our selling floors we have interior streets overlooked by display windows.

Both in our windows and newspaper advertising we are working away from the old-fashioned method of talking bargains. In our basement store we suddenly discontinued the use of comparative prices almost two years ago, without even explaining that we were doing so. The public did not seem to notice or object to the change. Our basement business continued to increase. Four months ago we eliminated comparative prices from our main-store publicity, and, as matters are now progressing, it looks as though we would permanently continue that policy. If, as happens occasionally in certain seasons, one of our own prices has been reduced, we are privileged to say so—either in windows or newspapers. But we are careful not to say that the old price is the present value of the merchandise.

We have indulged in a considerable amount of semi-editorial publicity. This has been written along rather chatty lines and its aim has been to make the public look upon the Filene store as a personal acquaintance. In other words, we have injected as much of the human-interest element into our publicity as possible.

Bargain Appeal Carefully Curbed

In the old days of the Filene store every month was a bargain month, every week a bargain week, every day a bargain day, every hour a bargain hour. Now that plan of doing business has been relegated almost entirely to our automatic bargain basement. Upstairs we plan to limit the bargain periods to four months—two in the spring and two in the autumn—falling between the regular seasons. Which means that during eight months of the twelve we are offering a good portion of Filene merchandise at fair, low prices and at regular profits. Of course, we are still on the outlook for special purchases. But the latter correspond to the midnight fire or murder which upsets the plans of a morning newspaper's first page, but which helps that first page by upsetting it occasionally. Here we aim at making the unexpected —the quick purchase—the exception rather than the rule. We hold that a store which does not have to depend upon the accidental is the store which does not trace its success to accident.

We believe that the importance and power given to our publicity department and its policies are justified by the progress made, and we commend it to the careful consideration of our colleagues who are devoting large sums of money to the exploiting of their business, feeling sure that if the experiment be given a fair trial it will prove of great benefit to the merchant and to the public as well. And the public, as you know, will in the final analysis decide whether any institution catering to it shall fail or succeed.

(2) METHODS FOR SOLVING THE DEPARTMENT-STORE PROBLEM

The ideal condition from the national advertiser's standpoint is that in which the department store adopts the policy of exploiting the fact that it handles nationally advertised goods. During the past year or so a number of department stores have adopted the plan of having what were called "expositions of nationally advertised goods." For a given period of time the store makes a specialty of putting into its window displays and into its newspaper copy well-known national trademarks, and other advertising matter concerning the goods produced by national advertisers. The methods employed in this sort of an exposition by a department store in Detroit, Mich., are as follows:

*An exposition of nationally advertised goods has just been held by the J. L. Hudson Company, a department store in Detroit, Mich. It was energetically promoted by the store officials with the result that there was a marked increase in "charge" accounts and that sales for July—an "off" month—were higher than July of 1913.

Both the fact of the experiment and the success attending it are of real significance. If the J. L. Hudson Company is typical of the progressive element among department stores, manufacturers may find easier going in the future in their endeavors to secure the much-coveted department-store co-operation. The story is an important one and here it is:

According to E. H. Leonard, Sales and Advertising Manager for the J. L. Hudson Company, the store was not wholly in sympathy with the common idea held by a good many merchants

*_Printers' Ink_, September 3, 1914, p. 24.

that success in retail advertising hinges entirely on the price argument. A year before the management had seen great crowds throng Detroit's leading stores to look at "Made in Detroit" merchandise, during the "Made in Detroit Week," held under the auspices of the Detroit Chamber of Commerce. "If the people will turn out in reponse to such advertising during the warm weather, they will turn out just the same if we hold a similar exposition of nationally advertised products and promote it with the right kind of publicity," the store argued. And so it began to lay the foundation of a great nationally advertised merchandise exposition to be held during the dullest of the dull season—the first two weeks in July.

The plans for this exposition called for enlisting the co-operation of the manufacturers whose lines the store carried, *but no advertising allowance* was asked. The Hudson Company believed it was up to it to shoulder the whole cost of the advertising, inasmuch as it would derive the big profit from the "sale," and especially the profit on the new accounts the store hoped to secure. As the letter to the manufacturers stated: "We want your assistance. No money for ads. Just hearty co-operation with displays, demonstrators, or other features suitable to your particular line which we carry in stock."

And the company got the co-operation it sought. Ninety-five per cent. of the manufacturers approached agreed to help. Colgate toilet preparations, Bissell carpet-sweepers, Scot paper towels, Eureka vacuum cleaners, Koh-i-noor fasteners, Hudnut perfumes, Indestructo luggage, Fownes gloves, Krementz buttons, Victor talking machines, Chickering pianos, Buster Brown hosiery, McKay table pads, American Lady corsets, Kleinert dress shields, Martha Washington comfort shoes, Ingersoll watches, Skinner satins, Butterick patterns, Gillette safety razors, Hotpoint electrics, Stafford inks, Waterman fountain pens, Dennison crepe papers, Eagle pencils, Taylor pottery, and other well-known articles were exploited by some special attraction—a demonstrator, educational exhibit, sampling or souvenirs—and were used as "headliners" in the advertising.

The publicity campaign, which was planned and executed by the store's own advertising department, sought to draw the crowds by an appeal to curiosity. "Come and see the interesting exhibits, demonstrations, and show features," urged the street-car cards. "Thousands of well-known brands of goods in a new way—with working demonstrations, set displays, attractively arranged tableau effects, gorgeous color schemes, living models, etc., etc.," cried the big double-spread newspaper ads. "Meet me at Hudson's. Come and enjoy the exhibition of nationally advertised goods," exhorted the thousands of post-cards mailed by the store's army of salespeople to their friends and customers. "Be sure you bring along an extra large hand-bag to carry home the booklets, cards, catalogues, samples, and souvenirs of the occasion," suggested the great four-page, three-color circulars mailed to the 25,000 Hudson out-of-town customers. *But nothing was said about bargains;* nor were any prices cut. The few products that were listed with prices were shown more as a suggestion than an appeal to the bargain instinct.

The same was true with the window displays. Instead of a lot of the customary price-cards, suggesting great bargains within, show-cards were prepared appealing to the universal desire for reliable merchandise. Thus it was hoped to connect the store permanently in the public mind as the home of advertised products of unquestioned merit. The ten window displays featuring Eaton, Crane & Pike writing papers, Bien-Jolie corsets, Melba toilet preparations, Wilcox & White's Angelus player pianos, Butterick patterns, Bear brand hosiery, Kayser's gloves, President suspenders, Arrow shirts and collars, and Vassar and Rocking Chair underwear, respectively, were planned so that any one seeing the advertising of these products would unconsciously think of the Hudson store as being the Detroit headquarters for them.

Tying the Store to the Trademarks

But one of the shrewdest strokes of all was the way the management tied up the store with the good will which goes with all advertised trademarks. Great window cards were prepared in red, white, and blue, the national colors, and upon them were pasted the familiar ads of products being shown within the store. These ads were clipped from the magazines, and the wording in great red letters announced that the product was: "Nationally advertised and sold at Hudson's." Naturally after a passerby had looked at these cards, which were displayed prominently in the ten windows, he had a high regard for the kind of merchandise the Hudson Company carried, for the reputation of these products was familiar to her because of her reading magazines carrying that advertising. At the same time, whenever the passerby reads the advertising of those products in the future, she can't help but think of "Hudson's," just as arrows remind us of Coca-Cola.

But, setting aside any future advantage which the store will gain through thus establishing itself as the Detroit home of nationally advertised merchandise, the exposition had a decided effect on immediate business. After saying that the officers and board of directors regarded it as successful (spelling the word out), Mr. Leonard concluded: "The show gave us a decided strategical advantage in that it enabled us to attract the attention of Detroit shoppers to our new buildings and evident progressiveness. The attendance was wonderful, and the financial returns were decidedly satisfactory. *We enjoyed a 30 per cent. increase in charge-account patronage during July, and sales for the month were considerably higher than they were a year ago.* But what we regard as especially gratifying is that our trade in the well-known brands of merchandise has increased materially since the exposition, and we feel that the affair has been a wonderful help to us in maintaining the popularity of the goods in question."

But from the advertisers' point of view this exhibition, to whose success they contributed, the big gain was the effect on the salespeople. It goes without saying that an employee in walking around the store and observing the various demonstrations and exhibits acquires a deep regard for such products, and will naturally exercise that regard in her sales work whenever possible. Then, too, the educational bulletins issued by the advertising department during the exhibition and immediately preceding it helped to shape an employee's attitude toward meritorious advertised articles.

Selling the Idea to Employees

This bulletin service was very comprehensive and reached even the elevator boys. Altogether some twelve bulletins were issued. Some idea of the effect of these bulletins can be obtained by this paragraph from Bulletin No. 1: "This mammoth 'show' will serve a laudable purpose—that of connecting Hudson's with merchandise of national fame and worth. It will bring to mind in Detroit that certain nationally advertised goods which pass the censorship of high-class magazines may be secured at the J. L. Hudson stores." Here we see revealed the attitude of the store toward advertised products and the way it is educating its salespeople to push them because of their prestige-giving value.

The story of this experiment will not be lost upon manufacturers who are constantly striving for department-store co-operation. Here is a compelling concrete example to cite to lukewarm retailers. And certainly the moral of the exposition will not escape the notice of those who are connected with the management of progressive department stores.

Demonstrations conducted in department stores either wholly or partly at the expense of the national advertisers have been among the most common methods of co-operation between national advertisers and stores of this type. M. Zimmerman of the *Printers' Ink* staff describes in the following terms the demonstration methods employed by a number of national advertisers:

*When is it advisable for a manufacturer to place his own demonstrators in retail stores, and when do such demonstrators cease to be of value to him? Those questions are not the easiest in the world to answer, but they are occupying a constantly increasing share of attention as the use of demonstrators spreads. In some departments of big stores, nearly every girl behind the counter is a demonstrator, paid by the manufacturer. In toilet goods departments it is frequently the case that the only clerk on the store's payroll is the stock girl. That shows how the demonstration system has grown. Many manufacturers are investing a great deal of money in this form of publicity, and it is of great importance to find out when it ceased to pay a profit.

Right at the start it is necessary to distinguish between the two classes of demonstrators: those who are employed to help the distribution and to win friends for a new article, and those who are maintained to protect an established line. Colgate & Company employ a great many girls for the latter purpose, not so much to win new users for the company's products as to keep old friends from being "switched," and to maintain the company's standing against competition which may vigorously develop from time to time. Demonstrators of this kind may be regarded as a permanent feature of the company's sales

Printers' Ink, March 19, 1914, p. 94.

policy, and are not subject to the conditions which govern the use of demonstrators whose immediate duty is to influence new customers.

When a demonstrator enters a department store, she becomes a regular employee of her department, and must obey the rules and regulations in the same manner as any other employee of that store. Her salary is sent to her from the concern which she represents. Otherwise she is an employee of the store and is known as a demonstrator only to the employees of her department. She must report every morning at the same time the girls do and must leave with the other girls. She waits on all the trade in the regular manner, so that a customer whom she waits on does not know that she is a demonstrator representing a special article. During sales, if the girls have to remain over their regular hours either to arrange the stock or take inventory, she must remain with them and do an amount of work equal to the other girls.

How Demonstrators Are "Placed"

As a general rule, the demonstrator has a little display of her goods on the showcase which covers about one or two feet of space, all depending on how large her line is. She is always behind her display, and it is in this way, when waiting on a customer, that she tries to persuade the customer to buy her particular brand. Wherever you notice in a department store a conspicuous display of certain goods on the showcase you can always feel sure that there is a girl there demonstrating that line.

When a demonstrator is first placed in a department, no terms or contracts are made as to the length of time that demonstration will remain in the store. It generally remains during the pleasure of both parties and is subject to withdrawal at any time the manufacturer or the store sees fit. When the buyer of a department obtains a good girl, he tries to keep her as long as possible, because, after a while, if the girl shows that she is a clever saleswoman, she becomes very valuable to the store. Sometimes when the manufacturer seeks to open a demonstration in a certain store the buyer will suggest one of his own girls, claiming that she knows the stock in that department and with a little coaching will become a good demonstrator. In a great many cases unless the manufacturer agrees to the buyer's wishes he will not be able to place a demonstration, but it is a bad policy to hire a girl from the store. I know of several cases where it has been done and the right girls were not obtained, because the buyer in each case favored a particular girl, who did not prove up to the standard desired. It is always best when placing a demonstrator to select a girl who has not in any way been connected with the store.

The salaries of demonstrators range from $12 to $20 a week and in some cases higher. In some lines a girl receives a 5 per cent. commission besides her salary. In these cases it is mostly where the line consists of perfume, sachet, face powders, and other articles of that nature, so that girls representing these lines average from $15 to $20 a week, the commissions generally amounting to from $3 to $5 a week, depending on the location of the store. Some firms start their girls with a fixed salary and it is increased according as their sales increase, so that if a girl starts with $12 a week and her sales increase steadily for four weeks over a certain amount, then she will receive an increase of several dollars a week, so that in some cases where a girl started with $12 a week she is earning as high as $20 inside of a year. . . .

Take a demonstrator whose minimum salary is $12 per week and whose maximum salary reaches as high as $20. If she is selling an article which is supposed to retail for 25 cents, in order to make that demonstration pay she must sell at least 150 jars a week. Of course, when she first opens the demonstration it will be hard to reach that quantity, but after being in the place several months this is supposed to be her minimum; she is supposed to increase her sales weekly.

I have been able to obtain the report of a demonstrator who was demonstrating a cream which was sold at a cut price, the original selling price being 25 cents. It was sometimes sold as low as 15 cents, varying from 15 cents to 19 cents. This demonstrator I consider one of the best I have ever met. She was the first girl to open up a demonstration for a certain product in one of the large department stores in New York City. Starting November 9th and ending April 5th, she sold 1,931 jars of face cream. Over the period of 21 weeks she averaged 92 jars a week. In the month of November there was a sale, the price being greatly reduced, and she sold 151 jars. During the month of January another sale was held and she sold 222 jars, and in February 392. Now, if you take out the number of jars sold on these three sale days, which total 765, you will note that her actual average for each week was only 64. When she started, the sale for her first week was 58, second week, 76, and third week, 90. These figures show that she had good increases every week. The next week was the sale and 151 jars were sold. The following week after the sale there was a decided drop to 61, followed by 67, by 49, and by 48. The demonstrator explained to me that the reason her sales were small was that a customer would ask the price of her cream, and upon being told would say that she could get it cheaper and would inquire the date of the next sale. The two succeeding sales proved without a doubt that her statement was correct. Although her weekly sales did drop off, they increased greatly when the store had a sale, showing that the customers would wait until a sale arrived and then would buy several jars at a time and stock up until the next sale.

This has been the prevailing condition with this article for the past year. While the reports of the demonstrators would be very high at the end of the month, still the results were not caused by their efforts. Three weeks out of the month their reports would be very small, numbering from 40 to 60 jars a week, and then the week of the sale it would jump from 250 to 1,000 jars. Customers would not be willing to pay the standard price, but would wait for sale days. Some customers would leave an order that as soon as a sale took place to send them a certain quantity.

These observations proved conclusively that when a demonstrator reaches this stage, and only sells a large quantity on sale days and practically nothing is sold through demonstrating, her usefulness to the manufacturer has ceased. . . .

Picking the Right Type of Demonstrator

A good many manufacturers do not pay as much attention as they should to securing the right type of girls for particular stores. Place a demonstrator in one store and she will be a failure. Put that same girl in another store and she will perhaps be a decided success.

One girl I know had been placed in one of the downtown New York department stores which caters to a cheap class of trade. She was demonstrating perfumes and face powders. The general method in that store is to hail a customer as she is passing by and demonstrate to her the value of the preparation by applying it to her face. This particular girl was of a refined nature and could not bring herself to employ these "puller-in" tactics. As a result, she made a poor showing. The manager, however, knowing that this girl had ability, placed her in one of the better uptown stores. In this place the girl was a success and soon became the best demonstrator for the store.

On a trip downtown to one of the drug stores which had been in the habit of accepting demonstrators from time to time, I was particularly struck by the absence of demonstrators of any kind. I asked the manager about it. "I absolutely refuse to have any more demonstrators," he said. Upon being asked why, he replied: "There is this to say about the demonstrator. Some merchants claim that a demonstrator is of value to you in that you save clerk hire, and at the same time you get a girl who is intelligent, knows the line well, and will be of valuable assistance to you. Lately I have found the demonstrator to be a detriment to me, because the type of girl whom a manufacturer generally selects is one of these tall blondes who is adorned in the latest and most extreme fashion, and instead of attracting customers usually detracts. I cannot afford to have one of those around my place." . . .

Educating the Demonstrator in Advance

I have one concern in mind which up to the present time has employed over fifty demonstrators who were distributed all over the country. Before a demonstrator was allowed to go into the store she was first given certain literature about the product. This literature contained all the facts about the preparation of that product as well as all the selling points about it. She had to become thoroughly familiar with all this so that she could talk intelligently and fluently. Every week certain new selling points were sent to her from the main office. These girls were very much interested in this method, and soon they were recognized by the buyers of the department stores where they were employed as being the best demonstrators in the store. Not only did they show an interest in the article which they represented, but also showed an interest in the store as well, and whenever a girl left that store not only did the other girls behind the counter express regret at her leaving but the buyer would ask the manufacturer to try to send another as good.

In one particular case the demonstrator became so valuable to the buyer that he placed her in charge of the entire drug and chemical counter. She had so much to do that it really interfered with her demonstration, and I remember when the assistant buyer of that department left that store to become buyer in another store he tried to induce the girl to go with him to the other store and conduct a demonstration for him there. . . .

Much of the demonstrator's efficiency depends upon the handling she receives from the factory while she is in the field. After the manufacturer has carefully picked out the right girl for the place and has trained her, he must not only keep track of what she accomplishes, but he must let her know that he knows.

Personal touch with the demonstrator is important; a representative should visit her now and then and explain new selling points. If a demonstrator has made a good showing, it is advisable to send her a letter congratulating her upon that week's work. If she has had a particularly bad week, it is wise to write her a letter of encouragement. One girl recently complained to me that her firm takes less personal interest in her work now than four years ago. She does not receive the same friendly and personal letters that she had been in the habit of receiving. For instance, instead of being addressed as "Dear Miss Smith," it is now "Dear Madam." This may be only a small matter, but it serves to show the attitude of mind of this class of workers.

These girls very often complain that their jobs give them constant worry. If they are on a salary, they like to keep up to the standard required of them. Sometimes it is impossible, and they do not know how the management feels toward them when the reports do not show the expected sales. It is in these cases that encouraging letters are of greatest value, as they relieve the tension demonstrators are always under, because they feel that their positions depend upon the manufacturer's satisfaction with the results.

In concluding, I want to say that the value of a demonstrator to the manufacturer lies mostly in the manner in which he gets his distribution. If he is doing national advertising then a demonstrator is not so valuable, but where he has not the money to spend in national advertising and wants to get distribution, the demonstrator is one of the best methods possible, especially if the manufacturer is looking for local distribution. A demonstrator is very valuable where the manufacturer does a great deal of sampling, for a sample given out by a demonstrator with a little personal talk to the customer leaves a lasting impression, and in nearly every case the sample will be used. A demonstrator generally hands out between 300 and 500 samples a week so that with several demonstrators working along those lines there is an immense influence at work which does not immediately appear in the sales reports.

J. F. Beale, Jr., who has already been quoted in this chapter in connection with the statement of the department-store problem, is of the opinion that the strategic position in the struggle between the national advertiser and the department store is the department store's clerk. In two recent articles he gives his ideas about the best methods to be employed by the national advertiser in securing the enthusiastic support for his product of the department-store clerk. The following is quoted from the second of these:

*A few days after the publication in the July 22d issue of *Printers' Ink* of my article addressed to the manufacturer seeking the co-operation of the department store, I received a letter from a prominent manufacturer asking a pertinent question.

The reply may properly, I think, be through the same medium that was the means of inspiring the inquiry. It may be of some help to others besides the one who wrote the letter. Here is the letter:

"I have read with great interest your article in *Printers' Ink* entitled 'What I Would Do as a Manufacturer If I Were Seeking Department-store Co-operation.' I was particularly struck with one of your statements which read substantially as follows: 'And do not forget that the salesperson is the connecting link between the manufacturer and storekeeper on the one side, and the consumer on the other. No chain is stronger than its weakest link. See to it that the salespeople are thoroughly trained in the merits of your product. A diplomatic manufacturer or his representative can effect this readily. One of the most successful manufacturers of "branded" underwear for men gives, with the consent of the merchants, five cents on every garment of his make to the salesperson who sells it.'

"Would I be trespassing too heavily upon your time to ask your suggestions as to how the training of employees to greatest efficiency in salesmanship of a given line may be accomplished?"

To answer this question comprehensively would require more space than was given to the original article from which it is quoted.

First of all there must be organization for such work. It cannot be successfully done in a haphazard manner.

Given the sales clerk of only average intelligence and he or she can be trained to high efficiency by the right methods.

Printers' Ink, July 29, 1915, p. 26.

It is first of all quite as essential to give the sales clerk selling points and facts about the merchandise as to provide that clerk with the merchandise itself and with prospective customers.

Let us take as an example Olus underwear for men, now making such a strong publicity campaign in New York City.

"Olus" as an Illustration

We will suppose the following case as an illustration of the possibilities of training a clerk to sell a specified brand. It is taken for granted that the clerk has already learned the rudiments of selling.

A customer comes into the men's furnishings section of a department store and says to the clerk, "Let me see some medium-priced lightweight underwear, please."

The clerk who is mechanical will probably say, "Yes, sir, what size? Athletic or with sleeve? Short or long drawers?" and proceed to show two or three lines of garments.

The clerk who has been specifically trained will say "Yes, sir. Your size, please?" Or he will measure the prospective customer's waist and chest. He will then take from the shelves ready to show two grades of separate garments at say one dollar a garment, but he will open a box of "Olus" coat-cut union suits of the correct size priced at two dollars.

The customer has not asked for union suits and may say, "I prefer the separate garments." Not to antagonize the customer the clerk states the price, but deftly returns to the "Olus" union suit and says, "Have you ever worn union suits?" or something to that effect. "I would like to suggest that if you try these, the famous 'Olus' brand which you have no doubt seen so extensively advertised, you would find them very much more comfortable than the two garments. There is no doubling of garments at the waist, consequently the 'Olus' is cooler and more comfortable. The fit is much better than is the case with the two garments. They are very easy to put on and equally easy to take off; much easier than the double garments, one of which has to go on over the head. They give absolute freedom of action. We have them in several knitted and woven fabrics."

If the customer has become interested in the "Olus" union suit it is then time to suggest that there are finer suits at $2.50 and three dollars, thus possibly making a sale of higher-priced goods. The paramount point, from the manufacturer's standpoint, is to make an "Olus" wearer out of a two-piece underwear user, thus making one blade of grass grow where before there was none.

Clerk Must Be Closely Instructed

Very simple and easy you say. Yes, but the *average sales clerk will not attempt it*, and the average or better-than-average sales clerk *will not succeed in doing it without instruction.*

"So far, so good," you say. "But how am I to get at the sales clerk to train him in this very desirable method?"

There are several methods that may be tried. I cannot mention all that are possible; indeed many will not occur to me, but following are methods that I have known to be successfully operated:

1. Let the manufacturer secure the permission of the buyer of the department, and possibly the general manager of the store, to give a talk or to have some well-qualified man give a talk on salesmanship to the sales clerks of his department or to a group of salespeople of that and allied departments. Let this talk be on the fundamental elements of salesmanship, with the specific instance of the "Olus" transaction above outlined brought in as emphatically as possible.

2. Induce the buyer to give his sales clerks instructions covering the "Olus" illustration.

3. Prepare a booklet covering this point and others, and secure permission to distribute them to sales clerks.

4. Induce the store to place a "P. M." or special bonus on the sales of your specialty which you cover to them in the shape of a small special discount—that is if granting such a discount is not against your policy.

5. Offer prizes to be given weekly or monthly to the clerk selling the greatest number of your specialty. This should be done through the buyer and with the permission of the house only.

6. Supposing that your line were "Olus" underwear, you should see to it that the buyer and his assistants and the sales clerks wear it themselves. If they approve of "Olus" the sales clerks are likely to take their cue from them.

7. See to it that the display man is enthused. He ought to wear "Olus," too, and so should the advertising man. There need be no "graft" nor even the suggestion or suspicion of anything irregular about this. It is only intensive salesmanship. When the sales clerk realizes that the house is pushing "Olus"

by window displays and advertising they will do their share more readily and more easily.

Of course, if the manufacturer does not co-operate with the store fully and freely he will probably not have the opportunity to put these suggestions to the test.

On the other hand, if he meets the store halfway or more than halfway on every reasonable requirement and makes valuable suggestions for sales promotion he will find most stores abundantly willing to co-operate with him.

Store Always Reasonable in Meeting Requests

If the manufacturer's line gives as ample satisfaction as does the "Olus" underwear here taken merely as an illustration, he should not find it difficult to gain co-operation in some phase as outlined.

And remember the point of approach to the store is not alone along the line of percentage of profit, though needless to say that is important. Of great importance to the wise merchant are the satisfaction-giving qualities of the goods; their power of trademarking and trade-keeping; whether or not they are good "repeaters"; the ease with which they may be sold, and how they stand in the opinion of the buyer and possibly one or more of his assistants.

Here, Mr. Inquirer, is your answer which I trust will convey to you, and others who read it, some points of which you may be able to take advantage.

W. R. Hotchkin, who was for ten years Advertising Director and Merchandise Manager of John Wanamaker, and who is now a director of the Cheltenham Advertising Agency of New York, recently wrote on this question under the title "The Terms of Peace Between National Advertisers and Department Stores." Mr. Hotchkin takes the ground that there is an actual state of conflict existing between these two interests, and that any settlements between them must be in the nature of terms of peace in which mutual concessions are made. Mr. Hotchkin says:

*The pretentious subject imposed upon me by the editors presupposes a state of war, which in the nature of things is

**Printers' Ink*, February 11, 1915, p. 3.

almost unthinkable between two branches of human service so vital to the success of each other. And yet while a state of war has not actually existed, there have been wasteful battles waged by manufacturers and by merchants almost continuously during the past decade or two. Friction has been constant; misunderstanding has been the rule; there has been continuous unfair treatment altogether causing a vast and almost immeasurable waste of sales and profits for manufacturers and storekeepers.

1. The Origins of the Conflict

The trouble grew up during that marvellous transition period that not only brought the full development of advertising, but also brought with it the marvellous growth and success of American manufacturing.

A generation ago the manufacturer stood on the merchant's doorstep begging him to buy his product. The merchant then was the King of Commerce, with the manufacturer grovelling at his feet.

In the old days there was no other method by which the manufacturer could present his goods to the consumer than by having them recommended by the merchant who sold them, and so the pedestal on which the merchant took his stand grew higher and higher, and the manufacturer crawled as vermin at his feet. This condition developed the merchant's pretentious attitude of mind which became the chief cause of the friction that developed later on.

One day a manufacturer conceived the idea of exploiting his goods to the public for himself. He determined to find a way to impress people with the merits of his commodity, and make them go to the merchant and demand it. Soon several other manufacturers adopted the same course. Results proved the wisdom of the undertaking. . . .

These were the days when people who wanted honest merchandise asked for advertised articles and were told by plausible salespeople that the other articles bearing the name of the merchant were "just as good."

These were the days when business ethics were trying to discover themselves; when the honest merchant admitted that he was not a sneak-thief, but when other people could scarcely recognize the difference. These were the days of the bunco-steerer and the green-goods man. Everything was good ethics and good business if you could get the money and get away with it, inasmuch as it was common policy among all stores to sell people other goods than what they came in for.

Merchants considered themselves clever, sagacious, and victorious when they succeeded in selling one hundred gross of an article bearing their own trademark to a public that was vociferously demanding five hundred gross of the advertised article.

Merchants and managers spent days and nights trying to teach salespeople to sell more goods to the customers who came into the store, thinking that they were improving the efficiency of their establishment, while at the same time they refused to sell people hundreds of thousands of dollars' worth of merchandise that they came in to buy with the money in their hands, and they taught these same salespeople to quietly insult and sneer at the customers who asked for the forbidden articles.

This condition was absolutely illogical, impossible, and unthinkable, but hundreds of merchants seemed to get more satisfaction out of telling people they could not have the advertised merchandise than they got out of any other feature of their business.

In thousands of stores from one end of America to the other for probably ten years the public was insulted and cheated by having sold to it one article after another that was "just as good" as the goods they came in to buy; but the green-goods man and the bunco-steerer had to get out of the game, and "just as good" in the course of time began to nauseate people who had the money to buy the goods they wanted.

2. The Development of Public Suspicion

The continual foisting upon the public by merchants of articles bearing other names than those of the makers whose products they wanted had its natural development. Every customer who went to a counter naturally knew there was some selfish reason why the merchant would not supply the exact product that he asked for, and a very great feeling of resentment began to arise all over the country. . . .

At last the manufacturer had learned that to talk man to man, face to face, to be open and frank and aboveboard was the way to win universal patronage. Thus the day came when, instead of sitting back and waiting for the indifferent merchant to damn his product with faint praise, the wise manufacturer could talk face to face with the ultimate consumer. The battle was all going the wrong way for the merchant. He was putting up a courageous but losing fight. Instead of glory, he was winning dishonor; instead of making a proud name for himself, he was burying his business under a cloud of suspicion; instead of creating a bigger value for his trademark name, he was making the reputation of a crook, and making the public more determined than ever to purchase nothing but the commodities bearing the trademarks which they desired.

Hundreds of big merchants are to-day continuing the thankless battle. They are still guided by the worn-out superstition and do not realize that it is the business of a store to supply the commodities demanded by the public, instead of insisting on the old-fashioned, out-of-date policy of trying to sell something to the public that the public does not want.

A few merchants have come to realize that the old adage, "Quick sales and small profits," is the soundest business policy, and that the modern rendering of the old phrase reads "Quick turnovers make largest net profits."

A merchant's private trademark belongs in the attic with the old days of buying the entire season's stock months ahead and having it shipped in on the first day of August for the winter's business. Modern merchandising calls for new efficiency to grease the chutes of commerce—to eliminate everything that retards quick selling and rapid turnovers.

If the manufacturers of America are spending upward of a billion dollars a year to send people into stores to buy goods, the shrewd merchant will have those goods for sale. He will never be out of stock of anything that is in large demand. He will never send people across the street to his competitor for goods that the customer has a right to expect to find in his store. He will not tolerate any condition that makes it necessary for the salesperson to say, "No, madam, we do not have those goods."

The rapidly growing cost of store promotion must begin to turn the other way. Great department stores are to-day spending twice as much money as they should spend to promote their business. Some early day or year must bring advertising disarmament. The cost of doing business is frightfully top-heavy. Such conditions could endure during years of plenty and overwhelming prosperity, but a far greater efficiency is demanded now.

The merchant must be amply stocked with goods that sell easily. He must never be out of goods that people ask for in large quantities. He must have a complete store and he must be ready to receive the nimble sixpence and supply on the instant the goods which the public demands.

To spend his energy and money in exploiting a private trademark is going into competition with the manufacturer instead of being a merchant. The realization of this principle is developing a new kind of storekeeping—one that will come out in the sunshine because it has no deception to practise—no customers to deceive—no big-profit goods to foist on an unsuspecting public. . .

The sympathy of the whole world has gone out to Belgium because all of her sufferings were caused by reason of her geographical location, though neutral.

The buying public has no interest in the battle that is going on between storekeepers and manufacturers, except when the public becomes the chief sufferer.

The merchant and the manufacturer may be able to protect themselves, but it has been necessary for the hand of the law to step in with great frequency to protect the public from being hoodwinked, badly served, or actually defrauded.

3. The Public the Chief Sufferer

During the transition period deceptive goods were forced upon the public when they thought they were buying advertised articles and goods of standard quality.

When the merchants discovered that the law would not permit them to deceive their customers in this manner they started to punish their public for their impudence in asking for merchandise they did not desire to sell by refusing to supply the goods; and the well-educated salesperson, when asked for the trademarked article that was not being sold, simply said, "I am sorry, madam, we do not sell those goods."

Having learned that it was against the law to give substitutes they spoke as though the question were closed, waiting for the customer to say, "Have you any other baking powder?" or soap, or whatever the article might be; in which case the law did not forbid them to show their goods and make their sale.

But this method of merchandising was vastly inconvenient to the public. . . .

Practically all of the acts by manufacturers in opposition to retailers, and by retailers in opposition to manufacturers, have usually been against the interests of each. When fighting for some object that seemed vital at the moment, each has often partly destroyed a large factor in his own prosperity.

But neither individuals, nations, nor commercial men, important as the latter consider the value of the dollar, can ever see the uselessness of their destructive efforts when the blood is hot in the midst of a fight.

Legal restraints have done good in that they have compelled manufacturers and merchants to reflect, first, on their own conditions of doing business, and, second, upon the rights and necessities of those with whom they were at conflict.

It was inevitable that in the course of time manufacturers and merchants would fight out their battle and come to rational conclusions; but, because of the extended continuance of the conflict, legislation and litigation for the protection of the public were necessary.

The store is to-day recognized as a place of public service, and the public has won many victories in its fight for consideration—in reference to the merchandise with which it shall be served, the prices that it will pay, and the safeguards and protection with which it shall be surrounded when buying and in being served.

No merchant has a right to call his a general store and obligate a customer to make a long journey to come to his establishment, only to discover that the goods wanted cannot be supplied and that another journey must be made to another store in order to secure the wanted goods.

And this increase in efficiency, which means so much to the convenience of the general public, is also vital to the success of the merchant. It is a fact so obvious that many are already recognizing it, and it seems incredible that there can exist to-day hundreds of merchants who are still fighting against their own good, losing vast volumes of sales and daily destroying public confidence in their store, aggravating and inconveniencing their customers because they refuse to sell many kinds of nationally advertised merchandise which the public has the right to expect to find on sale in every complete store everywhere.

4. The First Steps to Peace

The very first act toward a peaceful condition will be mutual recognition. You manufacturers must forget all quarrels and friction of the past. In your present condition of strength you must overlook the weaknesses of temperament and the ravages that superstition has made on the minds of the merchants.

You must realize that every store in America is a possible increased outlet for your product. You must forget the petty aggravations of the past and look forward to the enormously increased prosperity that will come after a complete state of peace is secured.

You must have no closed doors to your product. You must wipe out all antagonisms toward them. You must make your proposition to the merchant in an absolutely co-operative form. You must help him to be assured of his profit while he is creating larger distribution of your product.

There is probably no commodity on sale in America, no matter how great its success may be, no matter how complete its monopoly of the market, the distribution of which cannot be enormously increased by the right co-operation on the part of merchants in large and small stores.

You merchants must get out of your minds the illogical thought that manufacturers are your enemies. You must remember that yours is not a manufacturing business. There are troubles enough in retailing without adding to your problems.

The wise merchant is the one who follows the line of least resistance, who sells the goods that people want, and thus creates the largest possible volume of sales. Of course, the manufacturer loses large added distribution by reason of the stores that are antagonistic to his trademark, but the merchant must not forget, in opposing those trademarks and in seeking to make a few cents or dollars more on articles that are unknown and hard to sell, that he is losing every day, every month, and every year a vast volume of *easy sales*, because he does not take advantage of the manufacturer's big national advertising.

What a gripping dramatic allegory could be written about the short-sighted manufacturer who covets the rich widow's money (the storekeeper's distribution), while the widow (the storekeeper) is pining for a strong man's protection (the manufacturer's goods, for which there is continuous demand, and of which there is practically no unsalable stock). But the man and the widow, having had frequent misunderstandings, are distrustful of each other and thus kept apart, while neither will attain the fullest happiness and prosperity until they freely join hands in the wedlock of genuine, whole-hearted co-operation.

With more than six hundred millions of dollars being spent by national advertisers every year to send people into stores, we know that this tremendous advertising impels millions of people to buy the goods advertised, and if six hundred millions of dollars can be profitably spent in advertising year after year there must be billions of dollars' worth of sales created for the advertised merchandise. Yet there are hundreds of merchants so blind to these great modern commercial FACTS that they are still refusing to sell these goods to people that come to their stores and ask for them. They are still proving to thousands of would-be customers that they have incomplete stores or that they are not willing to have any business that does not pay them enormous profits, and they are driving away hundreds and thousands of customers every year into the stores of their competitors to spend the money that might come to increase their own volume of business, while proving to these customers that they have a narrow and questionable policy.

If every merchant could realize the suspicion that is aroused in the minds of his customers when he insists upon showing unknown goods of indefinite value when they ask for goods of standard quality at a definite price, I believe he would soon realize the foolishness of the old-fashioned policy for which he is still trying to fight, for it must be remembered that customers who go to a store for advertised goods, and are sent elsewhere to buy them, are going to go elsewhere for their other merchandise also.

Mutual recognition is the only key to success on both sides. The merchant must recognize the fact that the big manufacturer, who produces merchandise that the people want, is necessary to building up the volume of his business, but he must meet the modern methods of the big manufacturers with a wholehearted business spirit. He must get out of his system the petty ideas of the past and conduct his business after the modern principles.

The cost of doing business in a retail store has advanced already far beyond the point where it can continue. The public cannot continue to pay 30 per cent. of the price for being served with the merchandise, and this cost of doing business has been piled higher and higher simply because merchants have insisted upon doing business the hard way.

The nationally advertised merchandise costs only a half or a quarter as much to sell as goods that are not nationally advertised. Most of these commodities are sold to the customer before they come into the store. Very great quantities of them are sold by mail and by telephone orders. I am sure that a thorough analysis of selling costs would show that there is a larger net profit on a nationally advertised commodity, showing a gross profit of 25 per cent., than would be indicated by unadvertised merchandise showing a gross profit of $33\frac{1}{3}$ per cent.

Nationally advertised goods do not, as a rule, require very skilled salesmanship, and rarely takes a quarter as much time to make the sale as when unknown articles have to be shown and demonstrated. Merchants who have realized these facts are tremendously increasing their volume of business, and it is to-day a generally accepted fact that the percentage of gross profit is far less important than the number of turnovers made in any stock.

When manufacturers realize the possibilities of increased business—when complete peace has been restored and when the merchants realize how greatly they can increase their volume of business, their turnovers, and their net profits after a complete understanding and the establishment of right business relations—peace will not only be sought, but it will be established on a basis that cannot soon be overthrown.

5. The Terms of a Permanent Treaty

No treaty and no contract are worth the paper upon which they are written unless they provide conditions that are absolutely just and right to both parties to the contract. No arrangement can ever continue without friction unless every detail is thoroughly understood, recognized, and desired by both parties to the contract. There must be nothing hidden, there must be nothing that can be read two ways, there must be nothing that is unjust to either, or to other parties who make similar deals with either party to this particular contract.

In the old days railroads could make all kinds of rebates. To-day such acts are against the law. Why should a thing be wrong as a railroad policy and right as a manufacturing policy? The day of one price to all is inevitable as the ultimate outcome. Until that day arrives the friction will continue. No man can be just while desiring to get the best of his competitor.

In the old days a man of real honor would refuse to fight an enemy whose sword was shorter than his. He would refuse to fight a duel with another man at a distance that his weapon would shoot while being out of the range of the weapon of his opponent.

There can never be a treaty of peace in manufacturing, storekeeping, and other commercial relations until this sort of honor exists among merchants and manufacturers.

The man who is not willing to fight his commercial battle on equal terms with a competitor is a coward and a weakling, and the success that he makes in such an unequal fight will always be held against him by right-thinking people. There is never any credit in a victory where the opponent has not had an equal chance, and the treaty of the future that will make peace between the manufacturer and the merchant, as well as between all the distributors of merchandise to the public, must be definitely based on equal opportunities, equal prices, rates, and discounts for all. No other condition is just and no other condition can permanently endure.

The friction, the misunderstanding, the limitation of real possibilities, and the deception of the public will continue as long as unequal conditions, secret rebates, and elastic prices endure. The whole commercial world should honor and support those manufacturers who are fighting for the absolutely square deal. They are knights-errant of twentieth-century commerce. They are establishing the principles that will bring perfect peace in all commercial relations. They have the courage to quote the same price and the same terms to every customer, large or small, and they will be supported by every merchant who understands the meaning of justice and equity. It is only the short-sighted ones, the gamblers, the seekers of easy profit, those who hope to get the best of their competitors by some longer weapon or underhand method, who have any other idea of doing business.

Just as the fixed price on the part of the retail merchant brought the day when people could buy freely in stores, knowing that they were absolutely safe, so the fixed-price policy, thoroughly established by manufacturers, will bring the day when the cost of buying and dickering and haggling will go down and the time spent in buying merchandise will amount to only a fraction of what it requires to-day, while every merchant can be sure that he is not being hoodwinked and cheated by the people with whom he does business.

It seems strange that the merchants who recognize the fixed-price policy at retail as the greatest business principle ever established in storekeeping should not recognize that exactly the same principle, applied to their own buying, is their only possible hope of peace and greatest prosperity.

In considering the policy of any manufacturer the merchant should ask himself the question: "Is it just, is it equable, am I getting all that any other dealer is getting, am I going to be able to feel secure about the price that I am paying and the discounts and dating on my bill?" The merchant must not ask himself: "Have I hammered this man down to a lower price than my competitor pays, have I gotten a larger rate of discount than my competitor has secured, have I gotten a longer dating than this manufacturer is giving to anybody else in the trade?"

Of course, this method seems revolutionary to old-fashioned merchants, just as the one-price storekeeper created a revolution when that policy was first presented. But what a marvellous feeling of relief came to the customer on that day, who began to realize that he did not have to do an hour's haggling, that he did not have to go back to the store several times after making a pretence of buying the goods elsewhere in order to get a lower price quoted.

Exactly this same feeling of security and time saving will come to the merchant when he knows that the first price quoted is the lowest price for which the article can be bought and the lowest price for which any merchant anywhere can buy the goods; when he can be absolutely certain that the discounts cannot be increased by hours or days of haggling; when he realizes that the dating is definite and that business can only be done on the one honest basis for all.

The buyer of merchandise then becomes a different sort of man. He develops different faculties. All of his ability may be developed along the line of knowing good merchandise and comparing qualities and prices. He doesn't have to develop himself as a horse-trader. . . .

And so this enormous waste of time is eliminated. The vast cause of friction is eliminated. The merchant and manufacturer can respect each other and deal with each other face to face without any feeling of suspicion or uncertainty.

The merchant recognizes that he needs the manufacturer's advertised goods in order to increase his volume of sales. He recognizes the standard quality of the commodity. He knows that the manufacturer's reputation is at stake and that the quality of his merchandise must be always the same, or that the loss is infinitely greater to the manufacturer than it can be to the merchant.

He recognizes the fact that thousands of people are going to be sent to his store as a direct result of the advertising done by the manufacturer.

He realizes that the sales will be easily and quickly made and that he will have a very large turnover of the merchandise, without any obligation to carry a large stock at any time.

He knows that he can get his orders filled promptly and in whatever quantities he desires. He will then be able to buy just as cheaply in one-gross lots as in hundred-gross lots. This will improve the merchandising conditions in his store; he will not have to carry congested stocks, nor be worrying about unsalable goods.

The thing that the manufacturer is fighting for and which the merchant has so long fought against will be discovered to be the greatest good that has ever been brought about for the storekeeper.

The manufacturer, of course, will have to recognize his obligation to pack and ship his merchandise in quantities that will facilitate efficient merchandising and rapid turnovers for the store, and he will have to co-operate in the fullest possible manner by providing selling helps of a sort and character to fit the conditions and the policy of the stores who distribute his merchandise.

Both merchant and manufacturer, seeing the enormous advantage of whole-hearted co-operation with each other, and realizing how vital it is to the success of each to co-operate in this manner, will each endeavor to remove all obstacles or causes of friction that might interfere with the smooth and continuous flow of sales and profits.

Mutual recognition and mutual consideration, with the one constant policy of being just to each other, is fundamental in creating continuous peace and greatest prosperity, both for manufacturer and retailer.

CHAPTER VII

THE CHAIN STORE AND NATIONAL ADVERTISING

IS THE chain store a menace to the whole business of independent retailing, or is it an economic advance? It may be both. Its independent competitors are sure it is the former. Its friends are sure it represents a gain to society in the form of lowered costs of distributing merchandise.

We have at hand in material published during the period of advertising history under review material on three phases of chain-store development which space will permit us to cover, out of many which might be treated. These are (1) the present size of the chain-store movement, (2) some typical chain-store methods, and (3) some concrete instances showing how chain stores have modified the distribution problems of manufacturers covering a wide market.

By far the most comprehensive study of the subject of chain stores thus far published is that prepared by Charles W. Hurd and M. Zimmerman of the *Printers' Ink* staff in the latter part of 1914.*

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*September 10, 1914, p. 3: "Why Advertisers Must Give Chain Stores Attention."

September 17, 1914, p. 63: "Advertisers and Dealers See Danger in Chain Stores."

September 24, 1914, p. 22: "Reasons for Belief in This Danger."

October 8, 1914, p. 36: "How the Chains Are Taking Over the Retail Field."

October 15, 1914, p. 71: "Number of Chains in Each Field."

October 22, 1914, p. 60: "Concentration of Ownership."

October 29, 1914, p. 72: "Advantages in Organizations and Financing."

November 5, 1914, p. 58: "Advantages in Financing."

November 12, 1914, p. 58: "Methods of Picking Sites."

November 19, 1914, p. 64: "Advantages in Buying."

The limit of our space will not permit us to reproduce these articles in full, but there are certain sections of them which we shall quote at length.

(1) THE EXTENT OF THE CHAIN-STORE MOVEMENT

In the fourth, fifth, and sixth articles in this series there is given a summary of the extent of the movement at the time the articles were prepared. From these the following quotations are drawn:

*Two thousand and more retail chains, in all lines, of three stores and more each, with a total of more than 25,000 stores, is a very conservative estimate, based three quarters on careful investigation and verification.

This estimate does not take in manufacturers' agencies, even where the manufacturers are suspected of being part owner; or the local units of such public utilities as the railroad, telegraph, telephone, express, gas, electric light and power, and street railway companies which in some respects embody the same principles as do the chains, but are all more or less of the nature of enfranchised monopolies; or the co-operative combines.

It includes only stores or services in the competitive field linked by acknowledged common ownership and conduct, whether operated as retailers' or manufacturers' chain—such as are evidences of a comparatively recent movement toward actual concentration of ownership and increased centralization of management.

There has been no attempt to pad the list, nor, on the other hand, to draw too fine a line. The intent has been to let the facts speak for themselves.

Compared with the total number of retail dealers of all kinds in the United States, the figures are trivial. Considered, however, with reference to the chains' proper field, the cities,

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December 3, 1914, p. 66: "Advantages in Selling."

December 10, 1914, p. 46: "Keeping up Trained Organization."

December 17, 1914, p. 20: "Employment of Accounting."

December 24, 1914, p. 66: "Summary."

**Printers' Ink*, October 8, 1914, p. 36.

and as the measure of their activity, chiefly during the p[illegible]
or fifteen years, they are highly significant.

Here is the estimate by fields:

Field	Chains	Stores
Grocery	500	8,000
Tobacco	250	2,500
Newstands	200	2,500
5c. and 10c., etc.	180	2,000
Oil, gasoline, etc.	5	2,000
Drug	200	1,400
Restaurants	100	1,400
Pianos and Musical Instruments	125	1,000
Sewing Machines	2	1,000
Boot and Shoe	50	700
Automobile Accessories	50	650
Clothing	50	600
Dairies	40	550
Coal	40	500
Miscellaneous, other lines	100	500
Butchers	75	450
Dyeing and Cleaning	45	400
Saloons	100	400
Shoeblack Stands	100	400
Confectionery	40	315
Lumber	50	300
Laundries	45	275
Theatres	15	260
Drygoods, Dep't Stores, etc.	30	250
Hats	25	250
Jewelry	50	200
Liquor Stores	20	155
Women's Cloaks, Suits, etc.	25	150
Bakeries	25	125
Banks	32	125
Books	1	100
Furniture	16	100
Hotels	10	100
Men's Furnishings	35	90
Hardware	15	80
Automobile	10	70
Florists	15	60
Funeral Directors	10	60
Trunks and Bags	15	55
Sporting Goods	3	53
Ticket Agents	8	52
Penny Arcades	10	50
Plumbing	10	40
Millinery	10	35
Motor Trucks	5	35
Stock Feed	5	35

Optical	8	30
Phonographs	1	30
Barbers	5	25
Electric Supplies	5	20
Corsets	5	18
Delicatessen	5	15
Wall Paper	5	15
Gloves	3	10
Furs	2	6
Paper Novelties	1	6
Fountain Pens	1	4
Total	2,788	30,549

If we throw out 20 per cent. for errors in collection and calculation we shall still have more then 2,000 veritable chains.

It is not practical and it would be irksome reading to present figures for every line and every city in which the chain is a phenomenon, but it is worth while noting that Greater New York is headquarters for 330 chains totalling 5,609 stores, more than one eighth of all the chains and one fifth of all the chain stores. Here also are figures in four important fields, based on totals furnished by Boyd's City Despatch and the *National* 5, 10, 25 *cent Magazine*, four large cities being taken for comparison, to show the relation of the chain stores to independent stores in these lines in the most congested centres of population:

	Total	Chains	Chain Stores	Independent Stores
GROCERIES				
Greater N. Y.	13,513	17	680	12,833
Chicago	7,510	10	130	7,380
Philadelphia	5,200	9	1,262	3,938
Boston	2,829	10	456	2,373
TOBACCO				
Greater N. Y.	2,394	9	439	1,955
Philadelphia	2,350	5	45	2,305
Chicago	1,100	9	172	928
Boston	308	2	16	292
DRUGS				
Greater N. Y.	2,281	11	82	2,199
Chicago	1,106	4	17	1,089
Philadelphia	921	12	53	868
Boston	314	6	34	280
FIVE-AND-TEN-CENT STORES				
Greater N. Y.	225	15	50	175
Chicago	150	3	25	125
Philadelphia	145	4	20	125
Boston	32	2	7	25

In New York City there are some 2,000 variety, notion, and novelty stores, which are not strictly five-and-ten-cent stores, although they compete strongly with them in the low-priced lines. Other cities have variety stores in proportion.

There are figures at hand for the growth of independent stores and chain stores of one field in the metropolis during a period of eleven years, and nothing better shows the strides of the movement:

ELEVEN YEARS IN RETAIL GROCERY TRADE, GREATER NEW YORK

	1903	1914	Increase	Per cent.
All Stores	8,750	13,513	4,763	54
Chain Stores	215	985	770	360

The number of retail grocery stores in Greater New York, that is to say, has added a half in ten years, while the number of chain stores has nearly quadrupled—grown nearly seven times as fast! The figures for the specific chains are given on another page. Against this it is to be remarked that new developments always show big percentages. Nevertheless, the outstanding fact is the tremendous growth.

A list of the leading chains in each line of retail business must appeal to the advertiser and advertising man, not because the chains are certainly a menace to advertising, but because there are many people who *say* they are.

It is a sweeping charge. It would be surprising if there were not some truth in it, still more surprising if it should be sustained in its full weight. It is not, in fact, meant to be taken so comprehensively. The opponents of chain stores have in mind to condemn only one or two of the several kinds of retailers' chain stores, and not every chain in these, nor yet again every particular method.

The objectionable methods are several, but they all group around price-cutting and substitution, one of which directly and the other indirectly tends to close the retail channels of trade to the distribution of independently manufactured, and, above all, branded and advertised products. Incidentally, they are changing the channels from independent retail to chain control—that is the independent retailer's complaint.

It is hardly safe, however, to generalize in the circumstances. Not all of the chains are price-cutters. There is all the difference in the world, in many respects, between the high-grade stores like Park & Tilford and the Acker, Merrall & Condit Company in New York and the popular low-priced grocery chains. The former cut prices on some articles, like cigars, when there is a price war on and they have popular brands of their own to push, but for the most part they base their business on service and not on price. And the five-and-ten-cent variety stores hardly if ever cut prices on standard or advertised articles, of which they carry a number in five-and-ten-cent packages.

Again, there are retail specialty chains, like the hat stores of Truly Warner and Kaufman in New York. Each handles an exclusive line, and neither retailer nor manufacturer has any complaint to make of them, any more than he would in regard to a manufacturer's chain which Knox the hatter conducts, for example.

Retail Specialty Chains

Even the chain drug stores, which have been chief offenders in the past, give indications of a change of heart—and head—in some directions. The Owl Drug Company, of San Francisco, built up its business on price-slashing and was cordially disliked and feared by its independent competitors. To-day its policy is changing. When it goes into a new community it advertises *service* and not cut prices. It meets the cuts of the competitive druggists, but does not often go below them.

And this partial abandonment of price exploitation in favor of straight store service is *paying* in these new communities it has entered. Mr. Miller, its president, tells *Printers' Ink* he believes price-cutting has almost had its day as an attraction and something else must be substituted, which he believes to be that almost indefinable but substantial thing called service. Price will always be a factor, he believes, but it need not be the factor it has been.

Like other large chains, the Owl company has its own private brands, manufacturing some of them, and pushes them strongly. The Owl chain takes in twenty stores.

Nor is it true by any means that chain stores are universally successful. Many chains have failed to find a place for themselves, and even highly successful chains cannot always manage to make a store stick in a community. It takes more than price-cutting and substitution to turn the trick, and in the course of our investigation we shall see why.

The particular point to be observed is that chains are not all alike in the methods they employ, and may not, therefore, in every chain and every respect constitute a "menace." It is possible to conceive of them as partly good and partly bad, and undergoing within their own advanced evolution a still further evolution. The case of the Owl chain, just cited, is one in point. The abandonment by the United Cigar Stores Company of its former over-aggressive methods of securing favorable locations for its stores is another.

Not Every Chain a Menace

We have been regarding the chains as peculiarly significant because of their rapid growth and their relationship to department stores, large mail-order houses, and buying combines as merely differing manifestations of the same tendency toward concentration in the distributing field that had previously shown itself in the producing field. There seem to be, broadly speaking, four different kinds of chains:

Retail companies or corporations, like the United Cigar Company, F. W. Woolworth Company, Owl Drug Company, Great Atlantic and Pacific Tea Company, Mr. Bowers' Stores of Memphis, Childs' Restaurants, etc. Some small chains, particularly in the growing field, are said to be owned by *jobbers*.

Retail buying associations or combines, like the United Drug Company ("Rexall" stores), American Druggist Syndicate ("A. D. S."), Girard Grocery Company of Philadelphia, United Buyers' Service for five-cent, ten-cent, and twenty-five-cent stores, etc.

Manufacturers' chains of retail stores or branches, like W. L. Douglas Shoe Company, Hanan & Son, Browning, King & Co., Knox Hat Company, Aeolian Company, etc.

Consumers' co-operative retail chains, based on the principle and methods of the huge wholesale co-operatives of Europe. There are believed to be only two such chains in this country, one with headquarters in New Jersey and one with headquarters in California, but the number may be expected to grow rather fast, and all eventually amalgamate, as they have done abroad.

Some of these chains end by being very much like others. Browning, King & Co. started out by being clothing manufacturers and now handle the goods of other manufacturers, in other lines, in their retail stores. The Kroger Grocery and Baking Company began with a small grocery and now manufactures its own candy and canned goods of every kind, roasts its own coffee, and kills its own pork. The American Druggist

Syndicate and United Drug Company are jobbers and manufacturers on a large scale. The Western buyers combines put up some of their private brands.

Besides these four general types there are others which do not fall clearly in any one division, but stride two or more; and some, which, while coming under one ownership, are clearly not chains—chains implying not merely unity of ownership but some unity of management, policy, practices. The 28 Claflin stores were owned and financed by the Claflin company, a jobber in the drygoods field, but they were individual in every other respect. The Claflin company had to compete for the business of the stores and a good deal of the time did not get it. It is so with most of the other department-store chains. Gimbel's and the May department stores have local management and buyers, and, to a certain extent, individual policies. They are too vast to be very closely unified.

Stores Managed Locally

In the clothing field there is the Besse System of New England, half a straight retail chain and half a wholesale buying association. The central system takes the local merchant as partner. Many chains give their local managers a small stock interest; the Besse plan is on a more generous scale.

In this same field, as well as in others, it is a common practice for manufacturers to own, control, and operate whole departments in certain department stores, and also actually to finance promising young merchants, in order to have assured outlets for their lines. This is more than a mere extension of credit and goes far beyond the agency system, although doubtless having its origin in it.

In some fields, the drygoods field particularly, there are resident buyers who represent as many as a hundred or more stores and secure for them, through this policy of pooling their buying power, the advantage of quantity discounts not otherwise obtainable. The stores are unconnected; they are not chain stores in any sense; but they must not be lost sight of as a germane factor.

President Musher, of the Pompeian Company, importers of Pompeian Olive Oil, makes an interesting classification of chain stores in the growing field, which will also apply in some other lines. After stating that he had never been able to decide for himself whether or not chain stores had been harmful or beneficial in the promotion of the sale of Pompeian Oil, he says:

Three Kinds of Chains

"I put chain stores in *three classes.* One class, which is the minority, sells all goods, including advertised products, at a certain percentage over cost. They don't use advertised goods as leaders to get people into the stores to buy articles on which long profits are made, but cut prices on everything, making a uniform profit on all that they sell. The Mr. Bowers' Stores of Memphis are in this class.

"Another class is chain stores that use advertised goods only as leaders and pay their clerks premiums to switch customers to private brands or 'long-shot' goods when they ask for an advertised brand.

"The third class is chain stores that never handle nationally advertised goods, but put up practically everything under their own brand. While these people are fighting advertised goods by not handling them, they are really more to be respected than the class of chain stores who use advertised products only as leaders."

This is a vital classification and will be considered at length under the heads of pricing and selling in subsequent articles.

This disposes of the different elements in the problem, and we may now consider the various chains in the different fields. W. H. Ingersoll, who has given a good deal of attention to the subject, sets the number of chains in the country, roughly, at 10,000. The investigation made by *Printers' Ink* during the past two or three months brings to light some 1,500 known chains of 3 to 1,100 stores each. Possibly half as many again small chains have been overlooked or not reported. It would take months more and the expenditure of a far larger sum than has already been laid out to get an exact record of the number and names of the chains in each field, no census of the sort ever having been attempted before. Absolute comprehensiveness is not necessary, because a list of even such names as are in hand would themselves occupy several pages of *Printers' Ink*, and would be of no practical use beyond calling attention to the importance of the retail development.

We should, however, be inclined to think that 10,000 is an overestimate, and that the number of chains might run from 2,000 to 2,500. The exact number is of less significance than is the rapidity of growth, which, as before pointed out, is nothing less than phenomenal.

Chain-store concentration is chiefly, of course, though not exclusively, the accompaniment of concentration in population.

New York City has a high proportion of all the chains. Philadelphia is a city of grocery chains. Drug chains have flourished in New England. They are not the product of the place and the times alone, but of the man also. The United Cigar Stores Company started in a middle-size city, Syracuse. The United Drug Company started in Boston. The American Druggists' Syndicate was organized in Brooklyn, but a Western promoter did it. Penny's chain of so-called "Golden Rule" stores had their first headquarters in the West. And there are plenty of small communities close together, particularly in the East, served by chains of three or four grocery or drug stores owned and managed by one merchant. The tendency is rather that way. Where the old-time merchant invested his savings in real estate or became a silent partner in other ventures in the town, he is now inclined to invest his earnings where he can capitalize his experience and depend only on himself—that is to say, in more stores.

*The largest number of chains is in the grocers' field, probably 500, or a quarter of all the chains, with a total of more than 8,000 stores. This is something less than 5 per cent. of the 171,200 grocers in the United States. But in the cities the chain stores frequently do more than 25 per cent. of the business; in Philadelphia between 60 and 70 per cent.

From another source comes information that 90 per cent. of all grocers are independent dealers, and that the balance of 10 per cent. is divided between chain stores and mail-order houses.

By "chains" it is perhaps necessary to repeat that we mean groups of retail stores *under one ownership and direction.* We have estimated there are more than 2,000 such chains of all kinds in the United States, with a total of more than 25,000 stores, exclusive of retailers' co-operative jobbing or manufacturing *combines*, of which latter there are hundreds, incorporated and unincorporated, and exclusive of mere agencies. We have noted some of the more important of these combines, but we have not counted them in the figures. For the same reason we have excluded from our list syndicate ownerships which are not centrally managed. It is often hard to make a distinction, but the principle will be recognized as sound, and the evidences of its operation as significant. As all of the chains are

Printers' Ink, October 15, 1914, p. 71.

growing—the larger ones at the rate of one or two stores a week—the figures were absolute only on the day they were reported; they are, however, as accurate as it is possible to get them.

A few of the leading chains in the grocery field were named in the first article of the series. The following list is a larger one, but is less than one tenth of the whole number, to publish which would call for too much space.

GROCERY CHAINS

	Stores
Great Atlantic & Pacific Tea Co., Jersey City	807
Acme Tea Co., Philadelphia	315
James Butler Grocery Co., New York	238
Childs & Co., Camden, N. J.	230
Grand Union Tea Co., Brooklyn	200
Kroger Grocery & Baking Co., Cincinnati	182
M. O'Keefe, Inc., Gardner, Mass.	146
Wm. Butler, Philadelphia	140
Bell Co., Philadelphia	130
Robinson & Crawford, Philadelphia	130
National Grocery Co., Jersey City	126
Direct Importing Co., Inc., Boston	125
Thos. Roulston, Brooklyn	121
John T. Conner Co., Boston	110
G. M. Dunlop Co., Philadelphia	106
Valley Supply Co., Pittsburgh	65
Union Supply Co., Pittsburgh	63
Voss Grocery Co., Cincinnati	62
C. F. Smith & Co., Detroit	61
Federal Supply Co., Pittsburgh	57
James Van Dyke Co., New York	55
S. K. Ames, Boston	55
Daniel Reeves, Inc., New York	52
Mohican Co., New York	50
Andrew Davey, New York	49
Standard Tea & Grocery Co., Indianapolis	48
H. G. Hill Grocery & Baking Co., Nashville, Tenn.	48
L. W. Rogers & Co., Atlanta	45
C. D. Kenney Co., Baltimore	45
Acker, Merrall & Condit Co., New York	45
Mr. Bowers' Stores Co., Memphis	43
National Tea Co., Chicago	41
Sanitary Crocery Co., Washington, D. C.	34
H. C. Bohack Co., Brooklyn, N. Y.	33
Jas. W. Crook, Baltimore, Md.	32
L. J. Christopher & Co., Los Angeles, Cal.	30
A. H. Phillips, Springfield, Mass.	29
Fisher Bros. Co., Cleveland	28
A. F. Beckman & Co., New York	25
Fisher Bros. & Co., Cleveland	28

	Stores
John H. Kamman Co., Buffalo	25
Nelson Company, New Orleans	25
Acme Stores, Akron, O.	25
Eureka Stores, Windber, Pa.	24
Eastern Estate Tea Co., New York	21
Jones-Hughes Co., Louisville (Quaker Maid Stores)	19
Donohoe's, Inc., Pittsburgh	20
Gristede Bros., Inc., New York	20
Foltz Grocery & Baking Co., Cincinnati, O.	18
Red Star Grocery Co., Wheeling, W. Va.	18
P. Parker, New York	16
Progressive Grocery Stores, New York	7
E. E. Gray, Boston	12
Basket Stores, Inc., Lincoln, Neb.	12
Park & Tilford, New York	10
E. P. Nelson & Co., Everett, Wash.	10
A. B. Flory Grocery & Baking Co., Canton, O.	10
Cobb, Bates & Yerxa Co., Boston	7
Finley Acker Co., Philadelphia	4

One of Oldest Chains

The Great Atlantic and Pacific Tea Company is the largest and among the oldest of the chains, dating back almost to the Civil War. It is practically all owned by George H. Hartford, of Jersey City, and his sons, and no figures are given out as to its earnings; but its capital is $2,100,000, and, from the fact that it is continuously expanding, it is believed to be very prosperous. It is not a rabid price-cutter and does business along rather conservative, although progressive, lines. It gives out a trading stamp of its own and advertises locally on a fair scale. It imports teas and coffees by the shipload and buys up the crops of an entire countryside. It does no manufacturing.

The Kroger Grocery and Baking Company, of Cincinnati, is one of the most aggressive and fastest growing of the grocery chains. Like many another business, it was built up from a shoestring—in this case exactly $372. B. H. Kroger began with one grocery and a delivery route. His chain grew gradually; he took over sixty stores of a rival chain in 1908 and a year or two ago absorbed the Maurer-Remley Meat and Grocery Company, of St. Louis. He has, as mentioned in a preceding paragraph, gone extensively into manufacturing for his chain. The company's sales last year were about $10,000,000 on a capital of $2,000,000. Kroger's success appears to have come most largely from rapid turnovers, especially on staple goods, which he cuts way below the market price. Advertised goods likewise suffer. Kroger has always been, from the beginning, a consistent and persistent local advertiser. He is a wholesaler, also, to small-town grocers.

Mr. Bowers' Stores, of Memphis, were described too recently in *Printers' Ink* to call for more than a word. Bowers is one of the greatest price-cutters in the country in the grocery line. He takes a certain profit above the cost of doing business and cuts remorselessly to that line on all goods, advertised as well as others, and has reasons for it, which we will take up in season. He is a strong advertiser, dividing the cost among his stores, as do most other chains in localities where a number of their stores are bunched. He has a bakery, but no other manufacturing facilities. He owns a wholesale grocery, but manages the business independently.

Mr. Bowers' Stores

James Butler Grocery Company, of New York, is typical of a large number of grocery chains. It cuts prices, gives trading stamps, pushes its own numerous brands aggressively. Its business is conducted on a price basis. The authorized capital is $10,000,000; earnings not made public.

The Acme Tea Company is the largest of the Philadelphia chains and has branches not only in that city but throughout New Jersey. It has apparently prospered very greatly on price-cutting, pushing its own brands, which it values highly, and advertising locally in Philadelphia. It puts out trading stamps of its own. Like other chains, it buys in huge quantities. It has its own baking plant.

Has Its Own Trading Stamps

The Childs Company has added 200 stores since 1908. It is the only chain in Philadelphia that does not give trading stamps.

The Acker, Merrall & Condit Company and Park & Tilford have been mentioned. They are the highest type of grocery, carrying large and varied stocks and maintaining prices on advertised brands, though handling also many lines of their own.

The Girard Grocery Company is the wholesale or jobbing co-operative established by independent retailers of Philadelphia to offset the destructive competition of the chains. Philadelphia is a city of chains in the grocery line. The Girard company held its business meeting a few weeks ago and showed a total volume of $2,032,872 business. The capital is $121,453. It has no private brands but works in harmony with national advertisers. It is subsidiary to the Retail Grocers' Association, and was incorporated because of the jobbers' objection to it as a buying combine. It has a membership of 470 grocers.

The United Groceries Company, of Pittsburgh, was incorporated in Delaware last year with a capital of $10,000,000. On the same day the Pittsburgh Wholesale Grocery Company was incorporated with a capital of $1,000,000. The former corporation has now increased its capital to $16,000,000. The general scheme is to establish a chain of wholesale grocery houses—co-operative buying combines—across the country with the United Groceries Company, of Toledo, a grocers' combine, doing the buying for all, and eventually to have all articles sold under their private brand called "Un-gro-co." The project is ambitious, but thus far the efforts of the incorporators appear to have been confined to getting the Pittsburgh house under way.

"Company Stores"

The Federal Supply Company, mentioned in the table as having 57 stores, is a chain of what is known as "company stores" for the miners, in this case conducted for the Monongahela River Consolidated Coal & Coke Company and the H. C. Frick Coal Company. There are a large number of chains of this sort, among them the 30 Eureka stores at Windber, Pa.; Consolidated Coal Company, Fairmont, W. Va., and W. J. Rainty and Dull Mercantile Company, in western Pennsylvania.

Other ventures are announced from time to time. Just now, in the East, the All-Package Grocery Stores Company, of Newark, N. J., is selling stock in its $1,000,000 company, whose prospectus states that it will go into manufacturing and baking and start a chain of grocery stores in Greater New York that "will startle the grocery world." Prominent business men of Newark are behind the company.

Another significant development in the field is mentioned by J. C. Simmons, secretary of the Washington Retail Merchants' Association, Inc., of Seattle, and editor of the *Northwestern Merchant*, who writes:

"The hardest competition which the retail grocer of Seattle has is the so-called 'public market.' These are four in number, the buildings being quite large and owned by private individuals, the same being divided into very many small stalls and rented to small dealers. Many of them are running general grocery departments, and many of them are specializing on different food products. There are restaurants, coffee houses, fruit stands, vegetable stands, creameries, and, in fact, every kind in the food line. I should estimate that there are between 600 and 700 stalls in these four markets operated by individual people.

"These markets are very well furnished, that is, as to paint and electric light fixtures, etc., making them very attractive. They are very extensively supported by the people. Fruits, and especially green vegetables, are sold remarkably cheap.

"The municipality also has a long shed, most of which is leased in small stalls daily to the farmers."

Public Markets Help Chains

Various municipalities are attempting to revive and make permanent the public markets of our forefathers. New York City has four of them. It is possible that some of them will prevail in some form. However they fare, and whatever the public benefit, they take out of the grocer's pocket his profits on green groceries and lessen his capacity for distribution. As the little independent grocer needs every small profit more than the large chain and generally has no private brands on which to make up his losses, the general effect of the establishment of public markets is to hasten the decay of the small independent grocer.

In an earlier article figures were given showing the growth of grocery stores, both individual and chain, in Greater New York during the period from 1903 to 1913. Below are the figures for each chain that has buying headquarters in this city:

DEVELOPMENT OF GROCERY CHAINS WITH HEADQUARTERS IN NEW YORK CITY

Name	1903	1914
James Butler Grocery Co	60	238
Grand Union Tea Co	45	200
Thos. Roulston	22	121
James Van Dyke Co	*..	55
Daniel Reeves, Inc	3	52
Mohican Co	*..	50
Andrew Davey	26	49
Acker, Merrall & Condit Co	6	45
Oppenheimer	5	33
Bohack Co	6	33
Beckman & Co	15	25
Eastern Estate Tea Co	7	21
Gristede Bros., Inc	5	20
P. Parker	4	16
Park & Tilford	5	10
Thos. Healey	5	10
Progressive Grocery Stores	1	7
	†215	985

*Declined to give information, but chains were much smaller.

†Figures for two chains missing.

The Great Atlantic & Pacific had 200 stores in 1903 and have 807 in 1914. It is the only outside chain operating grocery stores in New York City.

Grocers in Buying Combines

It is in the grocery field that the buying combines most flourish. The field is probably the least stable of all; store ownerships are constantly changing; the loosest practices frequently and almost generally prevail; in other words, a condition where a very little of efficiency will go a long way and where a good deal of efficiency has produced glittering dividends.

Buying combines, exchanges, or associations are approved economies to the retailer members, but they call for a strong sense of organization and solidarity. This sense will doubtless increase, but at present a large proportion of buying combines are said to have been unsuccessful. The usual arrangement is for the combine to acquire a warehouse and hire a manager; and for each member to place orders with cash accompanying and take away the goods himself. When the combine breaks down it is almost invariably because some of the members cannot or do not pay cash. They either extort credit from the combine manager or place their orders with the jobbers. The net result is the same. Sometimes the members quarrel and get to cutting prices, with the effect of sacrificing the saving made in buying. But there are, nevertheless, many successful buying combines, and they must increase in number and efficiency, so long as present conditions continue and the chains and mail-order houses flourish.

In the Drug Field

Conditions in the drug field, where the next largest number of chains obtain—probably about 200, with a total of approximately 1,400 stores out of a grand total of 45,000 in the country—are very different. In most communities the drug store is a more or less general store. In the large cities it seems on the way to become a department store. So far as known, all of the chains in this line started as retail stores. Druggists, being professional practitioners, have not always been the most progressive of business men, and it is notorious that many drug stores are practically owned by drug jobbers, which partakes of consolidation, too. Retail co-operation has taken place on the largest scale, quite outdistancing corporate chains, though it is, of course, of a looser description. But the drug field is destined in all likelihood to see the most powerful chain in America and ultimately the world.

The more important of the 200 drug chains, with the number of their stores, follow:

IMPORTANT DRUG CHAINS

	Stores
Riker-Hegeman Corporation, New York	105
Louis K. Liggett Co., Boston, Mass.	52
Owl Drug Company, San Francisco	20
Square Drug Co., Syracuse, N. Y.	20
Marshall Drug Company, Cleveland	15
Sun Drug Co., Los Angeles	13
Day Drug Co., Akron, O.	12
Jacob's Pharmacy Co., Atlanta, Ga	11
M. C. Dow, Cincinnati, O.	11
Standard Drug Co., Cleveland, O.	11
Hook Drug Co., Indianapolis	10
May Drug Co., Pittsburgh	9
Detroit Drug Co., Detroit, Mich	8
Public Drug Co., Chicago	8
E. C. Osborn, New York	8
Kradwell Drug Co., Racine, Wis.	7
Shumate's Pharmacy, San Francisco	7
Bentson Drug Co., Fargo, N. D.	7
Scholtz Drug Co., Denver, Colo.	6
T. P. Taylor & Co., Inc., Louisville, Ky.	6
Acme Association, New Orleans, La.	6
S. B. Davis, Philadelphia	6
J. Fred Gibson & Co., Providence, R. I.	6
Bartell Drug Co., Seattle	6
Wakelee, San Francisco	6
George B. Evans, Philadelphia	5
Buck & Raynor, Chicago	6
W. B. Hunt Company, Boston	5
Standard Drug Co., Detroit	5
United Drug Company (Rexall), Boston, retailers' co-operative manufacturing and jobbing corporation, about	5,000
American Druggists' Syndicate, New York, retailers' co-operative manufacturing and jobbing corporation	16,000
Philadelphia Wholesale Drug Co., retailers' co-operative jobbing house	550

Greatest in importance is the fast-growing Riker-Hegeman chain. This is the result of several amalgamations within a half-dozen years. The presence of John H. Flagler in the old Hegeman Corporation, and afterward in the new corporation, was popularly taken as an indication of its control by Standard Oil interests. The new concern was captured last February by George B. Whelan and his associates in the United Cigar Stores Company, who are, of course, closely allied, though perhaps not formally, with leading tobacco magnates. The new company has speeded up its career of expansion and aims to cover the country, toward which ambitious project its present 105 stores are no mean beginning. Its capitalization is $15,000,000; its sales last year equal to the same amount, and the dividend on it 15 per cent. Attempts were made two or three years ago by the corporation to acquire control of the L. K. Liggett Company, and the report is renewed from time to time that it is still seeking to do so. The Liggett Company's 1913 business was about $6,000,000.

All of the chains are pronounced price-cutters, all push their private brands, all are manufacturers as well as retailers. The two co-operative chains have advertised nationally, and both Riker-Hegeman and Liggett's are local advertisers.

May Become National Advertiser

There is no question that Riker-Hegeman will become a national advertiser of its own brands as soon as it secures representation in a fair number of communities throughout the country. This may be sooner than some suspect. The spread of the stores, though limited chiefly by the number of trained managers in hand, is nevertheless proceeding at the rate of three or more a month.

But it is more than possible that with so good a start the company will not trust alone to the relatively slow growth of normal expansion, but will sooner or later take up the special-agency plan and get representation for its brands in every community, just as the United Cigar Stores Company is doing. National advertising would then conceivably follow. This would not only be logical, but it would be almost inevitable if the chain stores should, for any reason, legislative, judicial, or otherwise, lose the advantage of the "inside price."

Something has already been said about the Owl Drug Company, of San Francisco, and its progressive policies. It did a gross business of some $4,500,000 last year on its capitalization of $6,500,000.

The Rexall and A. D. S. stores are strict co-operatives and are not centrally directed, as is the case with the chains proper. Yet with the former and possibly with the latter there is a great deal of co-operative feeling. Both systems entered the national advertising field last year, the first of the chains in any field to do so on a large scale. The A. D. S. ran three or four months at the time, but the Rexall stores have continued in a seasonal way. Their first national appropriation was $90,000.

The United Drug or Rexall system was earlier in the field, having started in 1903 with some forty stockholding stores. It lost $95,000 the first year, $78,000 the second, but the third year turned the corner. Its gross business last year is said to have been about $5,000,000, and its net profits some 15 per cent. of that. It was started by Louis K. Liggett, whose Liggett chain is affiliated with it. The United Drug Company has gone extensively into manufacturing, and owns the National Cigar Stands, the Guth Confectionery Company, Liggett Candy Company, Daggett Candy Company, and other companies.

The United Drug System

The American Druggists' Syndicate was started in 1905 by Charles H. Goddard for the avowed purpose of combining the retail druggists in order to manufacture a few non-secret preparations to take the place of the cut-rate patents, on which there was little or no profit. It has built up a large business, sales last year aggregating $4,000,000, and has a large manufacturing plant in Long Island City, N. Y. It is building on the Pacific Coast.

The two systems differ. The Rexall stores are exclusive agencies for the Rexall preparations, the National Cigar stands, the Guth chocolates, etc., and the agencies are much valued and sought after by retail druggists.

The A. D. S., on the other hand, has since last year sold to anybody, and has consequently become a general jobber. Previous to last year it sold only to its 18,000 members, but not on an exclusive-agency plan; any druggist who bought stock in the Syndicate could buy goods.

The pioneer retailers' drug corporation in the country appears to have been the Philadelphia Wholesale Drug Company, which was organized in 1888 with seven stores and now has 550 for whom it is buying $1,100,000 worth of merchandise annually. The cost of running the business is stated to be about 6 per cent., and the saving to the stockholders 12 per cent. "We naturally believe in co-operation," says President F. R. Rohrman, "and have demonstrated to the drug trade that this is the only system which enables the smaller dealer to compete with the larger one."

The Cigar-store Chains

In the retail tobacco field there are probably 250 or 300 chains, with a total of 2,500 stores, of which the following chains are the more important:

	Stores
United Cigar Stores Company, New York, over	1,000
Joseph T. Snyder, Buffalo, N. Y.	29
M. A. Gunst & Co., Inc., New York	39
A. Schulte, New York	38
Edwin Cigar Co., New York	35
Best & Russell Co., Chicago, Ill.	26
John J. Dolan, Chicago, Ill.	15
Harry W. Watson, Detroit, Mich.	14
J. S. Pinkussohn, Savannah, Ga	14
Albert Breitung, Chicago	10
H. M. Schermerhorn, Inc., Chicago	12
Wm. A. Stickney Cigar Stores, St. Louis	9
Zibort Bros., Nashville, Tenn	8

The United Cigar Stores' story is so well known, has been given at so great length in *Printers' Ink*, and will be so often referred to for comparison in subsequent articles, that it is unnecessary to say much more here. The company does not advertise regularly, but occasionally uses the local mediums in a large way, particularly in introducing itself to a new community or in smoothing over local hostility.

Most of the other chains follow their methods so far as they can.

5, 10, 25 Cent-store Chain

The 5c, 10c, and 25c variety field has been a tempting one to chain promoters. There are probably about 180 chains of from three stores upward, having perhaps 2,000 stores in all. The more important follow:

	Stores
F. W. Woolworth Company, New York	774
S. H. Kress Company, New York, and S. H. Kress & Co., Texas	147
S. S. Kresge Company, Detroit, Mich	124
J. G. McCrory Company, New York	115
G. C. Murphy Co., McKeesport, Pa.	26
George Kraft Co., Chicago Ill.	20
Independent 5-10c Co., New York City	19
Mistrot Bros., Galveston, Tex.	17
Home Stores Co., Milwaukee, Wis.	14
Morris Co., Bluffton, Ind	12
American Five & Ten Cent Stores, New York	12
S. Uberall, Brooklyn, N. Y.	10
D. C. Hartzell & Co., Tippecanoe City, Ohio	10
C. A. Kessler, St. Joseph, Mo.	9
Grand Five & Ten Cent Co., Pittsburgh, Pa.	8
Trick Bros., Benton Harbor, Mich.	8
McClure Ten Cent Co., Atlanta, Ga.	7
Lee Wolf & Bro., Dayton, O.	7
Index Notion Co., Shelbyville, Ind.	7
Banks Bros., Chambersburg, Pa.	7
J. W. Tottle, Baltimore, Md.	5

The big four are Woolworth, Kresge, Kress, and McCrory. All the other stores follow them in general. They do not advertise in local mediums, but instead "advertise by their prices." Advertised goods are rarely handled. In some lines they have their own private brands. Their buying is close.

Forty-six of the Woolworth stores are in Canada and 40 in England. The country really controls seven different combinations. Sales in 1913 were $66,220,000 and earnings on common stock 10.82 per cent.

The Kresge Company did a business of $13,258,227 last year and earned 14.67 per cent. for its common stock.

Restaurant Chains Probably there are 100 restaurant chains, with a total of 1,400 stores, of which the larger chains are these:

	Restaurants
Baltimore Dairy Lunch, New York	140
Childs Co., New York	81
John R. Thompson Co., Chicago	73
Waldorf Lunch, Boston, Mass.	55
Fred Harvey, Topeka, Kan.	55
Horn & Hardart (Automat), New York	27
Exchange Buffet, New York	24
Capitol Lunch, New York	20
Hartford Lunch Co., New York	16
Physical Culture Restaurant Co., New York	16
Hanover Lunch, Inc., New York	14
G. W. Armstrong Dining Room & News Co.	12
White Lunch Co., San Francisco	10
New York Diet Kitchen Association, New York	10
Bristol's Dining Room, New York	8
Belmore Lunch, New York	7
Crescent City Lunch Room	6
Shanley's, New York	4
Foerster Lansten Co. (Kaiserhof Cafés) San Francisco	3

Childs' Restaurants, Fred Harvey's, Thompson's, Baltimore Dairy Lunch, and Automat are the best known. Childs' is represented in several States. It has a capital of $9,000,000 and pays 10 per cent. on the common and 7 per cent. on the preferred. It has been said to have Standard Oil support. The company controls several subsidiary companies, one of which looks out for locations and handles the real estate. The other chains are supposed to be profitable services. The Automat, which is a novel nickel-in-the-slot restaurant, is one of the latest comers, with an expensive equipment but probably low running cost. Besides restaurants and lunch-rooms, Fred Harvey also runs the dining-car service on the Santa Fé system and conducts several hotels.

Druggists and Department Stores

It would, as previously said, be deceptive to print a list of department-store chains without qualifying it by the statement that in this field, with units which themselves contain many separate businesses in departments, and local conditions always differing and frequently changing, it would be impossible to apply what may roughly be called and understood as chain-store principles, as a whole. Nevertheless, there is a single ownership and to some extent control, and we cannot ignore the field. There are more than 30 such drygoods and department-store chains, owning about 250 stores. The leading ones are:

J. C. Penney Co., Inc., New York (formerly Golden Rule Stores)	500 ~~71~~
H. B. Claflin Co., New York	28
Eastern Outfitting Co., San Francisco, Cal	15
Goodnow-Pearson & Co., Gardner, Mass	13
C. C. Anderson & Co., Boise, Ida. (one of Golden Rule Syndicates)	9
Clarke Brothers, Pennsylvania	9
Graham-Sykes Co., El Paso, Tex	7
Weiler Syndicate, Hartford City, Ind	7
Oppenheim, Collins & Co., New York	6
Consolidated Drygoods Co	5
G. Newman, Jr., Chicago	5
May Department Stores Co., New York	5
A. Steiger & Co., Holyoke, Mass	5
United Drygoods Companies, New York	5
Crawford-Plummer Co., Boston	4
Fowler, Dick & Walker, Binghamton, N. Y	4
Associated Merchants' Company, New York	4
Dives, Pomeroy & Stewart, Reading, Pa	4
Gimbel Brothers	3

Men's Clothing Chains

The men's clothing field has been referred to. What was said of the department stores is true of this, in less measure. There are probably 45 or 50 chains, with 600 stores, of which the leading ones are:

	Stores
Scotch Woolen Mills, Davenport, Ia	117
Gateley's Credit Clothing Co., St. Louis	115
Menter Co., Rochester, N. Y. (chain of credit clothing stores)	31
E. F. Bailey (Glasgow Tailors), Des Moines	30
Besse System	27
Browning, King & Co., New York	17
Levy & Nathan, Inc., New York	12

	Stores
Ritchie & Cornell, New York	11
Scotch Woolen Mills, Springfield, Ill.	10
Raab Bros., Cincinnati	10
Hilton Co., New York	8
George Tailor Parlors, New York	7
Kennedy Co., Boston	7
Benoit System, Malden, Mass.	7
Capper & Capper, Chicago	5
Brill Brothers, New York	5
Surprise Stores, New York	5
Plymouth Clothing Co., St. Joseph, Mo.	4
Rogers-Peet Co., New York	3

Browning, King & Co. are well enough known. They are a large and successful corporation. The "woolen mill company" movement deserves particular notice. These are small clothing specialty shops organized into chains. No figures as to the amount of their business are obtainable.

Manufacturers' agencies under one form or another play, of course, a large part in this field.

Men's Furnishing Field

The men's furnishing field is being similarly organized, though the large cities are the only ones to show large chains. There may be 25 in the country, with a total of 90 stores. Weber & Heilbroner, of New York, is the only one to go into two figures, having 11 stores. In New York, Liberman Brothers and Pinto Brothers have four each, and in Chicago, Albert Hoefeld and Washington Shirt Company four each.

Piano and Musical Interests

In the piano field some manufacturers maintain warerooms and branch stores in several cities and agencies in others, while other manufacturers have agencies only, some of these agencies being under one management. There is a system of consigning instruments by both manufacturers and dealers, and many houses regard these consignment accounts with dealers as creating branch stores. However, it may be said there are 60 chains exclusive of branch stores, agencies, and consignment deals, with perhaps 450 stores, the leading chains being as follows:

	Stores
Starr Piano Co., Richmond, Ind	36
Grinnell Bros., Detroit	24
F. W. Frederick Piano Co., Uniontown, Pa.	23
Eilers Music Co., Portland, Ore	20

	Stores
M. Steinert & Sons Co., Boston	18
Wiley B. Allen Co., San Francisco	18
W. W. Kimball Co., Chicago	17
Chas. M. Stieff Co., Baltimore	16
Story & Clark Piano Co., Chicago	15
Isaac Bledsoe, Austin, Tex	12
F. G. Smith, New York	12
A. L. Bailey, St. Johnsbury, Vt.	12
Sherman Clay & Co., San Francisco	11
J. W. Jenkins' Sons Music Co., Kansas City	11
Conway Co. (Hallet & Davis), Boston	10
Field-Lippman Piano Stores, St. Louis	9
Cable Co., Chicago.	9
M. H. Stranburg, Jamestown, N. Y.	9
Rudolph Wurlitzer Co., Cincinnati	8
Steinway & Sons, New York	8
F. A. North Company, Philadelphia	8
Baldwin Piano Co., Cincinnati	8
A. B. Smith, Akron, O.	7
Cluett & Sons, Troy, N. Y.	6
Jacob Doll & Sons, New York	6
Otto Wissner, Brooklyn, N. Y.	6
Ludden & Bates, Savannah, Ga.	6
Aeolian Co., New York, 5 stores in U. S., 5 in foreign countries	
Musical Instrument Sales Co., New York, 9 departments	

*Completing the necessary census of the chains before passing on to the more interesting and important matter of examining their methods, we present further evidences of the concentration of ownership and centralization of management that is rapidly proceeding in the retail field. Most of it is the work of the last fifteen years. The bulk of the 2,000, with their 25,000 stores, have had their beginnings or chief growth in that time. And by chains, we repeat, is meant organizations of retail stores owned and managed as a unit. Other manifestations of concentration, though of scarcely less significance, like retailers' co-operative buying exchanges and incorporated jobbers and manufacturing companies, have been noted, but are not included in the figures.

The boot and shoe field has perhaps 50 chains, with 700 stores, the more important chains being:

	Stores
R. H. Long (Waldorf), Framingham, Mass.	82
W. L. Douglas Shoe Co., Brockton, Mass.	79
Regal Shoe Co., Boston	47
Hanover Shoe Co., New York	52

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	Stores
Florsheim Shoe Co., Chicago	30
Sorosis Shoe Co., Brooklyn	30
Hanan & Son, New York	18
Beck Shoe Co., New York	15
E. W. Burt & Co., East Lynn, Mass	12
S. B. Thing Co., Inc., Boston	12
C. H. Baker Shoe Co., San Francisco	11
Walkover Shoe Co. (George E. Keith Co.), Brockton, Mass	11
French, Shriner & Urner, New York	11
I. Blyn & Sons, New York	11
Emerson Shoe Co., New York	10
John Ward Co., New York	8
Rival Shoe Co., New York	8
Stetson Shoe Company	7
O'Connor & Goldberg, Chicago	6

The largest chains, as will be recognized, are manufacturing chains—Regal, Douglas, Hanan, etc. The Regal has, besides, 1,500 agencies; Walkover 3,500 agencies, etc.

Confectionery Chains The confectionery field has perhaps 40 chains, with 315 stores, of which there are best known:

	Stores
Huyler's, New York	52
Gates, Philadelphia	22
Page & Shaw, Boston	14
Loft, New York	12
Mirror, New York	12
Schrafft's, New York	8
Martha Washington Candy Co., Washington, D. C.	7
F. G. Shattuck Co., New York	6
Robert H. Putnam Candy Co., Cincinnati	6
Mary Elizabeth Candy Co., New York	5
Chas. W. Miller, Philadelphia	5
Repetti, New York	4
French Nougat Candy Co., Cincinnati	4

There are about 25 bakery chains, with 125 stores. . . .

Jewelry Field Fifty chains, with a total of 200 stores, is probably a conservative estimate for the jewelry field. . . .

There are two recent developments in this field that are interesting. The first is the organization of a co-operative syndicate of jewelers on the lines of the United Drug Company, the organization of Rexall stores. Louis K. Liggett, the president of the United Drug Company, is, in fact, chairman of the board of directors of the United Jewelers, Inc., though the connection is declared to be purely personal and not to indicate any *rapprochement* between the two organizations. Neither of the corporations is a chain in the restricted sense we are giving it—they do not own and direct the constituent stores. But the United Drug Company is powerful in its field, and is growing increasingly so, and the United Jewelers, Inc., will no doubt aim at the same thing in its own domain. Mr. Liggett's experience will be valuable to it.

The United Jewelers' plan is to invite 2,000 of the 22,000 jewelers in the country into the organization, the "upper ten" per cent., if it can get them, and it probably will, judging from the eagerness with which Rexall agencies were sought. These jewelry agencies become stockholders in the organization; will handle exclusively the organization brand of "Hallmark" goods, and will be known as "Hallmark" stores. The company says in its trade-paper advertisement:

"The United Jewelers, Inc., is not a buying syndicate to make price-cutting and underselling possible. On the contrary, it is a bulwark of price and quality and a protection alike to the high-grade manufacturer, the reputable jeweler, and the appreciative, liberal-minded purchasing public."

Eventually National Advertising

The electro book for local advertising shows a line of Hallmark silverware, bracelet watches, gold-filled jewelry, link buttons and tie-clips, candlesticks, jam-jars, silver picture-frames, hat-pins, scarf-pins, etc. Window-trimming helps are being devised and national advertising at a future date is promised.

The other development is the extension of the Brodegaard plan and the incorporation of the wholesale business with a capital of $200,000. The Fred Brodegaard Jewelry Company, of Omaha, has been consigning goods to some 50 small-town merchants in Nebraska and western Iowa. The goods are placed out on a percentage basis, the company retaining title, and the merchant furnishes the showcase.

Brodegaard salesmen make each town every sixty days, conduct special and well-advertised sales, display more extension stock from their trunks. The company plans to take in 250 more merchants. It is not, strictly speaking, a chain in the sense we are using the word.

Co-operative buying exchanges or associations are common in the jewelry line, but not conspicuously successful. Some of these are not recognized by manufacturers or some manufacturers. The Jewelers' Co-operative Syndicate is probably the most prominent of the combines.

Oil and Gasoline

In the oil and gasoline field, the Texas Company and some others maintain retail and wholesale branches or service stations in great numbers in different sections of the United States, and even in coast harbors on floats or island for the convenience of power boats. The Standard Oil service stations in New York and New York State, for instance, number over 600. There are probably four or five such groups, with 2,000 stations in all.

Chains in Hat Field

The larger chains in the hat field, where there are perhaps 25, with 250 stores, are these:

	Stores
Kaufman Bros., New York	40
Truly Warner, New York	24
Irving Hats Co., New York	24
Sarnoff Bros., New York	16
Reilly Hat Store, Springfield, Mass.	10
Young's Hat Co., New York	10
Knox, New York	3

The history of the hat chains is that they came in and reestablished specialty stores after the department stores had practically wiped out the little individual hat store. Young's and Knox have each 1,000 agencies.

Laundries

In the larger centres, particularly the metropolis, laundry chains have been developed. There are 23 in New York, three in Chicago, and three in Philadelphia—probably not more than 45 altogether in the country, combining possibly 275 stores. The best known in New York are Wallach's, 22 stores, a consistent advertiser; Stancourt, 15; Carolyn-Heath, 23, and Champion, 17. Munger in Chicago and the Nonpareil in Philadelphia have eight each.

Butchers

Seventy-five chains of butchers, with a total of 450 stores, is probably conservative. The largest are these:

	Stores
L. Oppenheimer, New York	33
Washington Market, New York	16
A. Andre, New York	15
Schuck & Co., New York	12
Star Beef & Provision Co., New York	11
Rittenhouse Bros., Philadelphia	8
E. Kahn's Sons Co., Cincinnati	7

	Stores
Frosch & Sons, Philadelphia	6
Columbia Meat Market, Philadelphia	6
Chas. W. Spencer, Philadelphia	6
Becker Bros. Co., Cincinnati	6

Dyeing and Cleaning

In the dyeing and cleaning field there are some 45 chains, of which 25 are in New York and 10 in Chicago. Probably there are 400 stores. Many of the chains advertise. The best known in New York are: Barrett, Nephews & Co., 35 stores; Paul L. Bryant, 8 stores; Mme. Frances Dervieux, 10 stores; Eastern District Dye Works, 12 stores; Mme. Obry, 12 stores; Rees & Rees, 14 stores; Schwartz & Forger, 14 stores; Metropolitan Dye Works, 12 stores; and Lewando, Boston, 30 stores; in Chicago, Kraus Bros., Lowey Co., 12 stores; Flynn Cleaning & Dyeing System, Chicago, 20; Becker & Wade Co., Chicago, 15; Superb Dyeing and Cleaning Works, Chicago, 14 stores; Consolidated Cleaning Co., 10 stores; in St. Louis, Lungstras Dyeing & Cleaning Co., 17 stores, and in Cincinnati, Fenton Dry Cleaning & Dyeing Co., 23 stores; Footer's Dye Works, Philadelphia, 13.

In Dairy Field

The consolidation in the dairy field shows nearly 40 chains, totalling possibly 550 stores. The leading ones are:

Sheffield Farms-Slawson-Decker Co., New York	87
Borden Condensed Milk Co., New York	77
N. C. Nelson, New Orleans, La.	27
H. P. Hood & Sons, Boston	20
Clover Farm Dairy, New York	16
Model Creamery, Boston	15
Abbott's Alderney Dairies, Philadelphia	12
Locust Farm Co., New York	12
McDermott Dairy Co., New York	7

French Bros.-Bauer Co., of Cincinnati, are included under bakeries.

Borden's dairy stores furnish an outlet, of course, for the Borden products, besides milk.

Saloons

Saloons, considering their number, do not happen to have been very greatly consolidated in retail ownership. Most saloons are controlled by one brewery or another, which often advances the money or part of the money to buy the license. However, there are some chains, 32 of them in New York, indicating that there are probably at least 100 in the country with an average of between four and five stores each. . . .

Liquor-store Chains

There are probably 25 wine-and-liquor-store chains, controlling 140 stores, the best known being the Wine Growers' Association of New York, which has 53 stores, and the Hygrade Wine Company, of the same city, 18 stores.

Furniture Field

The furniture fields show probably about 16 chains, with 100 stores, among them these:

	Stores
Gateley's, Chicago (and clothing)	26
Spiegel, May, Stern Co., Chicago	18
General Furniture Co. Chicago	7
Royal Furniture & Carpet Co., Chicago	4
Phillips Bros. & Weil, Chicago	3
N. J. Sandberg Co., Chicago	3

One of these houses writes *Printers' Ink*: "There are a number of stores located in smaller towns which are really included in our syndicate, but we do not advertise them or publish them as being members of our syndicate because they are in competition with the company."

Cloaks, Suits, etc.

There are easily 25 chains, with 150 stores, in the women's cloaks, suits, etc., field, among them the following:

	Stores
Arthur L. Braus, New York	19
Samuel Lewis, Troy, N. Y	14
P. & Q. Shop, New York	10
Bedell & Co., New York	6
Klein Cloak Co., New York	5
The Leiser Co., Chicago	4
Warner Company, Warren, O.	4
United Cloak & Suit Co., Milwaukee	4
Conrad-Baish-Croehle Furniture Co., Cleveland	4

Chains of Coal Stores

We cannot overlook the coal business, which, like other lines, is experiencing concentration. Many concerns now have yards in different parts of their home city and maintain branch offices at them. We have 28 chains listed, having three or more branches—there are probably 40 in the country, with about 500 stores, the best-known chains being:

	Stores
Consumers' Co., Chicago	96
Chalfant Brothers, Philadelphia	36
Colorado Supply Co., Denver	27
Polar Wave Ice & Fuel Co., St Louis	23
Burns Brothers, New York	16
Curtis & Blaisdell Co., New York	7

Bank Consolidations

Bank consolidation or extension, as you please, is noticeable. There are 16 such chains and branch systems in New York and probably as many more in the rest of the country, with 125 branches in all. The largest chains are:

	Branches
Corn Exchange Bank, New York	34
New York Produce Exchange Bank, New York	8
Colonial Bank, New York	7
Henry Clews & Co., New York	6
German Loan & Savings Bank, San Francisco	4

The private banking and brokerage field shows many branch organizations. Some of these are more branch offices or agencies than places where anything is actually sold.

An interesting chain is projected in this field in the shape of a system of banks having for its object the prevention of usury by lending money in small amounts to the poor. It will be capitalized at $5,000,000 and is intended to extend to every large city in the country. The prime mover is Julius Rosenwald, president of Sears, Roebuck & Co., and Andrew Carnegie. Vincent Astor and others are said to be interested.

Theatrical Chains

We are not likely to think of theatres as chain stores, although, of course, they purvey amusement at retail. Concentration has gone to the extent of perhaps 15 chains or circuits, 10 of them with headquarters in New York, and probably not more than 260 theatres. . . .

News-stands, etc.

The concentration in such small but important lines as newsstands, fruitstands, shoe-blacking stands has been great in the cities. Any estimate must be an exceedingly free one because railroad, railroad station, subway and elevated roads, hotels, and public building concessions are farmed out to individuals or corporations, often at very high rentals. It would be useless to seek accurate data in these fields when the object of this article and series is chiefly to suggest rather than record the progress of the impulse.

Taking news-stands alone, we select almost at random:

	Stands
Union News Co., New York	900
Ward & Gow, New York	125
Inter-State News Co., New York	38
G. W. Armstrong Dining Room & News Co., Boston	30
Tyson Company, New York	23
Parker Railway News Co., Macon, Ga	22

There may be 100, there may be 200 such chains, with a total of 2,500 stands; we can only guess.

Bootblack stands in the East are owned chiefly by Italians; small fruitstands by Greeks. It is impossible to get any reliable figures on which to base an estimate. Probably they do not exist outside of the large cities; it is concessions that breed them. One hundred chains in each line, with an average of four stands, would be reasonable.

Of its own field, the *Farm Implement News* affords this information which might well come from other fields, too:

No Farm Implement Chains

"There are no chain stores in the implement trade so far as we know. There was a time when some of the jobbers and branch houses of manufacturing concerns maintained a few retail establishments in their respective territories. In some cases this plan was forced upon the wholesale concerns through their having to seize certain stocks to protect chains, but in some cases retail establishments were started in certain towns because the wholesale concerns could not obtain representation they wanted with the regular dealers.

"Some years ago this matter was taken up by the National Federation of Retail Implement and Vehicle Dealers' Association which *protested* against the system, with the result that in most cases the retail houses were discontinued."

The *Hardware Age* reports:

Hardware Field

"The idea of chain stores is growing in the hardware field, and we presume there must be fifteen or twenty concerns operating anywhere from two or three stores to as many as a dozen. One of the most prominent concerns in this field is the George W. Peck Company, whose offices are at Bath, N. Y.

"We believe the object of organizing chain stores is mainly to save on the cost of goods. The buying problem is one that is very acute in the hardware field, and the merchant who can buy goods at the lowest price is, to a certain extent, able to command the trade of his locality on some lines of merchandise."

The George W. Peck Company operates 10 stores.

In the sewing-machine field the Singer Sewing Machine Company, Jersey City, N. J., has 1,600 stores, but only 800 are run direct by the company, the balance being rented by agents who work on commission.

The office and store appliance fields have been peculiarly subject to concentration in some directions. In most of the cases the business is done by agents who are paid on commission and who maintain their own quarters. Nevertheless, the connection and control are very close. . . .

Evidences of chains or concentration in other fields may be summarized as follows:

Concentration Elsewhere

Optical: M. H. Harris, New York, 9; J. Ehrlich & Sons, New York, 6; E. B. Meyrowitz Co., Inc., 5 local and 2 foreign; M. Singer, New York, 4; B. L. Becker, N. Y., 3; Dachtera Bros., New York, 3; probably 8 to 10 in the country, with 35 or 40 stores.

Millinery: Eugene Frank, Cincinnati, O., 5; Banner Millinery Co., San Francisco, 3; Chicago Millinery & Hat Co., Chicago, 3; Mme. Bertha, New York, 3; A. W. Jones Millinery Co., Boston, 6; Empire Feather Boa Co., New York, 3; Cawston Ostrich Farm Corp., South Pasadena, Cal., 4 stores; Milkman's Millinery House, New York, 3; perhaps 15 in the country.

Gloves; P. Centemeri & Co., New York, 4 stores.

Fountain pens: Waterman Fountain Pen Co., 4 stores.

Delicatessen: Solowey Bros., New York, 3 stores; Rosoff Brothers, Brooklyn, N. Y., 3 stores.

Barber Shops: New York Barber Co., 8 shops; Terminal Barber Shops, New York, 6 shops.

Lumber: Boeckler Lumber Co., St. Louis, 3 yards; Holekamp Lumber Co., St. Louis, 4 yards; St. Louis Lumber Co., 6 yards; J. Thomas Lumber Co., Topeka, Kan., 20 yards; W. I Miller, Topeka, 4 yards; D. Gabriel Co., Topeka, 3 yards—perhaps 50 chains in the country with 300 yards.

Corsets: W. H. Gossard Company, Chicago, 3 stores; Goodwin, New York, 6; Sacks Corset Shop, New York, 3.

Electric Supplies: Manhattan Electric Supply Co., New York, 6 stores; S. May, New York, 3 stores. See, also, automobile accessories.

Florists: five in New York; Warendorf, 5 stores; Fleischmann, 5; Colonial, 3; Christatos, 3; Cardasis, 3; perhaps 15 chains in the country, with 50 stores.

Funeral Directors: William Necker, Union Hill, N. J., 25 branches; William J. Dargeon, Inc., New York, 20 branches; Thomas Burton's Sons, New York, 3 branches; Thomas N. Flynn, New York, 3 branches; D. Scocozza, New York, 3 branches.

Furs: Clawson & Wilson, New York, 3 stores.

In the book field, the H. B. Claflin Company has some 100 book departments in as many department stores, conducted under the name of the Syndicated Trading Co. The International Correspondence Schools, Scranton, Pa., has three of its own stores. There are several other correspondence schools with offices in the principal cities.

In the sporting goods field, A. G. Spalding & Bro., of Chicago, have 43 stores, including foreign; Wright & Ditson, of Boston, 7, and Iver Johnson Sporting Goods Company, of Fitchburg, Mass., 3.

Phonographs: Columbia Graphophone Co., 30 branches. The Victor Talking Machine Company has none. The Edison Phonograph Company is building its first retail store on Fifth Avenue, New York.

Wall Paper: Richard E. Thibaut, Inc., New York, 3 stores; F. Beck & Co., New York, 3 stores; Robert Griffen Co., New York, 3 stores; United Wallpaper Store, Lowell, Mass.

Stock feed: Arthur E. Pratt, Albany, N. Y., a number of stores in the smaller agricultural villages.

Trunks and bags: D. A. Doyle, New York, 6 stores; Schwartz & Co., New York, 5 stores; Wm. Bals, Inc., Newark, N. J., 4 stores; Weisman Bros., 4 stores; Charles W. Wolf, New York, 4 stores; Crouch & Fitzgerald, New York, 3 stores; Casey Trunk Co., 3 stores; Emergency Baggage & Repair Co., New York, 3 stores; perhaps 15 chains in all with 55 stores.

Paper tags, novelties, etc.: Dennison Manufacturing Co., Boston, 6.

Hotels: United Hotels Company, Niagara Falls, N. Y., 15 hotels; Statler Hotel Co., Buffalo, 3 hotels; Fred Harvey, Ritz-Carlton, New York, 3.

There are unquestionably other evidences in these fields, as well as in others that have not been noted. The chief purpose in giving those listed is to show in detail what the average mind hardly grasps when stated as a generalization. The process of centralization is significant. It indicates that business men are coming into a more thorough mastery of the principles of business and that standards of practice are taking the place of the old-time "personality." Where it took all the time of the proprietor to manage his employees, and those only a few, he now finds it possibleby system to supervise many. And he is eliminating the wastes that ate up his mental capital. . . .

(2) SOME TYPICAL CHAIN-STORE METHODS

In the seventh article these investigators group under twelve heads the main features of chain-store organization, which served as a basis of comparison between them and their independent rivals so far as their operating efficiency is concerned. These twelve heads are as follows:

Financing	Advertising
Organization	Selling
Locating the stores, fitting, etc.	Delivery
Buying	Accounting
Display of stock	Adjustments
Pricing	Supervision and improvement

These various lines of activity are traced one by one through the particular trades in which chain stores have become conspicuous. The investigators make clear, for example, the power which large capitalization gives to such concerns as the Woolworth Company, with $65,000,000 capital; the United Cigar Stores Company, with $35,000,000 capital; the United Drug Company, with $20,000,000 capital; the Riker & Hegeman Company, with $15,000,000 capital, and the Childs Company with $9,000,000 capital. Among the twelve groups there are two, however, which deserve particular attention from the standpoint of the advertising man: buying activities, and selling operations.

These, of course, are no more important than some of the others. For example, there probably is no single field in which such a concern as the United Cigar Stores Company has secured greater advantage over its independent competitors than in the ability which it has displayed to pick for itself the best retail sites. This, as is well known, has become one of the most important activities of the company, and there are students of the question who attribute the United Cigar Stores' success as much to the operations of its real estate department as to any one cause. Again, in the matter of accounting and in the keeping of records, the chain stores have a great advantage over their independent rivals. It will be necessary, however, for us to confine our attention to the two heads which we have already mentioned. From the section of these articles describing the buying activities of these concerns, we quote the following:

Is the Buying Fair?

. . . *We are considering the buying habits of the chains as compared with those of the independent retailers to discover which has the advantage and whether there is anything of unfair competition in it, as independent retailers and manufacturers charge there is. Most of the 2,000 chains, with 25,000 stores, which *Printers' Ink's* investigation has shown existing in the country, are retailers' chains, which handle, as in the grocery, drug, and tobacco lines, a large variety of goods, including trademarked and nationally advertised articles. Is their buying fair—putting aside for a minute the question of cash discounts at thirty, sixty, or ninety days?

Take, for instance, the four examples given above, where the leading drug chain of the country bought cheaply and passed a large part of the saving on to the public—is there anything basically wrong about that? We cannot see anything wrong in it, even though the independent retailer is injured by it, as much injured, perhaps, as if, indeed, it were morally wrong. It is not the chain's fault if independents cannot buy so cheaply in this way. And the independents generally do not complain of this kind of quantity buying, but only of the "inside price," the secret extra discount on staples and standard brands, which is another thing entirely. . . .

Printers' Ink, November 19, 1914, pp. 67-75.

There is no question that many manufacturers have been running after the chains with quantity-price offers and "free deals," just as the jobbers were running after the retailers. It reacted on the jobbers and it is reacting now, and will react more, on the manufacturers, though the latter do not seem to realize it.

It seems to have been the jobbers that have the chains in most lines their start. This was in the early days before there was any suggestion of a "menace." The jobbers, not looking beyond the minute, kept the discount for quantity before the progressive dealer's eyes and helped to nurse the big buying along. The history of most chains is, however, that as soon as it paid to do so they threw over the jobber and bought direct of the manufacturer. It has not always worked out that way. The Western grocery chains, for example, generally find the jobbers too strong at present to eliminate.

The jobbers are now alive to the danger, but are still shortsighted, or caught in the grip of circumstances. They are, according to the testimony of the chains, "secretly and more or less unlawfully combining to use their influence on the manufacturer to prevent his selling direct to chains, even though they are buying in jobbing quantity."

"The jobbers may deny this all they please," says a chain official, "but dozens of manufacturers have frankly told us they could not afford to antagonize the jobber. Most of us do not even try, but buy of the jobber on a brokerage basis.

Will Prove Jobber's Undoing

"But in the end this very trouble caused by the jobber will prove his undoing, because the chain system will finally get a foothold, and when it does, the corner grocer can't compete, simply because he is under the jobber's iron hand and must pay an average of 15 to 20 per cent. profit to get his goods, which is exorbitant and a crime for which the jobber shall certainly pay.

"Of course, the jobber claims he is performing an economic service, charging but 10 per cent. for his work. But extravagance in management, strenuous competition, and, most of all, cupidity (since the grocery business has simply belonged to the jobber—the retailer being little more than a distributing unit), have caused him to exact 25 to 50 per cent. profit in numerous cases, and 100 per cent. is not unknown.

"It is said that even if the jobber loses the city he still has the country. But to-day Kroger, out West, is doing a big wholesale business selling at cost, plus 3 to 5 per cent. How does that please the wholesalers? What Kroger is now doing in a pioneer way many chain systems will do, and the jobber just simply cannot compete.

"The chain system is most prosperous here in the East, of course. But it is getting a foothold in the West, and the same manufacturers who are selling the Eastern chains because competition forces them to do so, while refusing to sell the Western chains, will eventually have to sell them, too, there is no doubt about it."

This is the one-sided view of a chain official, but there is truth in it. The chains are not only displacing the jobber's former customers in the city and buying direct for their own supply, but they are beginning to take the jobber's place with respect to the rural grocery. The independent rural grocery is beginning to do its buying from the chains. How much independence this is going to leave the rural groceries would seem to depend on the chains.

Chains Taking Jobber's Place

The picture, however, is not complete without a reference to the fact that the jobbers are forming their own chains in order to have an anchor to windward in the time to come and that the independent grocers are organizing in greater and greater numbers to get the buying advantages enjoyed by the chains.

The next step after this for the chains is manufacturing. It is a step some of the chains and retailers' corporations have already taken and one that the jobbers' chains are likely to take before many years under present conditions.

No manufacturer can regard these developments with indifference. Whether or not the independent dealer saves himself is surely an important question to the manufacturer if one of the alternatives is for the market to become consolidated into chains or combines, with an attendant shrinkage of buyers to compete for his product. . . .

The little independent retailer cannot possibly make such a saving because the chains often sell cheaper than he can buy, and his efforts to balance the advantage by taking up "free deals" often plunge him into deeper difficulties. But if he combines with others, he betters his buying chances. Perhaps the jobbers will not sell the combine as a mere buying association, though some such associations are able to force concessions from the manufacturers, but to a corporation in which the individual storekeepers are stockholders the jobbers can have nothing to say. The Girard Com-

The Small Retailer's Redress

pany, of Philadelphia, which is such a buying combine composed of members of the Retail Grocers' Association, owns its own warehouse and carries a stock as high as $275,000 at times.

Nevertheless, there is this important difference. The retailers' combines deal almost exclusively in staples and standard brands and buy as wholesalers. The retail chains proper not only do this, but they buy also *like merchant princes*, going outside of the beaten track and taking what look like speculator's chances, such as the Riker-Hegeman buyer took, but since they seldom fail to gauge their market correctly, generally pocket a speculator's profits. The Childs Grocery Company, for example, which roasts its own coffee, has ten or fifteen tons of raw coffee on hand at this minute, which, if it wished, it could resell at wholesale at an advance of seven cents a pound profit, coffee having gone up that much in price since they bought it.

But the real reason why the chains have increased their warehouse facilities so enormously and sell cheaper, as they do on many items—one of the biggest reasons of all reasons for the growth of chains—is that the chains afford a large and sure *market* for manufacturers with a *surplus* which their jobbers cannot absorb, and which they must turn into cash. The chain has the cash and will always consider a proposition if it is attractive enough.

The combine seldom gets a chance at this sort of offer because the manufacturer is not anxious to have his retailers and jobbers know about it. Besides, it generally takes too long to get a definite answer from the combine, whose members have to be canvassed on the proposition, and they are slow pay compared with the chains. The manufacturer can go to the chain, get an answer in five minutes and have his money in ten days. . . .

"I could do an excellent business on my saving in buying alone," a grocery chain-store proprietor told *Printers' Ink*, "even if I did not make a cent on my retail stores!"

Win on Buying Alone

The corollary of this is that the nearer a chain cares to come to sacrificing profit in its retail stores, the *greater opportunity it will have to buy cheaply.* It can, if it pleases, put its prices down so low that it barely clears the cost and yet do such a volume of business in consequence that it will more than make up the difference. There is no evidence that any chain actually is at the present time carrying out such a policy in any radical way. It has been said that the United Cigar Stores Company earns its dividends not out of its stores, *but out of its buying, its real-estate operations,* etc. The chains, at all events, are perfectly willing to have the public believe it gets its purchases at cost. Nevertheless, entirely apart from the advertising aspects, it is patent that the plan has great possibilities both from the executive and strategical points of view.

In view of these conditions, there is no particular significance in the fact that in the grocery field, for example, the cost of buying ordinarily is 6 per cent. for the jobber, 5 to 6 per cent. for the chain, and only $2\frac{1}{2}$ to 5 per cent. for the buying combine or association. No significance, that is, that is favorable to the cooperative combine at this time. Its saving in the cost of doing business may offset the chain's buying advantage on some staples, but that is only because it stops at these staples and does not go on to the *bigger deals.* It takes large capital and a man responsible for the large capital to swing these big deals. A hired manager representing a group of grocers who have staked only \$500 or \$1,000 apiece never will take the chances under present conditions.

Conditions Must Change

But present conditions may not last; will not do so, in fact, because they cannot. Competition and publicity are changing them. However it may look now to the independents, the chains are not speculative plungers in their buying. They are betting, as the saying is, on a sure thing. They know their market. They know values. They anticipate the wants of the seller and provide capital in the shape of cash or credit. And their capacity to absorb and sell brings sellers to them. . . .

From the eleventh article in the series, which covers the selling activities of the chains, the following quotation is taken:

*The average grocer turns his stock less than ten times a year. A better grocer will turn it fifteen or twenty times. Several grocery chains probably average twenty times in their established stores. One chain, Mr. Bowers' Stores, in Memphis, is said to get the high average of *forty* turns out of its older stores. And *forty-five* turns are claimed for one store of the Progressive chain in New York City. This is almost up to the average of one turn a week Uneeda Biscuit is said to make in a great many stores.

The matter of turnovers is something well worth looking into.

***Printers' Ink*, December 3, 1914, p. 66.

The average grocer wants a gross profit of 25 per cent. on a sale. Some chains want 25 per cent., also. The Bowers chain is said to take only $12\frac{1}{2}$ to 15 per cent. gross.

The average grocer counts on 5 to 8 per cent. *net*. Bowers is said to take only 2 per cent. This, with four times as many turnovers, would enable him at least to equal the average grocer's earnings.

The turnover is, of course, that of the stock, not the whole capital. Nevertheless, the comparison of stock turns for chain and independent is significant. There are some considerations that qualify the difference. The average grocery chain store, especially one of the cheaper type, carries a smaller stock than does one of the average independents. Moreover, the stock which the chain carries in its enormous warehouse must be figured as reducing the apparent number of turnovers. Again, every chain is constantly opening new stores, few of which pay in a large way from the start, while some do not pay at all. The grocery chains do not plan to lose money on stores. They do not wish to resort to ruinous price-cutting and manipulation if they can help it. They are careful in selecting the location, but if the manager cannot make the store pay in a certain length of time, sometimes 30 days, sometimes six months, it will be closed. These misadventures pull down the average number of turnovers.

A Chain Advantage

Against this set the buying and storage advantages. The cost of buying may come to 6 per cent., as mentioned, but the saving is often 15 to 20 per cent., and sometimes more. The average independent may carry much more stock and a month's supply of it, but rental space in a warehouse is cheaper than in a store. That is a chain advantage.

The grocery chains in general are probably not so forbearing as the Bowers chain seems to be. They take a larger percentage of profit and make up what they sacrifice in profit on standard brands by large profits on their own private brands—often an abnormally large profit, according to the reports of investigators engaged by a charitable society in New York City, who reported that tea, coffee, etc., priced at different figures, all came out of the same box and was of one quality! But this might almost be called a trade custom, so honored is it suspected to have been in much retail practice. . . .

In the drug field the situation is somewhat different. The average druggist turns his stock three or four times a year. Compare this with the stock turn of twelve times which the

Riker-Hegeman stores are said to average. Conditions here are very different from what they are in the grocery field. The drug chain store is certainly far better stocked than the average independent, and carries more clerks, even from the beginning. It would be out of the question to expect a new drug store to pay in 30 days. It would take months and perhaps even a year or two. The other stores of the chain have to carry them.

Tobacco-store independents average four turns a year. Alert independents quadruple and even quintuple that. Some United Cigar Stores are said to have turned their stock *fifty* times! And here again the history is one of rapid extension of stores, some of which may not pay for months and which the rest have to carry.

In the 5, 10, and 25 cent field the average turnover is eight to ten times a year, and the average Woolworth, Kresge, Kress, or McCrory store ten to twelve times. The average is high here, and the independents and chains are closer together as to records because of the exceptional education which the independents get from the jobbers, like Butler Brothers, for instance, who leave no excuse for a retailer's not making good.

As in nearly all instances the extension of chain stores is financed out of the earnings of the chains, it is evident, from the rapid growth of the system, that report has not exaggerated the rate of turnovers. There is a great gain, as we saw previously, in delaying payment 30 and 60 days—though taking the cash discount just the same—when the turnover can be made in that time. That amounts not only to getting an extra discount from the manufacturer, but to using his money to do business on. And the advantage is all the greater if the turnover is several times a month.

The turnover is, of course, merely a result, of which the causes are reputation for low prices, service, advertising, and other things, but it is an objective the chains have before them all of the time. They would have us believe that its rapidity is due wholly or largely to the famous principle of "small profits and quick returns."

It is obvious that the chain does price very low on a score or more of nationally advertised brands in its line which have standardized values and known prices, and also on certain goods whose costs are more or less known to custom, but it is possible for any one to satisfy himself by shopping around and inquiring of any retailers, jobbers, and manufacturers that the majority of chains do, as a matter of fact, in many instances price higher on other goods and get a larger profit on their own private brands than do the independents in their neighborhood or in similar neighborhoods.

It is the advertising of the drug chains, the better stores, the better locations, the greater variety of stock, the service, that draw the custom. The public may think it cares a great deal about price, but it will not, except for some extraordinary inducement, go two steps out of its way to buy in a shop that is dingy or unprepossessing. A few individuals may, but the public as a whole will not. . . .

Pricing seems to have three methods. The first method is to fix the price of all goods at a certain percentage over the cost of goods and cost of doing business. This margin or percentage is apt to be high in the little independent store, particularly out of town, where there is little competition. It tends to be low where the live independent or chain-store executive has grasped the principle of rapid turnovers. Mr. Bowers' Stores, of Memphis, apply this system inexorably to every product that gets into their hands. The United Cigar Stores probably keep exceedingly close to it much of the time.

Best Maintain Prices

The second method of pricing is to apply the first system of pricing to unbranded goods, but maintain the price on all nationally advertised brands and on their own brands. Many of the better class of independent stores and some chain stores in different lines still do this. They aim at quality and service and get fair prices on all their products.

The third method of pricing is one that is based largely on competition. The district manager of a Philadelphia grocery chain, for instance, may see eggs priced extra low on a rival store's bulletin, and at once order a corresponding cut in his own store's stock. Department stores employ shoppers to tab the prices of goods displayed in other stores. Drug chains and independents watch each other and cut on all proprietaries in competition. When buying is irregular and speculative and competition is brisk, it is not always possible to price in the same way that goods are priced at other times. Special sales and all special inducements fall into this third class. They are often combined with the first method.

Actually these three different systems simmer down to two, a system of pricing branded goods and a system of pricing unbranded goods. Most price-cutters, as stated, cut standard brands for the purpose of attracting custom, but sell most of their other goods at a good profit. It cannot be denied that the chains have helped to bring prices to a lower level, especially those of the staples. All druggists, for example, once sold certain salts at 5 cents an ounce or two ounces for 5 cents, when it cost only $1\frac{1}{2}$ cents a pound. They now have to sell it at 5 cents a pound, because the chains do.

Charge all Traffic Will Bear

The pricing of unbranded or relatively unknown goods seems to be generally on the theory of charging about all the traffic will bear, unless a special drive is being made. Ordinarily the chain store will take 50, 75, or 100 per cent. on rubber goods, toilet goods, or other sundries just as quickly as the independent will do it. When one of the chains recently changed hands the new management is said to have marked prices up 10 per cent. all along the line. The fact is, chains and other price-cutters cut prices on established brands, that is *where the cut shows to the public*, and do not cut prices where they do not have to.

The average chain does not want to cut any lower on standard brands than it has to. It will take a profit when it can, but the effect of the competition on standard brands is to drive their price lower and lower, and at length the chain is willing to take a loss for the sake of the advertising and the effect cut-throat competition has on its competitor. But it will drop the brand quickly as a leader when the profit has been squeezed out. It may keep it to supply the demand already created, but it will not push it. Nor will the independents push it, nor carry it if they can help it. . . . The chain theory of merchandising is to give the public exactly what it wants. If it can satisfy the customer and bring him back again and again, it will make many profits that will outweigh the one large one that might possibly be secured from substitution. Aggressive substitution, besides risking the customer's possible dissatisfaction and the waste of the clerk's time, involves the great expense of maintaining clerks able to substitute. It is cheaper to serve the public as the chain claims it does.

The Owl Drug Company, of San Francisco, has a sign posted on its stores threatening with dismissal any clerk who shall substitute. President Miller says he has actually discharged clerks for doing so. This is contrary to the general impression of chain methods, but it is thoroughly in line with modern merchandising principles. The Owl clerk is instructed to give the customer exactly what she or he wants. *After* the money has been paid and the standard goods wrapped up, the clerk is expected to ask if the customer has ever tried the private brand of the house and if she would not like to try it next time, or if he cannot sell her something else in the line.

So far as the national manufacturer is concerned, this is substitution just as much as if it had been effected in the first place. It can make no difference to the manufacturer whether the substitution is practised before or after a given sale. If his goods are being displaced at the point of sale by the man he depends on to sell them, that is enough for him. The existence of the retailer's private brand is evidence that he intends to sell it, and is the first step in substitution.

It cannot be alleged that there is any moral obliquity in the chain or the independent handling private brands of its own. It is proper that the public should have the fullest experience it desires in brands and that standard brands and private brands be allowed to compete to the fullest extent. The unfairness consists in allowing stores which are largely though not in a legal sense in the nature of "common carriers" to discriminate in favor of their own brands and by price-cutting to *transfer to their own brands* the good will of the nationally advertised brands. . . .

It has been necessary to deal at such length with so important a part of selling as pricing is that we can only summarize the comparison of chain and independent methods in other respects.

The chains in general have developed standards in every department of selling. And the standards represent the best way of doing the particular thing at the least cost. It is a wholesaling of method. The appearance of the stores, the fixtures, the selection of stock, its display, the advertising, selling, adjustment of complaints, perfection of service, the training of salesmen—all have been studied and systematized into as near automatism as it is possible to get it. This cuts out waste and reduces costs of operation.

The principle is the same, whether it has to do with cheap grocery chain stores on side streets, or high-class drug stores occupying the best corner locations in the city and employing high-grade help. The Philadelphia grocery chains hire immigrants at low salary, just as our traction systems do, because the work has been methodized to the point where it requires the least possible amount of instruction, supervision, and personal initiative. The 5 and 10 cent stores employ girls at $3 and $4 a week, rarely more.

The Owl Drug chain on the Pacific Coast enables its salespeople to make relatively high earnings and places a high responsibility on them, but they are by no means abandoned to their own devices. On the contrary, they are more carefully supervised than the low-paid immigrants. The standards are there: they have only been set higher. . . .

These, of course, are by no means all the lines in which the chain stores have been able to work out for themselves advantages in their selling operations as compared with their independent rivals. In the training of clerks in the organization of the store and in the standardizing of the selling processes, they have achieved remarkable results.

The fourteenth article, which is the last in the series, makes a summary of the findings of the investigators:

*The facts elicited by *Printers' Ink's* investigation of chains point, we feel safe in asserting, to only one set of conclusions:

First, that the leading retailers' chains enjoy at the present time many and important advantages over the independent retailers, even when the latter are organized in co-operative associations and corporations.

Second, that they will enjoy these advantages and possibly new ones in addition, in greater or less degree for an indefinite period (which may perhaps be eight or ten years), if no legislation is enacted or judicial decision handed down condemning certain practices as "unfair competition" or "against public policy."

Third, that many new chains will rise to compete with the older ones, but that the more significant phenomenon will be the still more rapid development of organization among the independent retailers.

Fourth, that the independents and their combines will progressively adopt the generally superior methods employed by the chains, and that such independents as do not do so will be eliminated and their place will be taken by other merchants.

Fifth, that the eventual supremacy of the independents in

Printers' Ink, December 24, 1914, p. 66.

co-operation will be established and the chain-store movement checked and perhaps reversed. Whether this shall be the restoration of the middleman or jobber system of distribution, now passing, though of course on a higher plane of organization, or whether it means a new form of compact organization will depend upon whether the necessity for it continues.

It should be obvious that the fate of national advertising and even national trademarks will be profoundly affected either way, and also that they are being affected now, and were being affected before the war in Europe and before the recent depression set in; in fact, ever since the chains and department stores began to cut prices and derive encouragement in it from the decisions of the Supreme Court. It is impossible to separate the question of what will become of the chains or the independents or of national advertising from the question of whether price-cutting and "inside" prices will continue to be held legitimate.

But before we touch upon these relations, let us briefly summarize the findings of our investigation into chain stores.

It has taken several months to gather the facts. We have seen that, speaking conservatively, there are more than 2,000 chains, both retailers' and manufacturers', comprising in all 25,000 retail stores. We have shown the rapid growth in each important field. We have noted the increasing alarm of the independent retailers, an alarm which has now begun to seize upon the manufacturers, as the independents in turn have begun to organize and ask for the same buying privileges which the chains and department stores and mail-order houses have enjoyed.

Especially Price-cutting Chains

By chains we particularly mean *retailers' chains* under one ownership and direction and have in mind chiefly those which cut prices on trademarked goods. There are also retailers' chains which do not cut prices and there are manufacturers' chains. We have considered these and counted them in as evidences of concentration due to quantity buying at quantity discounts, and often "inside prices" as well, but we have paid special attention, as noted, to the retailers' chains, particularly those in the drug, grocery, and tobacco fields, which are the storm centres of much competitive merchandising.

We first compared the *financing* of the chains with that of the independent stores and found that there is an advantage in favor of some of the chains, due to the fact that their stock can be, and is, dealt in by the public, and that the stores derive some advertising benefit from that. Also to the fact that the stock ownership may be scattered and the public thus be taken into partnership. Shares in the Whelan enterprises are put out in five and ten dollar denominations for that purpose. This is also the standard practice with the chains and big industrial corporations in England. The independent store has no such opportunities. It has to go it alone. But if the independents organize and incorporate, the chains' advantage in this respect can be neutralized.

Can Employ Big Men

In *organization*, the chain has had the great advantage of being able to do business on so large a scale that it can support men of large experience and talents who can divide the work and specialize. The independent man, on the other hand, finds it difficult to be at once a general executive and a specialist on every point. Nevertheless, the chains' advantage is one that cannot extend indefinitely. What the chains have found out about business is being passed along to the independents.

In the *locating* of stores and operation of renting and handling real estate, the present advantage again must lie with the chains which often save store rent, and make a profit on their realty operations. But this can be, and is certain to be in time, copied by the combines.

The chains did in the beginning have great *buying* advantages, and still do, over most independent retailers; but the co-operative organizations are already not far behind the chains on staples and can with better organization meet them on an even basis. The chains' advantage of getting "inside prices" as they do at present will be nullified by the combines' competition. Dating abuses will be abolished or balanced. Evolution is driving the chains into manufacture, and the combines will probably do the same even though many of them are now loyal to the manufacturers.

Chains' Selling Advantages

The present *selling* advantage of the chains over most independents is shown by the much greater rapidity of their turnovers. In some lines and in some respects these advantages are due wholly to legitimate buying, selling, and pricing. In others it is due to manipulation of stores or departments so as to carry some at small or no profit, and discourage competition. They push their own brands.

When they have many stores in a locality they can advertise locally, which independents cannot do, alone. Premium advertising is a strong feature with most chains. But all these are temporary advantages which the independents can neutralize, and already are beginning to neutralize, by organization. National advertising has been started by the combines before the chains.

When we come to *sales management* and *personnel*, we find the glaring weakness of the chain. Inadaptability of salespeople who can with difficulty be handled in the mass give great advantage to the independent storekeeper who has only a few people to control and educate and those under his personal supervision. Lack of competent managers limits and delays extension. Grafting is a great occasion of loss.

The chains are seeking to overcome these disadvantages, but they can never in the nature of things get the same kind of service out of cheaply paid employees that independent proprietors can give, particularly when the profits now going to chain-store proprietors shall be going into the pockets of the independent proprietors. While the independents are short-sighted and incapable, chain-store automatic selling will rout them. They have, however, begun to learn, and through organization will learn faster.

In *accounting* the chains have no natural advantage over the independent retailer, although at present they utilize the best methods while the independents generally do not.

No Natural Accounting Advantage

The chains' *cost of doing business* is generally reputed as being greater than the independents'. This is a mistake. The total overhead of the chains is often very much larger, but when this is divided into a large number of stores doing business, it often shows surprising figures. But this can hardly go on. The greatest savings by system in the chains' organization have already been made. They can hardly be repeated, except in the organization of other chains and the independents. Competition will bring the costs up.

There is, in short, apparently *not one advantage* the chains now enjoy which cannot and will not be cut down in time by the independents. Even the manipulation of stores and departments, and in cutting prices and carrying stores and departments at a loss in one locality in order to kill off competition, is not solely their opportunity. The retailers' co-operatives could easily meet it by supporting a local member in fighting back. It is a mere detail of organization. But there is likelihood this kind of competition will be declared unfair and penalized. Although the courts have not yet passed on it directly, it was one of the condemned practices of the old Oil Trust.

The real superiority of the chains over the independents, even when combined, is a superiority *derived from the past.* They were first to develop combination of resources and co-operation of personnel on a large scale, and are still profiting by it. They have standardized organization and selling methods and cut out wastes. In common with nearly all retailers, they have been guilty of unfair competition, but they do not owe their success entirely to it as many observers think. They have made a great contribution to American business.

But against this present superiority set the highly important fact that these standard practices to which the chains owe their rapid growth are no longer their exclusive possession, their invaluable trade secrets. They were developed at great cost over many years by high-salaried and profit-sharing executives; but they are now known to all live independent dealers. Men are continually going out from the chains and opening stores and chains of their own. Trade papers in each line explain and discuss every detail of their management. The result is that the methods have become public property, the *recognized standard ways of doing business* at retail which good executives are expected to know and practise, and which ultimately all will practise.

Retail Business Being Standardized

Thanks to the chains, *all retail business is being standardized,* and in consequence the chains are losing, even if slowly, the enormous advantages they started with. Unless they can find new advantages to take their place, they will find it harder and harder to shake off even the little fellow.

Can they find such advantages? They have already found one. The only big outstanding improvement in method the United Cigar Stores have made in the last five or six years is their recent decision to open agencies in cities and towns where they have no stores. A smaller chain claims this was its idea first. It is a big idea anyway, for this reason: that agencies will enable the United Cigar Stores to blanket the country as it could not otherwise do for years and then *advertise its own private brands nationally,* as well as locally.

The first chain to get national distribution and begin national *advertising* will have an enormous potential advantage over its competitors.

Faced by two kinds of combination, that of co-operating retailers and co-operating manufacturers, and possibly a combination of the two, we do not see how the chains can prevail. Their weakness, as said, is in their employees. They must give them exceptional training to become reliable machines, and yet training qualifies them for higher compensation which the chains will be unable to give in most instances. The same thing will not be true of the co-operative retail movement, unless the retail proprietors practise the same methods. If they share their earnings with their employees in a larger way than the chains do, they will get the better employees and the better business.

If Manufacturers Co-operate

But what of the manufacturers? It must be said that our conclusions as to the chains, which might also be applied to many big department stores, are not shared by these latter.

"All of these price-maintenance suits, appeals to Congress, and declamations in the press and trade journals are the last frantic struggles of the manufacturers to retain their power," said a leading department-store merchant the other day. "The time is close at hand when there will be no manufacturers' brands, but the public will walk into our stores, look over the stock and choose goods on their merits as they appear to them. *There will be no national advertising to bias their judgment.* We ourselves—the retail trade—will do all the advertising."

A chain-store proprietor might have said the same thing. That is the way it looks to him.

Some manufacturers see a menace in the growth of the co-operative combine.

In either case, why? Because they see that, whichever has the power, the temptation to insist on buying cheap and substituting its own private brands for the nationally advertised brand will be the same.

The power, as pointed out, is being secured, chiefly though not exclusively, through quantity purchases at quantity prices, as well as "extra discounts." The cutting of prices may not be general, may concern only a few brands, but it conveys the idea of relative cheapness and starts the custom toward the chain store. But the danger, of course, is not so much in the fact that the chain cuts the price on merely twenty or thirty items now, but that the chains or combines will, if their growth continues and they transact an ever-larger volume of the business of the country, have it in their power, as it certainly will be to their interest to stop spending their money in advertising the national brands, and push their own brands more and more exclusively.

It will be time enough to cross the bridge, however, when we come in sight of it. Many things may happen in the meantime. The restoration of price maintenance by contract or notice would unquestionably hurt the chain-store movement. So would the curtailment of "inside prices," whether forbidden by law or carried out by the manufacturer. The whole manufacturing and advertising world is still dazed by the decisions of the Supreme Court, which have so powerfully aided in the revolutionizing of business. When it recovers, there will be a new chapter written.

(3) CONCRETE INSTANCES OF THE EFFECTS OF CHAIN STORES UPON SELLING PROBLEMS

A striking example of what large-scale selling operations may mean to a large-scale producer is found in the case related in the following unsigned article which tells how a cotton mill used to contract with the Woolworth Company to tide over a slack period in business:

*A cotton mill up in New England recently made an arrangement with the F. W. Woolworth Company for the latter to take its entire output of mercerized crochet cotton and sell it, under the name of "Woolco," in the company's syndicate of five- and ten-cent stores.

This was real news to the trade when it first learned the fact through the forty-two-inch advertisement appearing over Woolworth's name in a woman's magazine. Ordinarily, there would have been no heart-burning over the arrangement, but on account of the European war, the lot of the cotton mills, as everybody knows, has not been an excessively happy one. Cotton is low, the demand is slack, and few mills have been looking for business in advance of a general business recovery. Consequently, this forward drive of one mill in a rather unexpected

*_Printers' Ink_, April 1, 1915, p. 1.

direction has set other mills, advertising agencies, and publications to thinking.

Markets like the five- and ten-cent stores are not common. They are not open to all manufacturers. Thousands of the readers of *Printers' Ink* have no interest in them whatever, but there is one thing at least that these store syndicates stand for that is of the most vital interest to every distributor in the country: *they know their market*, they know what the public will buy, or if they do not know that in every case, they know how to find out.

The manufacturer who goes to Woolworth can learn, without expense, almost as it were by pressing a button, what they can and what they cannot sell in the 750 or 800 Woolworth stores, located in practically every city of 25,000 or more throughout the country, and in many other stores in cities as low as 5,000 population.

A manufacturer, we will say, has a product he wants to market, but he hesitates and is uncertain about the extent of the possible demand. Will people really buy it at the price? Does it look too cheap? If he were sure of the market he would put more value into it at the beginning, and discourage possible competition. But he is not sure. If he could only get a line on what the popular demand is for, on *what people will buy!*

Public "Wants" Revealed by System

Well, if he can sell in the five- and ten-cent field, the problem is already solved for him, as it would be solved for others if the principle were extended to other fields. No other field has been so organized and systematized as this, and in no other is it possible to find out with so little expense and so much assurance of the correctness of the answer.

You send your salesman, or go yourself, say, to one of the 25 or 30 Woolworth buyers. You await your turn in a tremendous crowd outside the door. When it comes, you state your proposition. If it comes in the class of old propositions, it is accepted or rejected on the spot. The buyer is expert and knows values. When the article is a novelty, that's different. It may be tentatively accepted. "Send samples and I will look them over," you are told. You do so. Two or three weeks elapse. Meanwhile the system is working. Then comes the decision. The proposition is turned down or, presto! the suction power of nearly 800 stores is clapped on to your plant.

It is all done. You are paid in cash, but there would be no doubt about the sales in any case. Everything from buying to selling is almost perfectly automatic. You drop the goods into the buying hopper, they run out into the retail chutes, fall into place on the five-and-ten-cent tables and are automatically appropriated by the public. Mistakes are just about impossible, and we shall presently see why. The goods may stick in a few stores, but they are soon bundled out of there and moved along to where they do sell.

Process Almost Automatic

The goods actually sell themselves. There is a point there: no selling pressure whatever is exerted. The salesgirls are automatons. The big windows and the counters show nothing but goods. Big values at low prices match up with the wants of the crowds that come in to browse and buy. You get an absolutely accurate picture of what the people uninfluenced and uneducated in any way *will buy*.

The truth is that the big five-and-ten-cent syndicate like Woolworth's is a buying rather than a selling machine. And yet that is not strictly accurate. It sells through its prices, its values, its display, the store location. Only not through what we call "sales effort." All the effort there is is at the buying end, which is the big end, and day by day the round-up of effort goes on.

It is hard to see how much more automatic the buying could be made, but you never can tell. Already it is so systematized that the old-time buyers, who have grown up with the business, and taken part in getting up steam for the organization, and cutting out the wastes, and who are earning $25,000 and more a year under the profit-sharing system, will soon retire and leave everything in charge of younger buyers, who *inherit* the system and whose earnings are consequently much less.

And what is the system which can cut a buyer's earnings perhaps in two, and yet get equal results? How can you systematize taste, choice, and all that sort of thing?

Systematizing Buying Sense

It is the simplest thing in the world—now that it has been done—and more trustworthy than if they had had a corps of $50,000 buyers.

The system consists in finding out what the public habitually buys in the stores and then comparing every new proposition with it. The $25,000-a-year men are not valuable so much because of their extraordinary knowledge of values and ability to buy cheap as for their ability in perfecting the system which has now rendered a large part of such individual knowledge useless. . . .

Neither salesgirls nor stock clerk were required to know prices or values, or anything more than the place of the goods. This made it possible to dispense with all but the cheapest help and to replace them without friction.

Above these cash-girls there were floor-walkers and above them the store manager.

In the beginning these store managers were highly important in the Woolworth organization; so important that the man at the head yielded them 49 per cent. of the net profits and treated them as partners. The inspectors who afterward became a part of the system visited these managers, and discussed improvements in the most tolerant way. Managers often remained for years in the possession of a given store, and made \$5,000, \$10,000, \$15,000, and some even \$25,000 or even more a year. Many Woolworth managers used to come down to work in their own cars.

The importance of the managers appears to have continued great during the formative period and practically up to the time of the merger; that is, until the system had been developed to something almost self-operating.

Managers Shifted Around

But after the first few years and while the managers were still important, it was realized that they were too important to be allowed to remain long in one place. They were needed for organizing and systematizing more than they were for running the system. That work might be turned over to less important men.

Their contracts therefore ran for a year, and they rarely stayed more than two years in any one place, but were moved on into new territory and given the task of building up new outlets. Sometimes they had a chance to make even more than they made before, but generally it had to be less, because the company naturally picked out the best cities and best locations first, and expanded progressively into less and less desirable territory.

Under the earlier régime, these managers carried most of the store experience under their hats. But gradually the organization of the stores, the systematization of reports and the development of buying sense and buying power made the functions of the manager less important. More and more initiative went from him to headquarters. Methods were standardized and inspectors dropped in at all times to see that the methods were observed and that the stores were being kept up to the standard. They did not so much "consult" the managers as lay down the rules and spy out the land.

With the merger and the new economies to which it gave rise, systems became more self-sufficing, and the profit-sharing percentage of the store managers was cut from 49 per cent. to 35 per cent. and 25 per cent. and even 15 per cent. With many stores it is now 8 per cent. Some managers yet made $5,000 or more a year, but few if any now come down to work in automobiles.

Manager's Profits Cut

That which made this saving possible, that diminished the importance of the store managers, were the elaborate reports on the stores' condition, amount and kind of stock, receipts, expenditures, etc., which the managers were obliged to make *daily*. This went up to headquarters and occupied a large corps of bookkeepers and clerks in reducing the order that was desired.

The system was ponderous but it enabled the company to know just how many spools of thread, pieces of lace, screwdrivers or nutmeg graters were being sold day by day and in what places, how much was in stock, etc. In other words, it furnished a daily inventory that showed *what the people were buying*, and how much, and where.

As there was no problematical element of "sales effort" to consider, it is evident how much this simplified the buying. Every buyer knew to a dot what the demand was for a given article the week before, the month, year, and decade before. He knew what rate of increase to allow for new stores. Variations in good and bad times were the only dubious things that had to be considered.

There seemed to be an incalculable factor in the novelty, the article the company had not bought before, with which it had no experience. Perhaps you think that here at last was the nut that would not crack. As a matter of fact, the buying of novelties proved no more difficult to systematize than the buying of staples.

System of Buying Novelties

Novelty propositions, looking from the inside out, were of two kinds—those that had to be snapped up quickly and those that could wait for the system to work. The buyers were on tiptoe to snap if they had to snap, and if it were worth while to snap. Otherwise they passed it up.

But with every other kind of novelty proposition, the rule and practice was to put it up to the store managers. Their verdict was not necessarily final, but it was formed on the firing line and it counted.

When the proposition was presented the buyer asked for samples, and those samples went out to every one of the store managers. As this was a matter of almost daily occurrence, a blank form was provided for the answers, and on this the managers told what they thought of the sample and its sales possibilities in their stores; how many of them they could sell in a given time, whether it would subtract sales from something else in stock, whether it would be good for window display, whether it was too late for the season, and many other questions along this line.

The sales managers filled out the blanks at once and sent them back. The returns were compiled and compared at headquarters, the tenor of the answers noted and reported to the buyer.

That was the buying system. The buyers who stand at the head of it are all men who have been drilled in it from the stock-room up. They have watched the stock, the sales force and the crowd, as floor-walkers. They have made out reports, handled help, kept in touch with headquarters as managers. As inspectors they have studied many stores and dealt with all types of store managers. And when they got into the buyer's office and had a half-dozen or dozen lines to buy they knew every item, every value, every house that sold them; they knew the company's policy and its buying power, and they had the elaborate system to test and back up their judgment as well as keep them in touch with the market of the day.

Buyers Graduates of System

That is the Woolworth buying system, and it differs very little from that of other big five-and-ten-cent store chains. It is almost humanly impossible to make any buying mistakes with such a system as that. One would have to be peculiarly gifted to break through the cordon of safety devices and involve the house in any disastrous venture. There is no room for anything of the sort.

There is, to be sure, an element of chance. Conditions do change and the voice of even 700 or 800 store managers is not the voice of Providence. But minor discrepancies can be adjusted. "Stickers" in one store or locality can be shifted to another where they have gone better. There is always a way, and the system takes note of it.

The manufacturer who comes to the syndicate has this certitude, that everything he could possibly do to test out his proposition will be better done for him.

And the manufacturer who does not sell the five-and-ten-cent store trade can draw some excellent suggestions from the system. It is an advantage to know what is the very last notch in buying efficiency. It might be possible to pass the knowledge of it along.

Suggestions for All

There is one more important buying point to mention, which illustrates the trend of the times and shows what people buy. Most manufacturers who do not sell the five-and-ten-cent syndicates doubtless are not aware of the point.

The Woolworth company expects to buy the articles of a certain line it retails for 10 cents at $8.50 a gross. A manufacturer calls on the buyer, shows his sample, and says:

"I can make up these for you on a large order at $8.25 a gross."

If he has not had any experience with the stores, he expects to have a long argument on why he can't sell them for $8 flat or at least $8.15. The buyer surprises him by telling him:

"We don't want them any cheaper. We want them better. Here are some other samples of goods like yours. Can you put *better value* into yours at $8.50 so that it *will show?* If you can, we will do business with you."

The syndicate, you see, is looking not for long profits, but for the rapid turnovers which not only represent healthy trade for the minute, but are the surest gauge of the same kind of prosperity in the future. Taking a long profit would mean standing still, whereas putting more and more *visible value* into the fixed prices is continual publicity and attraction for the store.

It is the fixed prices which made this buying policy inevitable for the more or less staple goods with which people are familiar, and any improvement in the appearance of which they are quick to note.

With novelties the case is, of course, different. Quality is then a secondary consideration, and there is no reason for the chain's neglecting to buy as cheaply as possible. And the same is true with trademarked goods, whose value is already known and fixed.

So there is the system. Before it was perfected everybody said it was impossible, it could not be done. Now that it has been done, they say it is over-systematized and cannot last. But the earnings of all of the big ones go on increasing, with the possible temporary exception of one or two which are said to be sharing the misfortunes of certain districts where, for local causes purely, business generally is in a stagnant condition. All the other syndicates are flourishing in spite of the war, and Woolworth's, of those reporting, shows the largest earnings per $1 invested.

The cash basis on which the syndicates operate puts them in the advantageous position, expecially during dull times, of eliminating bad debts and being able to discount all their bills. Woolworth sales, for example, totalled $69,619,669 last year and accounts and bills receivable amounted to but $146,818, or two tenths of 1 per cent. of the sales. Accounts payable amounted to but $179,486, as against inventories of $10,491,040.

Thus, on the whole, it would seem pretty safe to trust the syndicates' buying experience as being sound.

There is a suggestion of an opportunity for co-operation between national advertisers and well-conducted chain stores in protecting the interests of the public in a circular which was issued in 1914 by the Owl Drug Company of San Francisco.

This company operates a large chain of retail stores on the Pacific Coast, and, while at one time it was reputed to employ both price-cutting and substitution, it has, in recent years, adopted a somewhat different plan. It has based its appeal to the public more on the quality of its services than on its ability to undersell. This fact gives to the circular particular interest. The circular is as follows:

*For some time manufacturers have resorted to conspicuous advertising to warn the public against the practices of those firms which offer "something just as good" when standard products are called for. We wish you to know that we are in perfect sympathy with these manufacturers, and we hope that the time is not far distant when a firm making a false statement regarding another's product will be subject to the extreme penalty for libel.

The Owl Drug Company, operating 20 retail stores on the Pacific Coast, instructs its salespeople to sell without adverse comment any proprietary article called for. This policy of The Owl Drug Company means that we give manufacturers unhampered opportunity for the sale of their products, and without calling

*_Printers' Ink_, June 18, 1914, p. 32.

on the manufacturer to make good our loss we have for years made exchanges or given refunds to customers dissatisfied with their purchases. We now intend to broaden our policy, and to announce in the newspapers that if any article offered for sale in our stores proves to be unsatisfactory in any particular, we will refund the purchase price.

To be able to adhere to this policy, which we believe to be only fair to the public and parallel to what the manufacturer is asking of the distributor, we must have the approval of your judgment and your cordial co-operation.

W. M. Berg, secretary and general manager of the Owl company, writes *Printers' Ink* in further explanation:

"This means that any patent medicine or toilet article must be guaranteed to the extent that we will promptly refund the purchase price if the merchandise is not as represented by the manufacturer or ourselves. This policy should appeal to the manufacturers who are honest with the public.

"One of our circulars is being mailed to every manufacturer with whom we do business, and it will be interesting to see how they receive it. One thing is certain: we are in earnest and intend to see this matter through on the lines indicated in the circular.

"It is just possible we will find some manufacturers who will not protect us on this 'money back' proposition, and after we have used all the moral suasion in our power, if they are still refractory, we intend to label their preparation with a sticker to the effect that such preparation is not sold on a 'money back' basis because the manufacturer will not stand behind his product. We believe that almost every manufacturer will prefer to stand behind his goods rather than have them labelled this way when they leave our stores."

CHAPTER VIII

THE WHOLESALER AND NATIONAL ADVERTISING

NEARLY every wholesaler has visions of controlling at least a portion of his trade by means of a brand or brands which he owns. When this can be done, it gives the wholesaler two advantages in conducting his business. It "ties" his trade to him, and it makes him feel more independent in the matter of sources than when he depends on the makers of products whose brands he does not control.

When a wholesaler develops his own brand its success puts the national advertiser of similar lines into direct conflict with the wholesaler in two ways. It tends to reduce the wholesaler's value as a distributor of the manufacturer's lines, and it makes him a direct competitor of the manufacturer in those lines.

Two phases of the wholesaler's place in the problems of national advertising present themselves conspicuously among the developments of the past year. (1) There has been some advance in the definiteness of opinion on the part of wholesalers in regard to national brands. (2) Some new and successful methods employed by national advertisers in getting the support of wholesalers.

(1) WHOLESALERS' VIEWS OF NATIONAL AND PRIVATE BRANDS

H. M. Hughes of the firm of Blair & Hughes Co., wholesale grocers in Dallas, Texas, is somewhat more favorably inclined toward nationally advertised brands than most wholesalers are. In a recent contribution to *Advertising and Selling* he gives very clearly his reasons for preferring national brands to what are generally known as private brands owned by wholesalers.

*It is an indisputable fact that all forms of deception must necessarily be discontinued in merchandising in order to retain and increase trade.

There is no reason for the existence of private labels unless those putting out goods under private labels want to secure a sufficient distribution to monopolize the business on certain products by getting them into consumers' demand and favor in order that they may eventually raise the price, making an abnormal profit. In case they cannot make this profit by raising the price the first inclination then is naturally to cut the quality.

The manufacturing interests, I have reason to believe, are fast realizing that there is nothing to be gained by packing goods which lose their identity as soon as they leave the factory, and this is the case when they are put out under the jobbers' private label.

Why Should Manufacturer's Goods Lose Identity?

Every manufacturer of importance in all lines realizes that an established business in his products means increased business from year to year, and it is impossible to establish his goods unless they go out under the factory's name.

It is perfectly natural for a manufacturer who is manufacturing some goods for his own label and some for private labels to put the best goods under his own factory labels, and there are scarcely any goods manufactured that run uniform at all times. This is especially true in regard to canned vegetables and fruits, for if the early crop is good and weather conditions or other things occur to damage the later crop, it is impossible to can as good an article out of the later crop as you can out of the earlier.

However, granting that in a few isolated cases the manufacturers may furnish to the jobbers for private labels as good quality as they put under their own labels, what is there to be gained by the manufacturer? If a manufacturer packs a superior quality of goods for private labels one year and the jobber goes out and distributes them, when the jobber gets ready to sell the same brands another year he effects sales on the quality

***Advertising and Selling*, June, 1915, p. 12.

of the goods that the manufacturer has packed for him the previous years and cut samples out of this manufacturer's pack to effect sales. However, when the jobber gets ready to make his contract, if this manufacturer will not make the price, he will place his business with some other manufacturer, possibly in a section where nature's provision does not enable the growing of such commodities as well as it does in the section in which the goods were formerly packed.

The retailers and consumers who buy these goods the second year do not get value received. It is along the same line as a salesman using a sixteen-ounce package of goods as a sample and shipping a fourteen-ounce. This would be considered sharp practice, in fact, would not be tolerated. However, this is no more wrong than to use samples of the highest quality and ship grades which are not equal.

The fact that a jobber wants to put goods under his own label is an open admission that he has not the marketing ability to take open factory brands and compete with others in his line. I believe that every jobber should have sufficient self-confidence in his marketing ability to be willing to go out after business on open brands which the retailer and consumer have opportunity to know about and know what others handling the same goods are getting for them. This is the proper basis on which merchandise should be handled and the only one that will stand.

Manufacturers Discontinuing Private Brands

It has come under my observation during the last six to eight months that a number of the largest and most reliable manufacturers who have been packing private brands have discontinued them entirely, preferring to be benefited with the retailers and the consuming trade by the superior quality of the goods they are packing.

I believe that it is only a matter of a short time until the jobber who packs private labels will either have to manufacture his own goods or go back to factory labels, for it is impossible for a jobber to divide his attention between jobbing and manufacturing and put up the quality of goods that a manufacturer can who gives his time and attention to manufacturing. . . .

A number of jobbers of private labels have pursued a course of going into certain towns and cities and giving the retailer control of one of their private labels. This has resulted in the retailer trying to buy everything in the grocery line under this one label.

It was not a question of whether the packages contained fourteen or sixteen ounces or of the quality, so much as it was that the products were under the jobber's private label and no other retailer could get it in the city.

The consequence was that the jobber naturally raised prices on the goods from time to time. Having given control of this label to one local merchant, the jobber was prevented from soliciting business under this brand from any other retailer in that town, and the shortage in volume had to be made up by a long profit. The retailer in question would feature this private brand to the exclusion of all other goods, and when a manufacturer came along with another piece of goods of better quality or lower price, on which there was possibly national advertising, the retailer would refuse to buy it, as he wanted everything under the jobber's private brand, which he controlled.

A number of such retailers prospered in the past, but investigation now shows that the better class of retailers have discontinued this custom entirely and are buying open brands of goods, which can be secured not only in every store in the city in which they are in business, but over the entire United States, as their former action has stifled competition, and many times kept them from buying goods under the manufacturers' label at more attractive prices, thereby giving the consumers better value for less money.

Another reason that retailers cannot afford to buy private labels is on account of the shifting population in the United States, especially in the West and Southwest. Practically every jobber who puts out private labels localizes them by coining some word which is derived from cities in which the brand is sold, or the name of the local retail firm. When a consumer moves into a new section he buys goods from a retailer who is handling other localized private brands, and the retailer necessarily has to explain each item to him, as he has been accustomed to some other brands.

If the dealer were handling a manufacturer's brand which was sold over the entire United States, and, in a great many cases, nationally advertised, he would have no trouble whatever in selling the brands the consumer wanted and would not be forced to make substitution, which is so distasteful to consumers.

As an example, 75 per cent. of the consumers are familiar with such brands as Cottolene, Welch's Grape Juice, Carnation Milk, Eagle Brand Milk, Hunt Bros. Quality Fruits, Karo

Syrup, Quaker Oats, Cream of Wheat, Price's Extracts, Price's Baking Powder, Royal Baking Powder, Snider's Pork and Beans, Beechnut products, and Spearmint Gum. They will not question the retailer in regard to quality, as they have been accustomed to buying the goods wherever they lived.

It is the policy of my own concern to adhere strictly to factory labels, and I know from our own experience that we are gaining ground every year. We would like to see more jobbers in the private label business, so far as our own interests are concerned, because it enables us to get more good lines under factory labels and to sell a great many more goods than we could otherwise.

Our position is that we have no one to favor and will not stand behind any manufacturer who does not put up a good quality; we are always free to handle the products of any manufacturer who can show us better goods for the same money. This places us in an enviable position with the retailers to whom we sell, as they know that it is not to our interest to stand behind any piece of goods that has not the merit of both price and quality.

I believe that the next five years will place the distributors of factory label goods in even a better position than they now occupy, and I am glad to see the tide change, which is giving the consumer better goods for less money under factory labels than they can secure under private labels.

The national advertisers of well-known brands are, of course, positive that the national brand is much sounder in principle than any private brand can be, and that wholesalers would do well to give their whole-hearted approval of such brands rather than to undertake to develop trademarks of their own under ordinary circumstances. In an address before the National Wholesale Dry Goods Association in New York on January 21, 1915, Alvin Hunsiker, Vice-president of the Standard Oilcloth Company of New York, outlined the manufacturer's position in the following terms:

*It is to be presumed that if all the distribution machinery was equipped with anti-friction ball-bearings the great problem of annually distributing in this country the many million dollars

Printers' Ink, January 28, 1915, p. 70.

worth of merchandise would be simple. There is greater efficiency in everything these days. The waste in time and money, the lost motion and extra operations have been eliminated. Why should not the same principle apply in the service that is to be rendered to the purchasing public? . . .

Jobbers And Advertised Brands

Modern merchandising is a scientific problem, and the most successful merchant is he who adjusts his business to the conditions that confront him from day to day. Time brings its changes, and men conducting business must recognize the modern factors that are entering into the conduct of business. The wonderful growth of advertising must be taken into consideration. This is a day of large business and large advertising appropriations. Advertising is an investment, not an expense. The essence of success in the manufacturing business is production. In a fairly large business an increase of 10 per cent. in production will take care of a large advertising appropriation, whereas a large advertising appropriation usually adds from 25 to 50 per cent. increase in production. The advertising appropriation, even a large one, therefore, eventually results in lowering, not increasing, costs. This problem has been so satisfactorily proven that many concerns have become national advertisers to great advantage with regard to their cost sheets.

Every reputable manufacturer these days trademarks his goods and guarantees the quality. He takes pride in his product and educates the trade to the merits of his goods and endeavors, as far as possible, to standardize his selling prices.

It is obvious, if a dealer is convinced through the still-hunt salesman, advertising, that a certain article has merit and is the best for him to sell that he naturally wants to know where he can secure it. For this reason it would appear that if the wholesaler who wants to increase his business would advertise the fact that he carries a full line of nationally advertised articles, naming them in turn, and that he renders exceptionally good service, he would be linking together a pulling proposition—the producer's ready-made demand and the wholesaler's easily distributed supply. After all, the supply and the demand is the answer to all merchandising propositions.

Occasionally a wholesaler may be found who does not handle articles of merchandise, well advertised, and sold to the trade at a uniform price. He reasons that he can do better by purchasing other lines at less money and sell them at or near the established price of the advertised line. This sort of merchant forgets that in every industry usually some one particular line fixes the standard and becomes, so to speak, the governor for that industry. It steadies the market, keeps the average price more nearly on a level during extreme fluctuations in the raw material market. It sets the pace in style and in quality. It is, in fact, the barometer for the trade. The merchant who religiously, persistently, and with premeditated forethought refuses to purchase quality lines and sells less desirable and less dependable ones at the quality line price does not seem to realize that if his line of action was followed by many wholesalers it would result in "killing the goose that lays the golden egg," for the established selling-price plan contemplates the co-operation of the producer and the distributor.

An article of acknowledged merit, well advertised and uniformly sold, should not be expected to serve as an umbrella for less desirable lines. Every article should be sold on its merit, and the selling price should be regulated accordingly. A wholesaler who operates in any other way will lose out in the end.

Jobbers Who Paddle Upstream

The established or fixed selling-price plan, which a few years ago was frowned upon, especially by the political demagogue, is suddenly, in these hard times, becoming popular. We predict it will soon be legalized and firmly established, for it is not only the safest but by far the wisest policy to pursue if business methods and business profits are to be standardized and merchants are to operate on sensible and sound business principles.

Some wholesalers also refuse to push trademarked goods on the ground that, instead of helping themselves, they are helping the trademarked goods. The man who is inclined to paddle against the stream instead of running with the current is very apt to reason this way. He would, on account of his peculiar point of view, rather sell $1,000 worth of unadvertised goods with great effort and perchance a little more profit than to sell $10,000 worth of well-advertised goods with much less effort and a regularly guaranteed, and, by virtue of the larger sales, a greatly increased profit. He is ignoring the old law of supply and demand. He is probably losing time and wasting the patience of his customers in trying to convince them that he has something "just as good" when they ask for the advertised and well-known article. The dealer who reads convincing advertisements week in and week out, year in and year out, advertising a reputable article, is not fooled by unwise merchandising methods. The wholesaler who tries to fight against well-directed advertising instead of tying fast to it by securing the advantage that it will bring to him in the increase of his business is not working along the line of least resistance, but is paddling against the stream. The wise wholesaler will follow the currents of modern business and not buck against them. He is up against a condition and not a theory.

Some wholesalers have their own trademarks, thereby admitting that the principle of trademarking is correct. The difficulty and risk of a wholesaler standing behind his own trademark on goods manufactured by some one else is necessarily great. As he changes from one manufacturer to another, he is changing from one grade to another, and this is always dangerous, for in the case of inferior style or quality he is hurting his own reputation and not the reputation of the manufacturer who is entitled to be hurt. In the case of poor quality it is much easier to adjust claims under the manufacturer's guarantee than under his own. . . .

One of the greatest stumbling-blocks in the way of a more perfect distribution of merchandise is the absence of a fixed policy. Some manufacturers, for instance, are utterly at sea with regard to a proper selling plan. Instead of a capable and long-headed executive fixing the selling policy, it is often left to the judgment of a salesman on the road, who, no matter how energetic and painstaking he may be, often lacks the discretion that is necessary. He, therefore, meets conditions as he finds them, and in many, if not all instances, sells his product at varying prices and on fluctuating terms. If salesmen of the same manufacturer on other territories operate on the same plan it is obvious that the selling plan of such a manufacturer is like a moth-eaten garment. A selling policy of such a nature is unskilful, unwise, unfair, and ruinous in the end. On the other hand, some wholesalers have no fixed policy, but permit the head of each department to fix his own policy. This plan permits of as many different policies in some wholesale businesses as there are departments. As heads of departments frequently change, the policy of that department changes.

The trained executive frequently takes no part in fixing the policy of the departments under him, except to hold the head of each department to strict account for a good showing. In this way department buyers very frequently are compelled to figure for one season only, instead of for the long pull. They do not work along the line of the "best for the long run." They have no definite policy for building up a business that will grow from season to season. They have but one idea and that is the profit they can make for this particular season.

This sort of policy results in switching from one line to another. If the necessities of one manufacturer compel him to sell his product some season under the average price of other manufacturers, the buyer jumps in, throws out the line that he has been running for some years, and puts in the new line for the purpose of temporarily making a few additional dollars. Such a buyer is tampering with the good will of his firm and very likely is serving its customers with an article they have not been accustomed to receive, an article they do not want, and an article which they take temporarily in protest. Sooner or later a dissatisfied customer will go to a house where he receives what he wants and what he is accustomed to receive.

The plan of having leaders to attract trade is wrong in principle, for, if carried to its last analysis, it must be apparent that if each large wholesale house had three or four leaders it would not be long before most everything wholesalers sold would be leaders and the profit on the entire business would disappear entirely. . . .

The Price-cutter an Unstable Reliance

The live wholesaler who preserves his own reputation and that of his trade and who renders real service must have a positive, a regular, and a dependable source of supply. Some one has said "90 per cent. of the success in business is service." The price-cutting manufacturer is an uncertain quantity. He is dependable only for a short period of time. The price-cutter usually postal cards more than he sells. He is a grand-stand player. His methods are like the devil shearing the pig—more noise than wool.

It should require no great business judgment to definitely determine that to cater to the multitudinous wants of practically 200,000 department stores and dealers in this country, 75 per cent. of which are general stores, that the services of the wholesaler are necessary. It naturally follows that the wholesaler who has the best organization, who sells the goods that sell in the largest quantity, with the least selling effort, who renders good and especially quick service, who carries live stocks, who sells at a fair price, who reduces his expenses to the minimum, and who has an ever-increasing volume of business with a profit attachment, is on the map to stay. The same arguments apply equally as well to a manufacturer who operates on the same plan. The firms who have failed usually have operated under business methods that were antiquated and unscientific. They probably belong to the old school. It is safer to beat your competitor with brains rather than with merchandise sold at a loss. The suspense account of many unwise merchandisers would pay their dividends for years.

Business has been passing through a period of liquidation and fundamentally is on a sound basis to-day. Some time in the near future business will be very much better, but this big business, however, is going to be secured by big business men—men who are broad-gauged; men who will not stoop to little petty methods in conducting business; men who will co-operate with each other and thereby place the foundation of this country's business on a basis that will cause it to expand and grow. There will be no place for the little man, be he producer or wholesaler, who will grasp at a dollar now and lose a hundred later on.

Among the most notable successes of private brand development by wholesalers is that of the "Keen Kutter" trademark, which is owned by the Simmons Hardware Company of St. Louis. The "Keen Kutter" business has grown to be so large that the Simmons Company has in some cases obtained a controlling interest in manufacturing establishments, and has in this sense become an actual producer of nationally advertised goods. In connection with the meeting of the Pennsylvania Retail Hardware Association in Philadelphia in the early part of 1914 the Simmons Hardware Company had a "Keen Kutter" display which supplied some interesting side lines upon some of the advertising methods of the company. *Printers' Ink*, in writing of this exhibition, says, in its issue of February 26, 1914:

The feature of this display was a long roll of advertisements cut from magazines and newspapers by the children of Hillsboro, Ia. Hillsboro is a town of 325 population. The Simmons Hardware Company offered a prize to the boy or girl who could collect the largest number of advertisements printed by that company in the magazines and newspapers of the country. The result was that 1,150 advertisements were turned in. The largest number of these advertisements were submitted by an eight-year-old boy, who received a chest of first-class tools as compensation. The advertisements were pasted together and were on exhibition at the hardware show.

J. A. Carroll, of the "Keen Kutter" company, stated that prior to 1905 the firm had only Western offices. In that year an advertising campaign was started and it was found necessary not only to open Eastern stores, but manufacturing depots as well. He stated that Philadelphia was now the second city in the amount of "Keen Kutter" business being done, St. Louis being the first. Mr. Carroll declared that one of the greatest fallacies the public labors under is that the cost of advertising is charged up against the goods sold to consumers. He said that it would be quite impossible to distribute equitably the money expended for publicity, there being 79,000 patterns of goods bearing the "Keen Kutter" brand, which were sufficient to necessitate bringing the increase for ad purposes down to a mill or fraction of a mill on each article sold.

Mr. Carroll declared that a $3,000,000 business was done in Philadelphia last year, and that the increase directly due to advertising was 35 per cent. last month. "We have found," said Mr. Carroll, "that the man who advertises has the people with him. Ads make immediate markets for goods. This was why we were forced to establish branches in the East in order to meet trade increase that our campaign brought us."

(2) NATIONAL ADVERTISERS' PLANS FOR SECURING THE WHOLESALERS' SUPPORT

Several months ago a manufacturer appealed to *Printers' Ink* for information as to how advertisers secured the active co-operation of wholesalers. He reported that he had tried all sorts of arguments and various methods, including the sending of letters to the wholesalers' salesmen, and that his results had been very unsatisfactory. *Printers' Ink* put the question to a manufacturer who has been particularly successful in securing the co-operation of the wholesalers, and the following article resulted:

*This question is put to me: "Do you believe in jobber co-operation?'

My reply is: It depends upon the goods. If the line runs into money rapidly, work on the jobber can be made to pay. If the average sale per retailer is small, don't devote much time and effort in securing the jobber's co-operation, because jobber co-operation can be successful only to the extent that working together affects the self-interest of the jobber. You had better turn your attention to consumer demand and to the retailer.

Twelve years as salesman and fifteen as an advertising man have taught me that the consumer, the retailer, and the jobber respond more readily to an appeal that has self-interest as a basis, and the closer you stick to this policy the more certain is success.

Take my own line for example. The goods retail for 50 cents. The annual sale per retailer will average two or three dozen. Our output is enormous because we have a distribution of between 85 per cent. and 90 per cent. This would seem to be an attractive proposition to the jobber. But let us dig under the surface and look at it from the jobber's point of view.

In selling through the jobber, we have three factors to deal with: the policy of the jobber, the buyer, and the salesman.

It must be remembered that in spite of the fact that the jobber must recognize the power of advertising, there are still many of them who are not favorable to advertised lines. They wish to control their lines or brands. They object to being told where and how they shall sell the goods. Some jobbers will not voice their objections, but the scarcity of advertised lines in their stocks is sufficient evidence of their attitude. Others come out into the open, as, for example, a jobbing house which within a week cancelled an order given one of our salesmen. The letter said, "We have decided that we will not handle advertised goods of any kind."

Other jobbers have private brands which the salesmen are instructed to push and to substitute wherever they can.

Still others carry our line because there is an insistent demand. They know that orders for other goods almost invariably go with orders for ours. These jobbers do not want their customers to go to a competitor, consequently they stock our goods, but the salesmen do not push them, never offer them, never ask for

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*_Printers' Ink_, January 15, 1914, p. 82.

orders for them, and will not carry our sample cards. If a customer asks for our goods the salesman will book his order, but that's as far as he will go. He makes it a policy to follow the policy of the house.

Now take the buyer's view. His standing with his house depends upon volume of sales and profits. He favors goods that run into money rapidly and pile up his gross sales. An increase in his department means an opening to ask for more pay. No matter how loyal and conscientious he may be to his house he has both eyes wide open for Number One.

The salesman's interest is along the same line as the buyer's. Gross sales count with him. He wants his sales to show an increase each year because his income is based on volume of sales.

It is unreasonable to expect the buyer to interest himself in pushing articles that swell sales by inches. It is just as unreasonable to expect a salesman to spend his time selling eight or ten dollars' worth of our goods when in the same time he can book an order for fifty or one hundred dollars' worth of shirts or underwear.

The Demands of Self-interest

You wouldn't do it, neither would I, so we must not lose sight of the personal equation and expect results from these men unless it is for their advantage or advancement to push the goods.

Let me give you three concrete examples of how great a part self-interest plays in the selling game.

A manufacturer offered a valuable prize to every salesman who sold fifty dozen of his product. His sales increased rapidly up to a certain point—a point about equal to an average sale of fifty dozen per salesman.

To further increase his sales he offered a more valuable prize to each man selling one hundred dozen. Again his sales took a jump, but not as fast as before. It was easy for the average man to sell fifty dozen, only the top notcher could reach one hundred, and right here the jobber stepped in and objected to having his salesmen subsidized by the manufacturer.

To get the interest of the buyers a manufacturer a year or two ago offered an unusually valuable premium to the buyer who showed the largest increase in sales of the manufacturer's goods as compared with sales of the previous year. It worked well, and the increase in sales paid a fine profit above the cost of the premium.

You can interest the jobber by offering extra discounts on quantities, an extra case of goods with a ten-case order, rebates if he will sell a certain quantity within a year, and by other stunts that put more dollars in his pocket.

I simply offer these examples to show that the word co-operation is a misnomer. Self-interest is the correct term.

There is no fault without its remedy. This article would be incomplete if an outline of how to counteract the jobber's lack of interest were omitted.

When a doctor treats a patient for debility he begins by giving stimulants. The best tonic for the jobber is orders. Repeat orders for goods will wake up the most indifferent jobber. They prove the demand. They are tangible evidence that cannot be passed up.

How to Counteract the Jobber's Selfishness

To bring repeat orders the interest of the retailer must be enlisted. It's much easier to get the dealer to push a line. He is an entirely different proposition from the jobber. He is susceptible to suggestions to push our line. He knows better than any jobber what it means to handle a live line of extensively advertised goods. He knows that advertising pays because he sees the proof every day in the demand of his customers for advertised goods. He sees it in the people he gets into his store through his own local advertising. No need to tell him how he benefits. There is no more argument in his mind against advertising than there is against fire insurance. In fact, I believe the dealer has been the prime mover in actually starting many manufacturers to advertise through insisting that a demand for the goods be created.

I asked a retailer a few days ago whether he favored unadvertised goods paying a large profit or advertised lines paying a smaller profit.

His reply was: "I will answer your question by telling you of an incident that happened in my store. I carry a certain line of advertised underwear. It costs me $4.25 per dozen. It is as good as gold, the demand is steady. When I stock ten dozen of the line I know absolutely that I will sell every suit. I know about how long the stock will last, how many times I can turn over the money invested in it. I can figure within $10 of how much profit I will make on this underwear during the year.

"A few months ago I bought a stock from another maker. In my opinion, it is just as good value as the line I've just mentioned. It is made by a thoroughly reliable house, but it doesn't advertise. I bought because the price was fifty cents per dozen less.

"When showing this underwear to my customers I guaranteed it to be just as good as the other line. Some customers bought it and I never had a complaint, but most of them would say, 'I guess I will take the brand I know by name.'

"I finally sold the stock, but it took a long time to do it, and every sale took time and talk. My conclusion is that it may not take good salesmanship to sell advertised goods, but it's a mighty sight more profitable and better business to follow the line of least resistance and sell my customers what they ask for."

Just as he finished telling me his story, a man came in hurriedly. "Wrap up a suit of Blank underwear (naming the advertised line we had been discussing), size 38," he said, and was gone. My friend smiled and remarked, "Didn't cost much to make that sale. I make dozens of just such quick sales on advertised goods."

This retailer is, I believe, a fair sample of the country and small-town retailer. He is fine timber for the manufacturer to work on who seeks co-operation.

Interest the retailer in your goods and he will do more toward putting the jobbers' names on your books than all the talking, writing, or persuasion you can bring to bear. Orders talk to the jobber in a language he understands.

While the retailer will give more real practical co-operation than the jobber, you have two factions to consider, the retailer himself and his clerks. If you can interest the clerk in your product you will make rapid strides to increased sales. It is the clerk who is the last link in the chain between factory and consumer. It's the clerk who actually passes your goods to the consumer. It is just as easy for the clerk to knock your line as to boost it. He is actually in a position to hinder or quicken your sales.

Take, for example, the clerks in stores like Riker's, of Boston and New York. This concern cuts prices on proprietary medicines and trademarked toilet articles to draw trade.

On nearly every article it has something similar under its own brand on which it makes a good profit.

The clerks are specially instructed to sell the goods made by the house if possible. The policy is, push our goods to the limit, sell the other fellow's only if you have to.

Riker's must pay good dividends for they are constantly adding new stores. I'm pretty sure they don't make their profit on the cut-price goods. It must be admitted that the Riker preparations are usually just as good and effective as the articles they imitate, and they back their goods with a clean-cut guarantee of money back if not satisfied. Riker's is an example of how much ice the clerk cuts in a customer's final decision on what he wants to buy.

Another point about the clerk is this. It is human nature to recommend an article that one personally uses or wears. The clerk is no exception, and many an article has a large sale in some stores because the clerks use it themselves.

We have got a long way from the jobber in this article. I had to ring in the retailer and his clerk to show jobber co-operation, provided you get it, may be of the least importance.

Remember, it is the clerk who makes the real sale, the sale that takes the goods off the shelf and rings down the curtain, for an article is never actually sold until it is in the possession of the consumer.

In my opinion the jobber is simply a distributor. He is a helpful factor in many lines. That he is not always an absolutely necessary cog in the wheels of many lines of trade is shown by the hundreds of manufacturers who sell direct to the retailer and build enormous businesses. Take the collar and shirt industries, for example.

Price Is the Appeal to Jobber

Cultivate the jobber as a distributor. Gain his good will by showing what there is in it for him. Put your co-operative work on the retailer and his clerks. But before all else get the consumer—get the public to ask for your goods, and you need not worry but that the retailer will buy from the jobber to supply the demand and the jobber will come to you for the goods.

For in spite of the middlemen that stand between you and the final sale, don't forget the consumer is the last word.

I hope the readers of this article will not interpret it as knocking the jobber. That is furthest from my thoughts. The jobber is a helpful medium in the distribution of goods. He earns his profits deservedly, and gives in exchange convenient and well-scattered points of distribution that facilitate the quick delivery of merchandise. His men visit every town and every dealer in the country, towns so small that no manufacturer of a single line could afford to send his salesmen to them.

But you must not expect him nor his selling organization to do unreasonable things. You must not hope to gain his co-operation unless you can show him absolutely that there is money in it for him—enough money to appeal to his self-interest.

One of the methods for securing the support of the wholesaler which has been most frequently tried and which, on principle, seems to offer as good a chance for success as any, provided it is properly done, is to stimulate consumer demand of the right kind. W. W. Garrison reports in the following article the methods employed by three national advertisers in bringing this about:

*Passing along Lake Street, Chicago, on the Oak Park Elevated Railroad, you can see a little one-story machine shop. It isn't visible from the street level because it is screened by another frame building on the front of the same lot.

This was four years ago. Since then a large national business has grown out of the back-lot machine shop through a change of products from one that was sold to manufacturing concerns to one sold to the consumer masses—and the addition of national advertising.

The machine-shop proprietor was netting about $20 a week. He hit on a machinery idea that had possibilities. A patent was secured. The product, however, was not one that appealed to a large class of trade. Its market was tiny.

The field of goods into which the invention fitted was dominated by two great companies which did 95 per cent. of the business. Two friends and a few hundred dollars were interested in the invention. The business was a hand-to-mouth proposition. They built the product as buyers paid their bills. On two occasions efforts to steal the invention were made.

The machine-shop proprietor happened to be a native of a small Iowa town, and in the course of time he succeeded in interesting some money there in the business. He secured $10,000 upon the stipulation that he move the business to the Iowa town.

At the end of a year there the product showed a book profit. There were no dividends. Competition in the field occupied by the product precluded any monumental success. The big stick of competition seemed to have just about marked out a certain distance that small fry could go, and there sales stopped.

But finally, out of the original idea, the machine-shop proprietor evolved an article that had for its market the masses rather

*_Printers' Ink_, February 18, 1915, p. 34.

than the restricted field of manufacturers. To the inventor it looked salable. But the financing parties laughed at it because of the peculiarities of its construction, even though it did have a function in almost any home and filled what was believed to be a real want.

"Stick to the original goods," the stockholders said. "Fight it out on that basis."

But as a test, the inventor made up a model and went to a big New York jobber, who by reputation is the oracle in his line. He, too, laughed at the goods. "They won't buy that," he said. "We'd be idiots if we took a chance by stocking any of them."

In spite of this turn-down—and while the original product was being made—the inventor worked out the copy for a small leaflet. He spent $25 getting the cuts made and the printing done. It described the goods, painted the picture of the possible sale.

Changing the Jobber's Mind

He mailed it to a number of dealers. There was some response, a few sample orders which were filled through jobbers the dealers named, in spite of the apparent attitude of that avenue of trade. This little encouragement stimulated the stockholders into the expenditure of a little over $100 for an advertisement in one national medium.

The ad brought back $165 in cash and a few over one hundred inquiries.

One of the more imaginative stockholders saw possibilities in those results. In another business he had been a small national advertiser. "Get into big space with this. These results, though secured on a tiny scale, prove beyond question the salability of the goods. Then get the dealers and jobbers as quick as demand is evidenced."

The factory then was a two-story building of 50 feet wide and 150 feet deep. At that time that was ample space.

The recommendation of advertising counsel was for fair-sized space in mediums which could be used with the appropriation allowed by the stockholders.

A letter that purported to be semi-confidential was written to the jobbers informing them of the decision to create consumer demand by the use of copy in national media. They were told of the article, the uses and how it had been refined. The picture of demand was impressed upon their minds. A leaflet accompanied the letter.

Jobbers were apathetic. No orders came.

Then a circular was prepared for dealers. National ads were reproduced. It was a simple affair. Space was left for the jobbers' names. The post-office address of the company was omitted. It was ostensibly a circular printed by the jobber.

Jobbers were asked the number of names of dealers on their mailing lists. This number was printed with the jobbers' names inserted in the blank space. The circulars were shipped out. Jobbers sent them out in letters, in packages, and with other circular matter. This was three weeks ahead of the first appearance of the advertisements.

Within a week orders began to come from the jobbers in quantities. By the time the first advertisement appeared the campaign had been paid for six times over the orders. Dealers fast stocked the goods.

When the copy appeared dealers pasted it up in their windows. They were new goods, nationally advertised, and they were pushing them.

The New York jobber, three days before the appearance of the first ad, telegraphed for 1,500 of the articles *to be sent by express.* The very first ad, too, paid a cash profit from mail-orders from towns where the goods were not then on sale.

The business forged ahead. Capital was easy, then, to get interested. There was no drawback to expansion. It had caught on with wonderful fashion with the consumer. Within six months factory floor space was quadrupled. Practically every worth-while jobber in the United States and Canada could fill dealer orders for the goods.

The jobbers' names in connection with the manufacturer's announcement—and the fact that the jobbers sent out this circular matter to dealers—actually forced them to handle the goods. *In reality, jobbers themselves forced the goods on their own shelves!*

Overcoming Jobbers' Apathy

Business authorities express the belief that hundreds of good products are never given a chance with the consumer because of jobbing apathy, which is a perfectly logical condition bred of turning down yearly thousands of offered articles which have not the sales possibilities. But with good products there is always a means, if the manufacturer will find it, to edge in through the narrow jobbing lane.

In the drug line, as an instance, prices represent the service the goods give the consumer, usually. Cost of manufacture ordinarily is insignificant.

In this connection is brought to mind a famous product, which since has made over a million dollars for the man who marketed the formula. It ran the gauntlet in rapid fashion some years ago. And incidentally this manufacturer never bowed before the jobber or dealer. In fact, it is related that the head of this business has never been inside a jobber's place of business. Nor has he, indeed, ever solicited dealer business.

That sounds mighty strange and there are few manufacturers in the United States who can say the same thing. But this was his method:

The product sold for 25 cents. It was not one which drug dealers are likely to substitute on. The price is too small, the effort not worth while. Neither was it one which attracted price-cutters.

The cost of manufacture was insignificant. Great quantities could be made up at small cost. So the manufacturer planned a great national campaign. It was replete in pages, quarters and halves. It was scheduled to start on a certain day.

He described the campaign in a dealer's circular. He showed the drug-store gap which his goods filled. He told the profit the dealer would make. He showed how national demand was absolutely certain. He told how his goods were repeaters.

The Final Argument in Setting up "Pull" on Jobber

And as a clincher he enclosed an engraved card, which when returned to the dealer's jobber entitled the drug dealer to the first half-dozen packages on consignment—they could be paid for in 60 days. And if the dealer did not want to pay for them then, if they had not been sold, they could be returned to the jobber and credit given.

Understand, in the carrying of accounts later, the jobber was a vital necessity. He was necessary also to carry stock to dealers.

Coincident with the mailing of the dealer's circular containing this consignment offer—which tied up less than 10 cents in each offer made to dealers—the manufacturer consigned stocks to each jobber in proportion to the number of cards the manufacturer expected each jobber might receive from dealers in his territory. The jobber, too, was given 60 days' dating. If at that time his stock had not been sold and paid for, he could return the goods.

In a little over three weeks after the double offer was made the national campaign swung into action.

Dealers generally had cashed their consignment-offer cards on the strength of the generous profit and the national campaign. There were few breaks in the distribution chain.

It is related that several weeks before the 60 days' dating had run out there was scarcely a jobber in the United States who had not reordered—and that was the occasion for billing him for the goods that were consigned.

Thus distribution was almost instant—the jobbers were stocked adequately and the money came in in plenty of time to take care of the advertising expense and other expenses of the business. The original investment in this particular business was small in comparison with the money it has made since.

And as a matter of fact it is virtually impossible to sell the *jobber* anything. It has got to be sold to the consumer, via the dealer. Then the jobber will fill the orders. And he has the double function of carrying thousands of small accounts and maintaining a close-at-hand supply.

The instance told above would have been utterly impossible without the stimulus of heavy national advertising to move the goods from the dealer's shelves and bring about his reorders and the consequent jobber's reorders. Without strong consumer bombardment the plan would have been a dismal flivver, and with men of less courage than this manufacturer skimpy thin-spread advertising possibly would have brought about the collapse of the plan.

Is it any wonder that this man has never scraped before any jobber?

When you see a man who "has the jobbers pushing the goods," ask him how long that "push" would continue if it were not for the pull at the other end. On the other hand, the jobber has a double function that it is well-nigh impossible to dispense with on ordinary retail propositions. But any man who depends solely on jobbing salesmanship ultimately will drop out of business existence. There is no such thing, ordinarily.

PART II

ADVERTISING METHODS

CHAPTER IX

ADVANCE IN METHODS OF ANALYSIS

THE value of unassailable facts in planning sales campaigns is beginning to receive something like its due recognition. This is one of the most marked evidences of advertising progress. For years a few large corporations, such as the Standard Oil Company and the American Telephone and Telegraph Company, have had departments whose duty it was to accumulate and to put into shape for use the detailed facts which were considered necessary for properly conducting the business of these concerns. The painstaking methods of the United Cigar Stores in forming their ideas of the value of a site have become well known. More recently still the Curtis Publishing Company has surprised the textile and the automobile and other trades with the intimacy of its knowledge of how its advertising clients' business is and should be run.

These methods are now being applied to purely advertising problems. Among advertisers the gathering of data and the application of analytical methods to them have become a recognized necessity. The story of how Procter & Gamble worked out the details of the Crisco campaign is familiar.*

Printers' Ink gives the following statement of the employment of analytical methods by some leading concerns:

†The use of centralized data departments, while still slighted, is by no means uncommon among the more progressive ad-

**Printers' Ink*, January 9, 1913, p. 3.

†Printers' Ink, April 2, 1914, p. 56.

vertisers. The National Cash Register Company, the American Sales Book Company, E. I. Du Pont De Nemours Powder Company, Burroughs Adding Machine Company, W. H. McElwain Company, and other prominent concerns find such data of much help.

The most comprehensive department of this kind we know of is conducted by a large Chicago food-product advertiser. A special room is used for the data and is in charge of a librarian and two assistants. Besides a carefully indexed library dealing with the industry and business affairs in general, special locked cabinets are used for filing a vast array of different comparative statements and a confidential file in which data are collected dealing with peculiar trade situations and conditions in every community of importance in the country. These data take the form of special reports from salesmen, carbon copies, or paragraphs from letters, personal observations by officials in memorandum form and newspaper clippings. This file makes it possible for any official to secure at a moment's notice inside information regarding any desired territory. Scrap-books are also kept, in which are pasted important newspaper clippings commenting on the firm or the industry. These scrap-books are carefully indexed according to the name of the paper as well as the subject, and serve to give the house an insight into the editorial attitude of the various newspapers and how they should be handled, should occasion demand.

Another Western manufacturer finds it profitable to gather data regarding a wide variety of subjects for use of the sales force in selling to different lines of trade. For this purpose two papers in every case are subscribed for, and the articles to be filed are pasted on cards and indexed by vocation with metal tabs. It is also understood that the National Lead Company has worked out a method which makes it possible for it to collect various kinds of selling data pertaining to its business, but instead of centralizing the department the data are distributed among the different branches where they may be needed. Some manufacturers find their salesmen invaluable for gathering this kind of data, one concern even going so far as to use its salesmen to size up and report on the local newspaper situation in each town. Several such instances have been cited from time to time in *Printers' Ink*, the attitude of John Wykoff Mettler, president of the Interwoven Hosiery Company, on this matter and his account of how he gathers and uses such data should be of help to the above correspondent. This article appeared in the October 23, 1913, issue of *Printers' Ink.*

It is perhaps not looking very far into the future to predict that a data department, in charge of a man with a real mastery of the practical science of compiling and interpreting commercial statistics and other data, will soon be regarded as an absolute essential in all selling or advertising undertakings of any appreciable size. The large corporations and other concerns with ample capital have had a temporary advantage over their smaller rivals in this respect. But this advantage already is being overcome. Some of the local and national associations have clearly shown that joint bureaus if adequately supported by their members can do this work in some respects as well as the data departments of large concerns. It is possible, moreover, that the Federal Government may find occasion to enter upon work of this kind.* Colleges also will find many ways in which they can be of service in this sort of work.

In short, it may be said that, as a step in advance in the development of advertising, the spread of respect for, and the ability to use, analytical methods is one of the most important lines of growth.

It is difficult to make a choice among the many important articles showing this progress which have appeared during the past few months. The articles selected for use at this point, however, fall into three chief groups: (1) Organization and methods of data departments, (2) Analytical methods in selling problems, (3) Analytical methods in advertising problems.

1. ORGANIZATION AND METHODS OF DATA DEPARTMENTS

The Curtis Publishing Company a few years ago organized a research division which since that time has conducted a number of investigations into the buying and selling methods of various

*The plan for a Federal Bureau of Business Research proposed by A. W. Shaw, the editor of *System*, has been well received in many quarters.

industries. The agricultural implement industry was covered, and then there followed a detailed investigation into the methods of marketing textiles. The automobile industry was investigated next, and, in the meantime, work was started on an investigation of the methods of selling various food products. Other work is now in hand and the bureau has established for itself an enviable reputation as a source of specific information on marketing matters.

C. C. Parlin, who has had charge of the work of this bureau, recently gave some interesting suggestions about the organization and methods of conducting a bureau of this kind, in a magazine article under the title, "Why and How a Manufacturer Should Make Trade Investigations." The following quotations are taken from Mr. Parlin's article:

*One of the amazing things in industry is the fact that vast sums of money are being risked in enterprise undertaken upon guesswork. While some manufacturing enterprises have been started only after a careful study of conditions, others have been instituted after a few inquiries and upon a decision to take the chance.

Much of this attitude is a legacy of the past when conditions were essentially different from to-day. In the earlier period of our manufacture the markets were clamoring for goods. The manufacturer had but two problems: first, to make the goods, and second, to get them within reach of the consumers.

To-day the supply in most lines has caught up with the demand and a third very important function develops upon the manufacturer; namely, to develop his markets. This function involves first of all a thorough knowledge of his existing markets and of all those influences which are operating to affect them. It seemed natural enough in the earlier stages of industrial development for the manufacturer to confine his attention to the making of goods and to entrust to an outside sales organization the second function of getting the goods to the consumer. It is still advantageous in many lines for the manufacturer to reach the retailer through jobbing connections, but no manu-

*_Printers' Ink_, October 22, 1914, p. 3.

facturer, however efficient and honorable the middlemen handling his product are, can afford to be without first-hand knowledge of his markets. Every manufacturer should know where his goods are sold, who buys them, and why they are bought, what type of men are selling his goods to consumers, what influences are affecting them, what their sales methods and sales costs are, to what extent they are real factors in making sales and to what extent they are only order-takers. . . .

A certain manufacturer in the Central West was interested primarily in breaking into the New York markets; research showed him that totally neglected at his own door there lay a larger market easier to get and likely to prove more profitable than the coveted New York market; research showed another manufacturer that his distribution was far from uniform, another that he was restricting his line to jobbers when the possible sale for his goods was almost confined to those stores which aimed to buy direct—another who sold only direct that a major portion of the opportunities in his field could be best reached through jobbing channels. . . .

Commercial research work involves three distinct phases:

First, library work; second, field work; third, formulating conclusions.

The first step, naturally, is the study of printed sources, such as the census reports and other government publications. The research department may often throw light upon a business by merely graphing census figures. Often we have found a manufacturer with the latest census reports at his elbow, but deeply interested in maps and graphs of the same census material as it applied to his own business, indicating that while he had perhaps read the figures, they came to him in a new light as he saw them graphed. This phase of the work is listed first, not because of its relative importance, but because it is naturally the first step in making a study; for the investigator should, of course, take advantage of all the information which has already been gathered, so that he may waste no time in duplicating work already done. Besides, he needs a fund of trade information before he begins the field work; for in no realm of human endeavor is there found a clearer exemplification of the truth of the Biblical statement, "To him that hath shall be given," than in gathering commercial information. The man who is already informed and can talk the language of the trade soon inspires confidence and becomes a welcome visitor; but on the uninformed the business world is too busy to waste time. It is particularly necessary for a student approaching an industry with which he is not familiar to get a fairly comprehensive statistical and trade-journal knowledge of his subject.

Then begins the field work.

For successful research work in commercial lines it is necessary that first-hand information be gathered by interviewing representative persons connected with every phase of the industry. Individual industries, of course, need different treatment. In one industry the fundamental tendencies of the trade may be learned from manufacturers and wholesalers, while in another it may be necessary to make exhaustive study of retail conditions.

Men should be interviewed in every phase of the work; for each particular phase has its own problems and furnishes its own particular light on the industry. Furthermore, it is necessary to talk not only with important and intelligent people who are filled with ideas, but also with comparatively unimportant people who often appear provokingly stupid. The man who gets all his information merely from those who have made successes has missed an opportunity; for while it is often depressing to talk with those who have made failures or who are stupidly plodding along unconscious of the broader problems, it sometimes happens that the man who has stumbled at the very threshold will throw light on some elemental problems which the successful man has long ago mastered and forgotten.

In general, the saying of the old fisherman that "It takes all the people in the world to know everything that is known," is a good precept for a research department. The wider the scope of the inquiry and the more extensive the number of interviews the safer are likely to be the conclusions.

A research department can hardly proceed leisurely, because the field is so vast and interesting and the portion that can be accomplished seems so infinitesimal in comparison with the vast amount to be done. On the one hand, a research department is preparing a doctor's thesis requiring calm thought and careful analysis; on the other hand, the material must be handled with something of newspaper promptness to have it out while it is fresh. Often, too, directors' meetings or factory requirements make the preparation of material for specific dates necessary. But while commercial research must to some extent accommodate itself to time demands, the best results can only be attained when sufficient time is allowed for extensive investigation and thoughtful consideration of material obtained.

Incidentally, it is probably not desirable that the research man in the early stages of his work should receive any considerable information from the men of his own organizations. He is likely to give too much weight to these opinions, and when he comes to start in with his field work is likely to have something of the same handicap which retards the man who has been brought up in the industry. But when he has made sufficient progress that his ideas will not be too much shaped from within the organization, the suggestions and criticisms of his colleagues will be of very great value. In fact, the success of the research department in the end will depend very largely upon the encouragement, support, and assistance of all those within the organization.

The third step is formulating conclusions.

While mere tabulations of material may be valuable, yet even when material is gathered and tabulated it is still only raw material. A very important function of a research department is to convert this raw material into finished product. The manufacturer can, of course, draw his own deductions from the data furnished, but the one who gathers the material is in the best position to interpret it and show its relation to the business, and the highest value of the department is likely to come from its ability to show the vital relation of its material to the business of the company.

Since industries vary widely, it is obviously futile to attempt to formulate any definite program of procedure to be applied to the study of an industry. The problems are numerous and varied, and methods well suited to one phase of the work may have to be quickly changed when applied to another. The very nature of the work requires that something new be learned every day, and the problem of always wrestling with the unknown demands versatility rather than fixed method.

It is, of course, impossible in a compilation of this kind to go into the science of statistics as applied to methods of analysis for advertising and selling problems. In case of many manufacturers, an analysis of this kind is unnecessary, but in case of others it would be vital at the very outset to have a thorough knowledge of the science of statistics. John Winsell, statistician and business investigator, recently wrote an article on how to study the "per capita," which contains some suggestions of value not only to the large analyst, but to the small concern interested in applying analytical methods. In the course of this article he said:

It has been said over and over again that the advertising manager's business is to know his firm's situation with the final consumer better than any one else. There is no more thoroughly accurate means of getting at this than to make a study of per capita conditions. It is the heart of an accurate study of mass averages which advertising must meet to succeed. This article concerns the technique of per capita study. [*Note by Ed. of A. &. S.*]

*The population of the United States is now approximately 100,000,000. To be exact, if the Government estimate of the population on July 1, 1914, be used as a basis, we will pass the hundred-million mark on April 2, 1915, as the daily increase is 4,433 persons.

All national business enterprises—whether a commodity having national or partly national possibilities, whether chewing gum or crockery, baking powder or leather belting, may find a study of actual field conditions on a per capita basis of vital importance. *Business and sales pivot on population.*

The first and most essential step toward this end is a comparison of the per capita consumption of the product in different localities. In cases where the exact national volume of business is known, it is extremely simple to figure per capita. For example: as 50,000,000 pounds of laundry soap are sold throughout the country every week, it does not require much mental effort to estimate that the per capita consumption is one half pound per week.

When it comes to estimating the per capita consumption for a commodity not so staple, or if it is desired to get a localized per capita consumption in any state or group of states, or county or city or class of city or town, the process is much more complicated—100 per cent. accurate results are naturally impossible,

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*_Advertising and Selling_, January, 1915, p. 12.

but it is usually immensely valuable to get the best estimates possible, and in such work the need for a new kind of practical business statistical work is demonstrated.

When some one recently informed the president of a large soap concern that 664,000 pounds of laundry soap had been sold in the state of Connecticut in one week, it set him thinking. Like other executives, he had never stopped to closely analyze the statistics of his own industry—or, what is more likely, had never seen any or made any effort to compile them. He naturally asked whether this amount was above or below the average. The next intensely interesting question was: what proportion of the total had his company sold? When his accountants had matched against the total state figures the firm's sales figures, it "made him sick." It also gingered up him and his sales staff as nothing else could have done.

Incidentally, it took a great deal of scurrying on the part of his subordinates to obtain data about *his own total sales* in the state—a fact which had its own little lesson for him. Why should so fundamental a factor as his statistical position in relation to soap in general, and to his competitors' sales, be so buried in the mêlée of daily routine? Why shouldn't it be the most conspicuous factor in the records and in the minds of the sales force?

Resentment against his own poor showing in Connecticut made this manufacturer wonder what the normal per capita consumption of laundry soap was. Taking 664,000 pounds of laundry soap for Connecticut and dividing it by the population (1914), 1,202,000, he found that the per capita consumption was .55 of a pound per week—or more than 10 per cent. above the average for the United States.

This incident so interested the manufacturer that he determined to do the difficult work of making locality analyses of the consumption of laundry soap, covering the entire country, state by state, and dividing the population by grades of town. He began by working in his "sick cities." A crew of trained investigators was put on the job of canvassing the city. They went from house to house, taking the pulse of the town. Some of the questions asked were:

(1) What brand of laundry soap do you use?
(2) How much laundry soap do you use per week?
(3) Why do you prefer ——— brand?

(4) Which other brands have you tried?
(5) Why did you reject ——— brands?
(6) What various uses do you make of laundry soap?

	1	2	3	4	5	6	7	8	9	10
U.S.	1000	2000	3000	4000	5000	6000	7000	8000	9000	10000
Ala.	23	46	69	92	115	138	161	184	207	230
Ariz	2	4	6	8	10	12	14	16	18	20
Ark.	17	34	51	68	85	102	119	136	153	170
Cal.	28	56	84	112	140	168	196	224	252	280
Col.	9	18	27	36	45	54	63	72	81	90
Conn.	12	24	36	48	60	72	84	96	108	120
Del.	2	4	6	8	10	12	14	16	18	20
D.C.	4	8	12	16	20	24	28	32	36	40
Fla.	8	16	24	32	40	48	56	64	72	80
Ga.	28	56	84	112	140	168	196	224	252	280
Idaho	4	8	12	16	20	24	28	32	36	40
Ill.	61	122	183	244	305	366	427	488	549	610
Ind.	28	56	84	112	140	168	196	224	252	280
Iowa	23	46	69	92	115	138	161	184	207	230
Kans.	18	36	54	72	90	108	126	144	162	180
Ky.	24	48	72	94	120	144	168	192	216	240
La.	18	36	54	72	90	108	126	144	162	180
Me.	8	16	24	32	40	48	56	64	72	80
Md.	13	26	39	52	65	78	91	104	117	130
Mass.	37	74	111	148	185	222	259	296	333	370
Mich.	31	62	93	124	155	186	217	248	279	310
Minn.	23	46	69	92	115	138	161	184	207	230
Miss.	19	38	57	76	95	114	133	152	171	190
Mo.	34	68	102	136	170	204	238	272	306	340
Mont.	4	8	12	16	20	24	28	32	36	40
Neb.	12	24	36	48	60	72	84	96	108	120
Nev.	1	2	3	4	5	.6	7	8	9	10
N.H.	4	8	12	16	20	24	28	32	36	40
N.J.	29	58	87	116	145	174	203	232	261	290
N.Mex.	4	8	12	16	20	24	28	32	36	40
N.Y.	100	200	300	400	500	600	700	800	900	1000
N.Car.	24	48	72	96	120	144	168	192	216	240
N.Dak.	7	14	21	28	35	42	49	56	63	70
Ohio	51	102	153	204	255	306	357	408	459	510
Okla.	20	40	60	80	100	120	140	160	180	200
Ore.	8	16	24	32	40	48	56	64	72	80
Pa.	83	166	249	332	415	498	581	664	747	830
R.I.	6	12	18	24	30	36	42	48	54	60
S.Car.	16	32	48	64	80	96	112	128	144	160
S.Dak.	7	14	21	28	35	42	49	56	63	70
Tenn.	23	46	69	92	115	138	161	184	207	230
Texas	43	86	129	172	215	258	301	344	387	430
Utah	4	8	12	16	20	24	28	32	36	40
Vt.	4	8	12	16	20	24	28	32	36	40
Va.	22	44	66	88	110	132	154	176	198	220
Wash.	14	28	42	56	70	84	98	112	126	140
W.Va.	13	26	39	52	65	78	91	104	117	130
Wisc.	25	50	75	100	125	150	175	200	225	250
Wyo.	2	4	6	8	10	12	14	16	18	20

Fig. 1. State "percapitarithms."

The investigators were required to report on the general conditions, such as neighborhood, type of house, class of people living in that vicinity, etc.

One interesting feature brought out was the territorial preferences for yellow or white laundry soap. Yellow soap was preferred wherever the water was soft, and white where the water was hard.

As the consumer investigations progressed, variations innumerable in local conditions were disclosed, many vitally affecting the success of an advertising campaign which would not be brought to the firm's attention ordinarily. The difference in local pay-days, average income, nationality, predominating occupations, standard of living, and many other facts useful in determining the fertility of a given section—all these factors are charted on a huge wall map in the sales manager's office, by means of confidential symbols.

This manufacturer now has a mental picture of the consumer mind in each section of the country. He no longer surmises, guesses, thinks, or assumes. He *knows*. He knows not only his own position in the field, but the relative strength or weakness of every competitor. What is more he uses the information in setting quotas for the sales staff, and in bringing backward dealers to realize their position in ratio to other places of the same size. In addition, it forms a partial check to over-selling credit.

This method gradually builds up a complete statistical analysis of the laundry soap industry, and brings the once gambling occupation of soap selling closer to the ideal of the insurance business, where death averages, etc., are accurately known.

The manufacturer now has a bird's-eye view of the entire country, or detailed statistics of any section thereof, so that he can put his finger on a sore spot with magic infallibility, and quickly discover whether the trouble is due to any local condition which affects per capita consumption, or is the result of an energetic competitive campaign. As a result, competitors get black and blue in the face trying to beat him, but he is possessed of so much greater breadth of view and basic understanding of his industry that it's like trying to push over an old oak tree to beat him to a market he held.

The Technique of "Per Capita Figuring"

For the benefit of those who desire to arrive at the state per capita consumption of any given product, with the minimum of effort and calculation, once the total quantity is known, the writer has prepared tables (see Fig. 1), which might be called state "percapitarithms."

A "percapitarithm" of any state may be defined as the number of units which would be assigned to that state if a specified number of units were divided among all the states of the Union, according to their several populations. To illustrate: Let us say 1,000 units represent the United States population. As New York state has approximately 10,000,000 population, or 10 per cent. of the entire population of the United States, its share of units would be 100. Pennsylvania, 8.3 per cent. of the population, her share would be 83, and so on for each state, until we reach Nevada, whose share would be 1 per cent.

If 4,000 units were to be distributed, it is evident that the share of each state would be four times as great as it was for the 1,000 distribution.

For the purpose of rough approximations, however, it will be found that the ten tables shown in Figure 1 are sufficient. These have been prepared for 1,000, 2,000, 3,000, etc., up to 10,000. If an article has a national consumption of 90,000, the consumption for California, in logical proportion, should be at least 2,520, as is seen by referring to column 9, which gives the "percapitarithms" for 9,000 and adding a cipher to 252—the number which is opposite California. In Illinois the consumption should be at least 5,490, and in Maine 720.

Even a national periodical finds it useful to study per capita. A very interesting result was obtained recently by applying the "percapitarithm" principle to the circulation of a small class magazine (see Fig. 2). The appeal was universal, and there were subscribers in every state in the Union. The circulation had just turned the 10,000 mark, and the statement that there were 110 subscribers in Iowa, or that there were 765 subscribers in Massachusetts, conveyed little information as to whether these figures were very high or very low as compared with the average for the country.

In order to show more clearly the exact situation, the graphic chart (shown in Fig. 2) was prepared. The shaded part represented the "percapitarithms" for the states in the order of their size, and of the divisions in their geographical location. The black lines represented the circulation of the magazine in that state or division.

From the chart it was very apparent that New York, Connecticut, Massachusetts, and New Jersey were the strongholds of the magazine's circulation; and that several other places, notably the District of Columbia, had very much above the average circulation for the whole country.

In the section of the chart giving the divisions the strength of New England, the Middle Atlantic, and the Rocky Mountain States is at once apparent to the eye. In this chart the figures following the names of the states or divisions are the "percapitarithms" and have no connection with the circulation figures of that locality.

A glance at the chart shows the situation much better than columns of figures or pages of typewritten reports could do. Suppose the circulation had been 85,000 instead of 10,000. The "percapitarithm" for the different states would be numbers

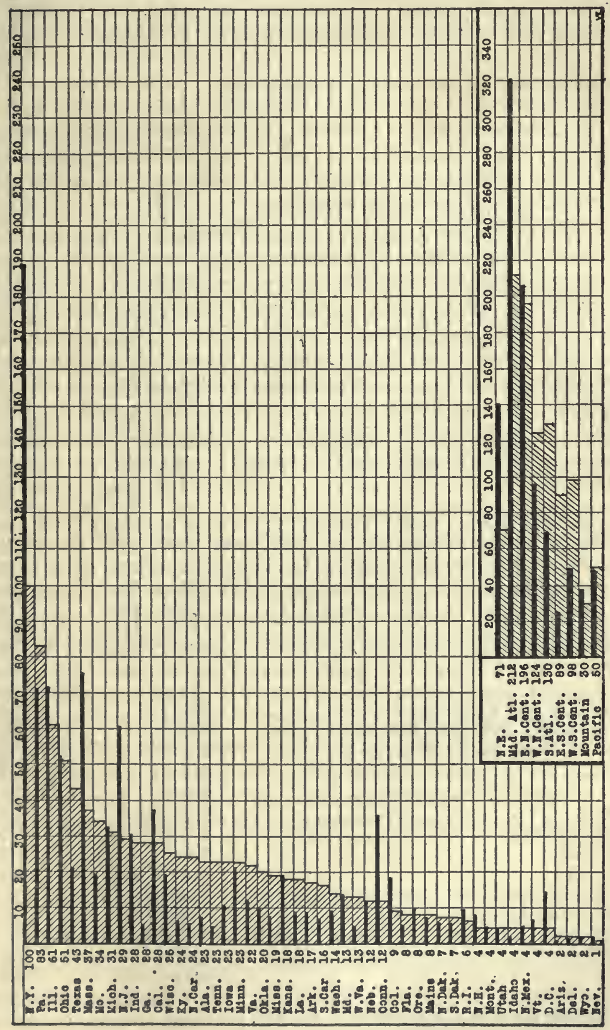


Fig. 2. "Percapitarithms" for small class magazine.

midway between columns 8 and 9 in Figure 1, with, of course, the addition of a cipher. These can quickly be estimated by adding one half of the "percapitarithm" in column 1 to the

SOME ESTIMATED PER CAPITA COMSUMPTIONS IN UNITED STATES

	Per Capita Consumption		Percent. Increase or Decrease since 1875
Wheat	6.48	bu.	+ 86.1
Corn	27.3	bu.	+ 52.5
Sugar	79.9	lbs.	+107.9
Wool	6.32	lbs.	+ 59.2
Cotton	24.8	lbs.	+144.5
Coffee	9.33	lbs.	+ 28.7
Tea	0.89	lbs.	+ 38.2
Rice	5.24	lbs.	— 21.4
Bread	52.7	loaves	— 41.8
Flour and Meal	142.13	lbs.	+ 43.7
Fresh Beef	73.1	lbs.	+ 59.3
Salt Beef	11.5	lbs.	+ 21.4
Fresh Pork	23.7	lbs.	+ 61.2
Salt Pork	23.1	lbs.	+ 18.4
Other Meat	16.2	lbs.	+ 72.3
Poultry	14.1	lbs.	+ 49.2
Fish	16.6	lbs.	+ 33.4
Eggs	17.7	doz.	+ 62.4
Milk	74.1	qts.	+ 43.7
Butter	24.4	lbs.	+ 54.3
Cheese	3.3	lbs.	+ 12.4
Lard	17.5	lbs.	+ 18.7
Molasses	0.75	gals.	+ 13.2
Potatoes	3.1	bu.	+ 18.1
Fruits	$4.26		+ 52.3
Men's Clothing (per adult male)	$27.77		+ 49.7
Women's Clothing (per adult woman)	$20.37		+ 54.3
Children's Clothing (per child under 10)	$ 3.05		+ 65.9
Fuel	$ 8.01		+ 43.7
Lighting	$ 2.03		+ 37.2
Furniture	$ 8.33		+ 63.8
Books and Papers	$ 2.05		+ 72.5
Life Insurance	$ 6.67		+ 71.3
Malt Liquors	19.75	gals.	+185.5
Tobacco	$ 8.44		+ 85.2
Automobiles and Accessories (1911)	$ 4.67		+ 0.0
Diamonds	$ 0.43		+285.0
Works of Art	$ 1.21		+320.0
Cigarettes	124.6	cig.	+530.0
Whiskey and Rum	1.4	gals.	+226.0

Some of these figures are several years old, but are quoted because conditions then were more nearly normal than now.

corresponding one in column 8. To illustrate: In Missouri, add one half of 34, which is 17, to 272, and we have 306. Then add one cipher, and 3,060 is the result desired. If the circulation had been 82,000, one fifth of 34, or 7, would have been added to 272.

The mention of magazine circulation "percapitarithms" is interesting in another way—because of the possibility of matching up sales per capita with the circulation per capita of the magazine or magazines to be used for advertising the article.

There are, of course, a majority of articles which are not universally used, but that does not in the least affect the fact that per capita is the logical measure of consumption. It is only necessary—if a *net* per capita is desired—to eliminate the undesirable and inaccessible population and use the remainder as the population unit. The negroes, the Indians, the illiterate, the foreign born, the rural, the semi-rural, the minors, the women—any or all of these and other factors may be removed—if it is beyond dispute that they should be removed. Inaccessible population means that population which cannot be reached directly by railway. There is 1,778,000 of such population in the East alone.

Wherever the per capita figures concerning an industry have been used they have awakened the management to greater alertness and creative, educational work upon consumption, and also stimulated the entire sales organization. Per capita knowledge concerning all industries should be known everywhere, but it isn't; mainly because of the expense of compilation which few individual firms have been willing to bear. It is so simple to figure the per capita for tea or cigarettes, from official figures, but when it comes to an article like paint, where many kinds of material in many forms are sold, it is a most difficult matter. The only way to secure it is by representative national dealer canvass, well checked up and cautiously analyzed. Yet in many cases it is not at all expensive to secure such vital information.

2. ANALYTICAL METHODS IN SELLING PROBLEMS

The use of analytical methods in the study of selling problems necessarily must progress slowly if its development is to be permanently satisfactory. It will be a long time before work of this sort has been formulated with sufficient completeness to make it possible to standardize methods. It will be necessary to develop certain forms of technique in collecting and using figures quite different from those employed by statisticians in other types of investigation. But the work has been commenced, and year by year marked advance is shown in the skill with which available methods are applied to problems of this kind. J. George Frederick recently contributed to *System* an article under the title "More Time to Sell," in which he showed some of the methods available to practically any type of concern for making an analysis of selling problems to save the time and energies of the sales force.

*By the time that John Smith, representing a big machinery house in New York, walks for the first time into the office of the head of William Jones & Company of Denver for a personal conference concerning a prospective order, half of the work of selling has been done. And it has been done from the sales manager's office in New York.

The bigness of this country, and the efficiency of broad national advertising mediums, has made big sales problems and big sales territories. The modern sales manager is finding it increasingly difficult to sit in a little office and plan out a sales campaign for a country 3,000 miles broad, in which every class of people, every climate, and every degree of wealth and occupation are represented. He must have specific facts on which to base his campaign. He cannot rely upon his personal estimates and upon rule-of-thumb computations. He has been forced to find better and more efficient means of knowing what is going on. He must gather together facts and figures from representatives in the field; he must tabulate these data so that he can comprehend the conditions that may make or break his campaign; and he must employ trained men who act in accordance with these plans.

The live house has long ago broken away from the old-fashioned "hire-and-fire" plan of sales work. Instead of putting a line of samples and equipment into the hands of some salesman, of dosing him liberally with "ginger" and of sending him out into a territory with instructions to "make good or be fired," a steady grist of sales is now brought in by a very different plan.

*System, February, 1914, p. 178.

A large part of the work of selling is done before the salesman leaves the office. And when he does leave he goes with a definite purpose to see a definite prospect. In other words, that salesman is aimed at a specific sale. It is a long cry from the salesman of to-day back to the salesman of yesterday who was literally turned loose in a territory and instructed merely to sell. Such *wastefulness* of energy and time is now being reduced by more scientific practices.

One of the most important phases of the new science of management that is being put into operation in sales work is the compilation of accurate data and records about the essential details of the selling work in the field. These data are collected by the salesmen, reduced to written reports, and transferred to the sales manager's files for use.

This general reform in selling methods has been developing for a long time. One of the problems has been to get salesmen to render more than the most rough and casual reports on local conditions. Salesmen are not hired or trained to be investigators, and report-makers—they are trained to meet men and convince them about the goods. As a result, perhaps ten or fifteen years have been wasted by large concerns in the effort to bring their sales force to help them in getting more accurate and full data about local conditions.

To-day business men recognize that it does not do to mix jobs; that a salesman should be put on the road to sell, and that when investigation work is necessary, it should be undertaken by special investigators, whose task it is to investigate and nothing else. It is both an expense and a hardship to require a six-thousand-dollar-a-year salesman to spend any considerable portion of his time in investigating conditions which a two-thousand-dollar-a-year man, or a special investigator could do at much less cost. The actual time that the high-grade salesman is really in action, working on his prospects, is surprisingly small when it is carefully computed.

One firm, not long ago, made a study of this sort and found that its six-thousand-dollar-a-year men were spending on an average but *two hours a day* in talking to the trade and presenting the company's sales arguments. The rest of the time was spent in travelling, in arranging for sample displays, in making out reports, and in other routine work.

How are the efficient sales generals of to-day getting their field reports which are so vital?

○ 100,000 population and over; ⊙ 25,000 to 100,000 population; ● Under 25,000 population.

In the first place, many of the most thorough-going have greatly increased the importance and scope of the sales manager's functions at the home office. The average sales manager used to be little more than a man handy at writing "ginger" letters and at filling out system forms. To-day, however, the sales manager is a vital factor in the business. The new type of sales manager knows too much to trust to salesmen's reports. He has learned, for instance, that the salesman has not analyzed the cessation accounts with anything like accuracy. In other words, the salesman's eyes are always on the prospect he is going to get; he is rarely able efficiently to analyze why he failed to get a customer which the house has lost.

One house has found that it had lost eleven hundred dealers in three years although it had gained even a larger number of new ones, and its business had gone forward. The salesman could make no satisfactory explanation of this matter and sought to minimize its importance. But the sales manager, who was a real sales general, sent special investigators into the field to call on an extended list of the cessation accounts, well distributed geographically, and he learned exactly and in detail just why they had stopped buying from the firm. The result was decidedly interesting. It showed:

(1) That 12 per cent. of cessations were due to unreasonable actions on the part of the credit department.

(2) That 15 per cent. of the goods were found to be really unsatisfactorily manufactured.

(3) That the shipping department had been grossly slack in the case of 20 per cent.

(4) That the salesman had been inattentive and even impertinent in the case of 11 per cent.

(5) That the salesman had made misrepresentations which he was unauthorized to make in the case of 7 per cent.

(6) That indeterminate and casual factors were responsible for 35 per cent.

LOCAL CONDITIONS

1. What class of people live in this locality and what is their source of income? (Rich, medium, or poor.)
2. What important industries are located here?
3. Are the people here mail-order buyers?
4. What is the number of rural free delivery routes?
5. Do housewives ask for articles in our line by name or trademark?
6. What kind of advertising is most successful locally—an offer of "something for nothing," seasonable articles, bargains, price displays?

7. Is our product most in demand? Name competitive articles sold in order of preference.

8. Do local dealers make good window trims, store arrangements, or have special features to attract crowds?

9. Do surrounding crop conditions affect local business? If so, report on crops.

10. What prices are competitors making to local dealers?

11. What local advertising is done by competitors?

12. What is the total number of dealers who sell our class of products?

13. How many sell our goods?

14. Estimate the approximate annual consumption of our class of goods locally.

When the sales manager got these data laid out in front of him, some radical changes were made in the methods of the house.

The experience was the final demonstration to this sales manager that it was important to get information from the field from some other source rather than the salesmen themselves.

He arranged with a firm of investigators to make reports regularly every three months in a certain selected group of cities, to fit the particular situation at the time. He also planned that these periodical investigations should gradually build up his sales information at the home office in a way that would make him prepared with the viewpoint to analyze almost any situation which might arise.

The first step that this sales manager took was to rearrange his entire sales organization. Instead of laying off on a map a group of arbitrary districts, based on no particular consideration, he went to work scientifically to arrange his sales districts. These he now calls "sales blocks." He bases these districts upon:

(1) Travelling considerations.

(2) General unity of character of prospects.

(3) Competitive conditions.

Next he began to compile information of a very exact sort about each one of these blocks. He secured seven standard factors on which to base an analysis of results in these sales blocks. These factors were as follows:

(1) Population.

(2) Area and distance.

(3) Competitive conditions.

(4) Ground estimate of possible consumption.

(5) Ground estimate of character of people and wealth.

(6) Trade and special factors.

(7) The degree "of saturation," or sales made prior to date.

The sales manager refused to recognize any extraordinary merit or amount of sales made in any district unless it was matched up against these test factors. When a salesman makes a seemingly phenomenal sales record it is matched up against these factors; sometimes the phenomenal sales record tones down very considerably in comparison with the smaller sales in another territory, because in the first territory a single sale was about as hard to make as three sales in the second. This kind of analysis solved a number of puzzles which other sales managers had met in past years—such a puzzle, for instance, as that of a high-grade salesman who had a splendid record in a certain territory only to make a marked failure in another territory shortly afterward.

Such investigations mark only the beginning of the modern methods of field reporting which many capable sales generals are compiling for their home office. In order to secure the basis for efficiently applying the seven standards, these sales managers were obliged to have some thorough local investigation work done. The manufacturer of a special device actually had a canvass made throughout the country of every firm who used any kind of product of the type he made and sold. These data were compiled by his men on the spot; the sales manager was then able to figure out a per thousand prospect average for each competitive make, as well as for his own, in any vicinity. By periodically revising this tabulation he was able to tell with some degree of accuracy to what extent his sales force was efficient in any territory. Such a course is not possible with all classes of business, but a great deal of such investigation work can profitably be done with almost any business.

HIS ATTITUDE TOWARD ADVERTISED GOODS

1. What trade papers does he subscribe to?
2. Which paper does he prefer, and why?
3. Does he read trade paper advertising?
4. What general magazines does he subscribe to?
5. Does he read advertisements?
6. Does he order as a result of trade paper or magazine advertising?
7. Has he ever advertisied, and how? Secure copies of his ads.
8. Has he a mailing list which he circularizes regularly?
9. Does he do any window-trimming and how?
10. Does he read the advertising literature he receives?
11. Does he give preference to trademarked goods?
12. What does he do to co-operate with advertisers?
13. Does he believe in advertising, or look on it as a tax?
14. How does he feel toward advertisers who sell catalogue houses?

For instance, a tire manufacturer has now made it a plan to investigate periodically the kind of service which his branch houses are giving the retailers. An outside firm of investigators, whose minds are absolutely free from any prejudice in the business, call upon both retailers and consumers in the automobile field and learn to what extent the branch houses are rendering service and whether it is satisfactory. In this way, and in this way alone, can this house keep a good local check upon the work of the rank and file in the district offices. The home office rarely gets into touch with any but the district managers and assistants, and it desires to know more intimately how the men these people hire carry out the spirit of the company's policies.

THE DEALER'S PRACTICE

1. What is his attitude on Parcel Post?
2. What is he doing to meet catalogue house competition?
3. What is the average number of letters and circulars he receives daily?
4. How many clerks does he employ, and what does he pay them? Does he take time to educate them in salesmanship?
5. Does he work up sales schemes to increase business?
6. What class of people does he sell—rich, poor, or medium?
7. What kind of location has he?
8. Is the store well kept, stock attractively arranged? Does he mark his goods in plain prices or blind figures?
9. What does his stock amount to?
10. How much in our lines does he carry?
11. How often does he take inventory? Does he have special sales for closing out stock, and how often?
12. Does he maintain prices, or is he known locally as a price-cutter?
13. Does he prefer buying from jobber or manufacturer?
14. What percentage of profit does he require, and what is his cost of doing business?
15. Has he a delivery system? How much business does he do by mail or telephone?
16. Does he prefer giving orders to a representative or mailing them to the house?
17. How often do salesmen in our line call? How often does he see our salesmen? What comments does he offer on our representative?
18. Does he prefer an F. O. B. price?

The concern that is going into business for the first time is most particularly in need of field investigation. It cannot scatter its shops widely across the country. Its limited resources naturally compel it to concentrate, and just where to concentrate is a matter of dollars and cents of difference. The makers of a new line recently had field investigators determine who were the best possible buyers for such a product and where they were located. These investigators, unknown to each other, and in points scattered all over the country, reported in such a large number to the effect that the factory operatives and mechanics were seemingly the easiest and most numerous buyers, as to make it evident that by far the most efficient plan to get sales started at least cost was to take the fifty principal manufacturing cities of the country and concentrate upon them.

This was done, and the business is going along very well indeed.

In another case an entirely new product, which had not before been trademarked, was put out. It was important for the manufacturer to know how the trade felt about it, what profit he could expect, what were the possible points of resistance and competition, and what particular channels of selling would prove easiest. All these points were discovered by local field investigation. Reports were made throughout the country and brought together and analyzed at the home office of this company.

In still another case a large company was about to put out a new product. The field investigation showed that the consumption of this article was so small, the headway which the one or two others already in the field had made was so discouraging, and the loss which they were suffering so definite, that it would be impractical for some years to push the article. As a consequence of this report from local field investigators throughout the country, the company decided not to go into the manufacture of this article at all.

The method of field investigation has now been carefully developed. Thorough-going sales generals are demanding not only the more obvious kinds of information from the field, but also very *minute and detailed information*. Among the items they are looking for are:

(1) Information as to whether the dealer has a good, medium, or bad location.

(2) Just exactly what kind of a business he does; whether he does any jobbing or has any country or outlying trade.

(3) What kind of windows he keeps; what degree of alertness his clerks display; what kind of bookkeeping system he uses.

(4) What kind of policies he has; what kind of advertising he does or is going to do; what his average yearly advertising and stock turnover amounts to.

(5) Exactly what class and character of trade he caters to.

These are but a half-dozen of something like a hundred questions which are put to dealers by the most careful of modern sales generals. In fact, the information desired is so thorough that it is recognized as manifestly impossible and impractical to ask mere salesmen to collect it, as they would be devoting all of their time to such work at the expense of their selling.

New and interesting methods are used to systematize and economize in the handling of these many points of information about a local dealer. One method is to apply a symbolic system of letters, or numerals and letters mixed, to indicate by a sort of shorthand the answers to the questions, so as to save the time of the investigator or salesman.

The other is by far the more efficient and modern way, as yet but little practised, although at least one house has already used it successfully. It has put all the questions on a single sheet. The investigator checks up these questions, and then passes them in to the home office where an operator of a punched card tabulating machine takes a special card, laid out with "fields" to fit the case, and punches these cards according to a code system. Thus, whenever it is desired to know, for instance, how many and who are the retailers who have corner locations, it would be necessary only to dump all the cards into the hopper, and this card tabulating machine (the type of machine which has reduced the time of government census-taking from ten years to ten months, has the job finished, and the information is furnished.

HIS ATTITUDE TOWARD OUR PRODUCTS

1. How long has he handled our line?
2. Is he satisfied with treatment received?
3. What is his opinion of our products, as compared with similar goods?
4. Is his profit on our goods as much as on other goods he handles?
5. As much as on competitive lines?
6. What class of trade does he sell our goods to—rich, medium, or poor, or any specific class (like professional persons, etc.)?
7. What talking points does he use in selling our goods?
8. Are our goods best sellers for him? Name competitive lines he carries in order of demand.
9. Does he push our goods in preference to others? What goods does he boost?
10. What is his opinion of our advertising?
11. What are his recommendations?
12. Does he co-operate by displaying our advertising material?
13. Is he willing to do any local advertising?
14. What co-operation is he receiving from our competitors?
15. Is his demand for our class of products decreasing or increasing?
16. Why?
17. Has he sold our goods and later dropped them? Why?

Also by putting the names and addresses of the dealers on these special punch cards, a continuous ready card-filing system is had, with all the punches required to indicate the answers to the many questions. If information is desired regarding any one or more of them, it is merely necessary to dump all of the cards in the hopper and they can be segregated according to any group.

In the same way, and by the same means, the sales of any concern may be analyzed in order to provide more interesting and significant data. Marshall Field & Company can, by the use of these machines, tell the next morning just how many sales were made C. O. D.; how many were made by any one salesperson; how many were delivered within the city and how many in the country, and other additional details. Similarly, a great dry-goods house is able to tell which classes of fabrics in a day's business were given the greatest preference. Indeed, a hundred and one angles, which are of vital interest in the more modern plan of closely analyzing sales problems, can be secured by means of such records.

In the large variety of information which business concerns are laying themselves out to get in order better to analyze their fields these are the most important:

(1) Finding out and listing the competitive brands in their order of preference in any part of the country.

(2) Checking the work of branch houses or salesmen in their districts in order to discover reasons for unusual conditions.

(3) Sounding out dealer sentiment concerning new propositions; studying the retail and local situation generally.

(4) Finding out the name of the jobber with whom the retailer deals; finding out the dealer handling your goods if you sell through jobbers; finding out the name of the kind of retailer to whom you most desire to sell.

(5) Studying local consumption; calling on consumers for suggestions; trying out a line of argument.

(6) Securing general information regarding the character of the people, pay days, local wealth and industry; the local newspaper poster, street-car or moving-picture situation.

With all this information at his side and thoroughly indexed and systematized, the modern sales manager is really like a sales general with his maps before him and the field definitely charted and plotted, so that the various elements cannot get away from him. He is a commander of sales forces in a sense the old type sales manager never was. He can, with some semblance of accuracy, picture the conditions in any city in which any fluctuation in sales occurs. A national sales organization has too many thousands of dollars at stake in office and field, to "take a chance" on guesswork. It cannot go far wrong with the new program: First find out, then sell.

A short time ago the ice-cream manufacturers of Chicago undertook a joint plan which was based on an analytical study of the capacity of Chicago to consume ice cream. Cameron McPherson describes as follows some of the points in connection with the campaign:

*During the last week of April 50 per cent. more ice cream was eaten in Chicago than during the same week last year. Since the opening of the season the normal consumption has increased over 20 per cent., according to manufacturers' figures, and it is believed that before the warm weather disappears Chicago's per capita consumption of ice cream will exceed the two-and-one-half-gallon mark of other centres. In this case the three-million-gallon output of last year will, through newspaper advertising, jump 600,000 gallons in one season.

But even if the early average shouldn't hold, and the expectations of the manufacturers be not realized, the advertising campaign is none the less interesting. As an example of what can be accomplished by the proper use of facts obtained from a preliminary market analysis or survey it is suggestive to advertising men in every line of business. But the story of the campaign will be especially helpful to those who are interested in getting together competitive advertisers with a view to starting co-operative trade-extension work.

Theoretically a co-operative campaign is simple. As a matter of fact it is very complex, as any one who has ever tried to promote one knows. There is always that troublesome problem of getting together conflicting and warring interests. It is hard to show a pro-rata gain, and usually difficult to prove profit in proportion to investment, for in co-operative work the prestige and good-will value of the advertising is usually lost. But all these obstacles, as well as others brought about by the

Printers' Ink, May 20, 1915, p. 33.

nature of the product and market, seem to have been overcome by J. R. Hamilton in this ice-cream campaign.

Getting the Basic Figures

Mr. Hamilton was at one time Advertising Manager of Wanamaker's. His training under Mr. Wanamaker taught him to observe certain principles which many of us overlook in planning campaigns. First, it should be determined if the product will respond to advertising, then a survey of the market should be made. Mr. Hamilton realized that facts and figures were the only things that would influence the type of men he must approach and cause them to invest money in advertising. These figures must absolutely prove that the consumption of ice cream could be increased to a point where it would pay these manufacturers to appropriate a certain percentage of their gross for a year's campaign. Unless the matter could be put before them in that light it was better to discard the idea at the outset.

"The first thing to investigate," said Mr. Hamilton to a representative of *Printers' Ink*, "is the advertisability of the product. The rule for that at Wanamaker's is to gauge the natural demand. It is usually safe to figure that a product which people come into the store to buy *voluntarily* in ever-increasing numbers is a good article to advertise. It is the old maxim that it costs less to sell the people something *they* want than to sell them something *you* want them to buy.

The Test for Advertisability

"The government figures showed that the natural increase in the consumption of ice cream in the last four years had been 500 per cent. This increase had not been forced, because with a few scattered exceptions ice cream had not been aggressively advertised. So, then, in ice cream we had a product which answered to the merchandising rule so far as advertisability is concerned. Now what was the market condition in Chicago?

"Here again government figures helped me. I found the per capita consumption in Chicago about one and one half gallons as compared with the two-and-one-half-gallon average of other cities. I also found that the percentage of increase of consumption in Chicago had been less than in other cities. So evidently the market was right. But there must be a reason for everything; why had Chicago fallen behind in the consumption of ice cream?

"To find this out I undertook a trade investigation and called on several hundred druggists and dealers. This survey developed the fact that there was a general lack of knowledge as to the food value of ice cream by those who sold it, and that instead of being sold and eaten largely as a food it was marketed in Chicago as a luxury. This took me to the offices of the Illinois State Food Commission, which gave me much valuable data about the food value of ice cream. For example, it prepared an analysis which proved that a quart of ice cream has the same food value as a pound and a half of round steak, as a whole gallon of oysters, as four pounds of potatoes, or eleven pounds of cabbage. Further analysis developed that ice cream, being rich in proteins and caseins, is a great tissue-builder, while its sugar and cream furnish heat and energy to the body, thus making a well-balanced ration. This was all interesting; all ammunition which would come in mighty handy later on.

"In getting around among the housewives I gathered figures as to the percentage which allowed their children to have all the ice cream they wanted. This line of questioning brought out another important reason for the hindered increase in consumption of ice cream—the average mother labored under the delusion that anything the child liked was bad for it. It was a hand-me-down from the old Puritan theory that there should be no joy in life; that what we liked to do we should carefully refrain from doing. Here was a consumer condition that needed correction.

"Armed with these facts about Chicago trade conditions, I secured an interview with the larger manufacturers. I pointed out to them that their present sales methods were incomplete. They were simply switching portions of a stationary demand from one to the other. They were engaged in a price war that was taking them down instead of up. Price-fighting, I argued, was akin to prize-fighting in that somebody always got knocked out. It usually led to cutting prices and then cutting quality, repeating the process until the inevitable happened. A more logical way was to get together and increase the local per capita consumption of ice cream. My figures proved that Chicago was not eating its share of ice cream, and the investigation showed that the reason it was lagging behind was due to ignorance. Educational methods of selling must take the place of price-cutting, and then the rest would come easy."

How Makers Were Approached

Six of the leading manufacturers, making 80 per cent. of the possible output, fell in with Mr. Hamilton's plan. The six who carried the load were McBride Brothers & Knobbe, Cloverdale Creamery Company, Hydrox Company, John T. Cunningham, Thompson & Company, and Anderson & Goodman Company, all of Chicago. These manufacturers appropriated $10,000 for a newspaper campaign, using all the Chicago papers. This initial appropriation was to be increased to $50,000 if results were forthcoming.

"The first difficulty which we met after getting under way," continued Mr. Hamilton, "was that the manufacturers on the outside—the 'twenty-per-centers' we call them—attempted to steal our thunder. One of them went so far as to send out letters to the trade telling dealers to paste the ads in their windows. When we became aware of this the question came up of signing the ads, something which we had not done for fear it would create a wrong impression with the public, and because we did not want to unnecessarily antagonize the other manufacturers. But the difficulty was met in an even more effective way.

Shutting Out the Twenty-per-centers

"A window-paster was designed and furnished to dealers who sold the ice cream of manufacturers participating in the campaign. This window-paster was copyrighted and a notice was printed on it forbidding the use of the card or design without authority. Then space was bought in trade papers with large local circulations. In this space the names of the six concerns which were footing the bills were published, with a request for co-operation. Of course, this was a delicate thing to do, without giving the impression that we were a combination of big manufacturers out to 'get' the little fellows, but the copy used not only accomplished its purpose so far as preventing the 'twenty-per-centers' from capitalizing our efforts, but also brought a marked response from the druggists." The copy was as follows:

> These are the firms who are spending ten thousand dollars in the ice-cream advertising campaign which you see running in the newspapers.
>
> They are spending it to build your ice-cream business, and they are willing to spend forty thousand dollars more if the druggists and other ice-cream dealers of Chicago will co-operate.
>
> Be sure that you buy your cream from one of these six firms. It is the only fair thing to do.
>
> If this campaign continues a year, it will double your ice-cream business.
>
> But it won't continue unless every druggist co-operates.
>
> Don't wait to be solicited. Pick up your telephone and call up one of these six firms now. Tell them, as a member of the C. R. D. A., that you appreciate what they are doing for the druggists of Chicago and want to show your appreciation by giving them your business.

In the newspaper copy itself the facts which were used to line up the manufacturers were put to work lining up the consumer. The opening ad, which took up fifteen inches across three columns, exploited the fact that over 250,000,000 gallons of ice cream were eaten in the United States last year. Then it went on to show why. Considerable space was given to its food properties and also to the improved sanitary conditions under which it must now be made. "And after you have eaten all you can because of its food value and its cheapness and digestive quality," urged the copy, "then order another plate because you like it. Here is one case where that which tastes good is good."

The following ads—smaller in size—reviewed the situation, capitalizing the same facts. Throughout the campaign the use of concrete argument was most noticeable, and therein undoubtedly lies its effectiveness. In fact, the whole undertaking is a striking demonstration of what can be done through a careful digging for facts and then using them to best advantage. There are any number of other products about which equally startling facts might be obtained, and which might be exploited through a similar co-operative campaign. There is no question that the modern tendency in business is along co-operative lines, and business men are coming to realize that co-operation will accomplish more than destructive price-fighting. This condition lends itself to campaigns designed to increase the per capita consumption of a product, such as Chicago's "Eat More Ice-cream" campaign here outlined.

3. THE USE OF ANALYTICAL METHODS IN ADVERTISING PROBLEMS

Rollin B. Custer has written the following exposition of some of the ways in which the plotting of sales curves may be employed by the advertising manager in laying out his work:

*When the advertising manager engaged in general publicity work ceases to consider as highly important the number of coupons and keyed replies received, and rivets his attention on the daily, weekly, or monthly sales reports, he has taken a long step in advance.

**Advertising and Selling*, June, 1915, p. 8.

His business is solely to increase sales and his work is a failure if he has not done so, even though the correspondence department is working overtime answering the inquiries he has created.

Hence the advertising manager should give the sales of the lines he is advertising careful and minute study. He should know from week to week whether they are increasing or decreasing; whether there are definite seasons for their rise and fall; what conditions have an effect on them; and, especially, to just what extent the various methods of advertising at his disposal can influence them.

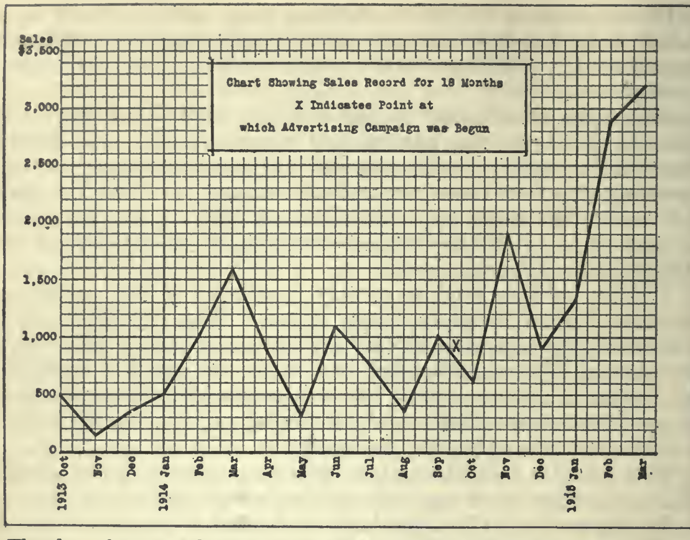
A study of this kind is greatly facilitated if the weekly or monthly figures are plotted into curves. The significance of a whole column of figures is very difficult to grasp, as only three or four can be comprehended at a time; the mind is confused by the inevitable variations between consecutive items, so that general tendencies, and especially periodic or seasonable movements, are quite apt to be obscured.

This point is well illustrated by the experience of the advertising manager of an agricultural implement manufacturer.

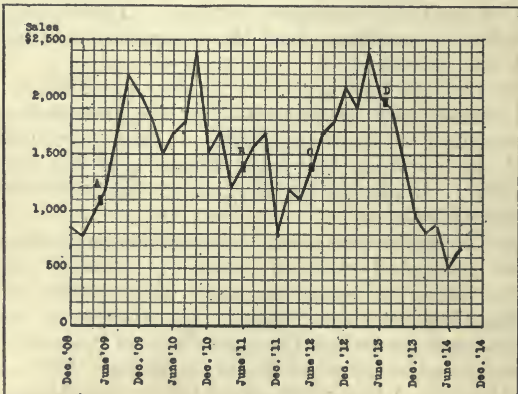
In September, 1914, he had conducted a campaign on a machine used by city milk dealers, and although he had watched results carefully, he began to feel by January, 1915, that it had been a failure. Nowhere could he lay his finger on returns sufficient to justify the expense incurred. Direct inquiries had been too few to mention, and the salesmen were neither enthusiastic nor encouraging.

And yet the line had appeared to offer possibilities. It was new and would only be bought after the prospect was thoroughly educated to its advantages. It had never been advertised, but the salesmen had been disposing of fair amounts for nearly a year. It seemed certain that an educational campaign would be profitable.

Circular letters were used, because no magazines would reach this restricted class of prospects without large waste circulation, while, on the other hand, their names were easily secured from business directories. The campaign consisted of two letters: one described the usefulness of the machine, and contained a booklet giving full details of operation, economies effected; the other letter emphasized the merits of the particular make of machine being advertised. Each salesman was provided with a list of persons to whom letters were sent in his



The chart shows clearly the steadying effect of advertising on the commodity sales of a single article after the point X was passed.



Sales curves over a period of years. The letters A, B, C, etc., indicate different types of advertising effort which are explained in this article.

territory, and was to follow them up in person. To establish leads each letter contained a return postcard requesting a salesman to call.

As has been said, very few of these cards came back, and the salesmen were pessimistic in their reports as to the value of the advertising. The disconcerted advertising manager turned to the sales reports, but these gave him little comfort. In round numbers the figures were as follows:

Date	Sales
October, 1913	$500
November	150
December	350
January, 1914	500
February	1,000
March	1,600
April	900
May	300
June	1,100
July	750
August	350
September	1,000
October	600
November	1,900
December	900
January, 1915	1,350

The campaign, it will be remembered, was run in September, 1914, and in October the sales fell off. November was a good month, but there was nothing remarkable about either December or January, each having been previously exceeded.

Later reports showed:

February, 1915	$2,900
March	3,200

These figures were very much better, but the advertising manager felt he could hardly claim credit for results obtained six months after his work was done. It occurred to him, however, to draw a curve from these figures, and its revelations literally astonished him.

Fig. 1 shows this curve with the date of the campaign indicated at the point x. It is at once evident that, prior to the advertising campaign, sales were tending to fall off, but that afterward they were abruptly increased, and that sales in February and March formed part of the general upward movement—a fact that an inspection of the figures themselves failed to show. That the advertising campaign was the actual cause of the increase is not proved by the curve, but a careful investigation revealed no other factor competent to produce this result. Hence the following interpretation of the curve seemed justified:

The advertising campaign, while powerless to cause action by itself, had either made the salesmen's work much easier for them or had stimulated them to greater efforts—in either case it was worth while, and probably both effects had taken place.

Since it took some time for the salesmen to cover the ground, more than one call was necessary in many cases; several months were required before the full benefits of the campaign were felt. The peak in November is probably due to the clearing up of prospects who had previously been hanging fire.

Curves such as this enable the advertising manager to form a clear conception of what his advertising is doing. He can note the effect of each campaign, the time required to produce results, and the time during which results continue to be produced. The active and dull periods for seasonable goods are clearly marked, and the date to begin active advertising is exactly indicated. An unusual sagging of the curve is a danger signal, and if persistent is a warning—the publicity must be increased or its character changed.

Curve No. 2 shows how the advertising manager can keep his fingers on the pulse of a commodity's sales and administer stimulants as required.

The article in question is a small machine made by a hardware manufacturer, sold by dealers, and used by women in household work.

The manufacturer devoted most of his publicity to establishing his trademark, which covered a very extensive and varied line, so that the individual items received little consistent treatment, as the history of this particular one shows.

This drive was placed on the market in December, 1908, and for several months was sold to dealers without advertising. In May, 1909 (point *A* on the curve), an attractive folder was published, which was given to dealers for distribution to their customers. That this method of advertising was effective is shown by the fact that the sales promptly rose above the $1,500 mark and stayed there for over a year and a half. It is a fair inference that this period represents the useful life of the folder.

In June, 1911 (point *B*), after a slump in the sales, a half-page advertisement was run in a large national weekly. An increase in the sales promptly followed, which lasted for four months.

After the sales had remained below $1,500 for about six months another boost was made in June, 1912 (point *C*). This consisted of a new dealer folder and advertisements in several of the women's magazines. Up went the sales again, but after a year and a half all virtually became lost, and the sales slid rapidly down toward extinction.

There is no doubt but that further publicity would have brought the curve up again, but the manufacturer decided to abandon this item in favor of an improved model, so it was left to its fate.

With a curve such as this before him, the advertising manager is in a position to predict with some degree of accuracy what results can be expected from a given form of advertising, and he is also able to compare his advertising cost with the results secured, and thus determine the efficiency of his methods.

He must, however, constantly remember that an increase of sales following an advertising campaign is no proof that the campaign caused the increase. He must, therefore, keep thoroughly informed on all other factors that might affect sales—general business conditions, competition, etc.—and determine as far as possible what effect these have had on his curve. Otherwise his attempts at prophesying for the future may prove disastrous failures.

It would be impossible to discuss in a compilation of this sort more than a few of the more suggestive methods by which analysis can be employed in handling the advertising end of sales campaigns. One of the uses to which it is being put with greatest success is in testing demand, and the variations of this use suggest large possibilities for its profitable employment as methods of analysis become perfected. The following discussion from *Printers' Ink* shows how the method has been used in one or two cases recently:

*The manufacturers of a cleansing and polishing compound had always put it up in cakes. After some years of success they

**Printers' Ink,* April 8, 1915, p. 92.

decided to add a powdered form of the product to meet a supposed demand for it. They would have liked to know, before committing themselves to an advertising campaign, just how much demand. Incidental but quite as important was the question of where the demand would come from, whether from a latent interest in cleansers and polishes in general, or from competitive products, or from *their own cake.*

Advertising to Test Demand

It made a difference, certainly, which of these was the real source, and touched the heart of the business's good will. Suppose they went out and advertised the powder heavily, only to find that the powder market was a harder and no more desirable one than that they already had. Perhaps it would cost more to get new business there than the same expenditure would get for the cake. It would be a serious thing if the effect of the advertising should be simply to transfer a large part of the demand for the cake over to the powder, and run the chance of having it stolen away by other cleansing powder manufacturers who had occupied that part of the field longer. In that event, the new product would be a *leak* instead of a business getter.

That evil result would not follow if the demand were allowed to develop naturally, or if the powder were advertised in the right way in connection with the older product, showing for what purposes the cake was better or handier, and for what the powder was best. It would save a lot of time, money, and dubitation to find out at the start. But how?

The Bon Ami Company may not have had precisely these questions in mind, but its problem was the same. And it set out to find out the answer. It has always been a great believer in putting a question up to the consumer. It has advertised for "new uses" and knows what an interest the housewife takes in such questions. It is still paying two dollars for every new use and has paid as much as $50 for an unusually good suggestion of a new use.

With this experience the company decided to offer a series of prizes, $2,250 in all, for the best uses, not necessarily new uses, of the two kinds of products. The best uses of the cake and the best uses of the powder were sought, in the order of their usefulness. The advertisement appeared in the April magazines, and the deluge of replies has begun.

Already the importance of the investigation by publicity is being demonstrated. The office had been in a quandary about the sifter hole in the top of the can of powder, as to whether it was not too small or properly placed. It seemed a point of great practical moment and there were expected to be a good many complaints about it. But none of the first thousand or so letters have mentioned the sifter hole, and it appears to be nothing to worry about; it can be dismissed from attention. Other surprises are probably in order when the 25,000 or 30,000 lists that are expected shall be classified and the uses compared.

Consumer investigations of this sort, through publicity, are much rarer than they might be. There is no end to the contests for an appropriate name for a product, for a slogan, catch-phrase, or trademark, either with a view to publicity or to get names of dealers, or to distribute samples. But there seems to be an opportunity in the idea for straight investigation on a larger scale than has been done before. Trying it out on a few dozen or hundred people cannot compare for certainty with a test on 25,000.

When we come to the more strictly advertising problems, we find the value for the use of analytical methods even more specific than it is in the case of market studies, because here it is possible to work out results with a comparatively high degree of certainty. The following articles present various sides of the question of using analytical methods in determining the amount of advertising appropriation. This is one of the favorite grounds for dispute among advertising men, and these articles illustrate something of the variety of opinion which prevails as to what figures and what other data are best and safest to employ as a basis for calculating the appropriation. This variety of opinion serves as a good illustration of how far analytical methods in advertising still are from being completely codified:

[EDITORIAL NOTE: *It goes without saying that advertising results cannot be bought at so much per unit. An appropriation of* $100,000 *will buy a certain definite capacity in horsepower or kilowatts, when invested in a power plant, but when it is to be invested for advertising no man can tell just exactly what it will buy in terms of results. For that reason an advertising appropriation is often determined by compromise rather than by agreement. The lack of a definite basis upon which to figure the amount makes one man's* *guess seem as good as another's, and unless somebody comes forward with a logical reason for basing it upon a percentage of the gross sales or upon the population in the territory to be reached, or upon some other definite object, the appropriation is likely to be the result of pure compromise.*

"Printers' Ink" has believed for a long time that some logical basis for determining the advertising appropriation could be worked out in any business. That is not to say that the same basis would be satisfactory for every business, nor that any definite "rules" can be laid down. Two concerns in the same line of business might find it advisable to base their appropriations upon totally different considerations. Changing conditions might necessitate a change in the whole method of figuring the appropriation for the same concern. But we firmly believe that the appropriation can be—and should be—based upon agreement instead of compromise. That implies, of course, a definite basis which shall be determined according to the experience and to fit the needs of each individual advertiser.

Though it is manifestly impossible to lay down any hard and fast rules as to what the basis shall be, it is possible to point out the process of reasoning by which the basis is to be arrived at, and to cite, by way of illustration, the experience of advertisers who have worked out the problem for themselves. To that end a number of the leading advertising agents have been questioned, and their views are incorporated in the discussion which follows. We have also collected a large amount of material from articles which have been published in "Printers' Ink" and elsewhere. The following articles are an attempt to reflect, in workable form, the best thought on the subject of fixing the advertising appropriation—Ed. Printers' Ink.]

*Some advertising appropriations are based upon a fixed percentage of last year's gross sales. Others are based on a percentage of last year's profits. Some are based upon the number of possible buyers in the territory which is to be reached. Others are based upon the saving which is effected through increased volume of production. Still others are determined with reference to the decrease in selling cost through salesmen alone. Yet others are fixed by the sales quotas for next year. And some, alas, go according to the idiosyncrasies of the board of directors.

Excepting the last named, there is every reason to believe that each of those methods works well under certain conditions and is

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**Printers' Ink*, February 11, 1915, p. 17.

fully justified by its results. The advocates of any one of them (except the last again) can give you any number of good and sufficient reasons why it is exactly the method which ought to be followed in the particular case which is under discussion. So there is no opportunity to hold one system up as better than the rest. But it is worthy of special emphasis, right at the start, that every one of those methods has been evolved from *a study of actual marketing conditions*. As J. J. Geisinger, of the Federal Advertising Agency, New York, puts it:

"There can be no fixed ratio of advertising investment for all lines of business, or even for similar lines of business. There are too many determining factors to be considered, weighed, analyzed, and dissected, such as:

Quality of the product.
Cost and marketing price.
Necessity or luxury.
Trade conditions affecting the product.
Existing competition or possible competition.
The necessity of acquaintance advertising.
Possible per capita sale.
Life of product.
Rapidity of consumption.
Change of fashion or condition.
Seasonable or constant demand.
Intermittent or regular demand.
Sales support of the advertising.
Territory boundaries controlled by shipping expenses or other conditions.
Whether there is a general line that would derive benefit from the advertising of a single specialty, as there is with Keen Kutter Pocket Knives and Heinz Ketchup.
A subsidiary sale to depend upon as in Talking Machines and Safety Razors.
The necessity of maintaining demand already created as well as creating new demand.

"It is, therefore, my contention that the basis of an advertising investment for each business must be determined by an actual study of that business and that all set rules are superficial."

Perhaps Mr. Geisinger's list would not be complete for every case, but it serves to show the sort of analysis which must precede the adoption of any method of figuring an advertising appropriation. Neglect of this fundamental analysis often involves concerns in trouble, as is pointed out by Robert Tinsman, president of the Federal Agency.

"It needs no analysis," says Mr. Tinsman, "to show why Postum, which is made of roast wheat and molasses, can afford a gigantic appropriation; and a natural coffee campaign, based on a raw product subject to market fluctuations, must, by comparison, afford only a very small appropriation.

'First, let me say that I agree that the time is coming when manufacturers of trademarked goods will divide the dollar more scientifically. In fact, I have preached from the beginning that the only way to gauge advertising *results* is on the basis of *net profits per dollar spent.*

"For example, I had a conference some time ago with a manufacturer who is supposed to have made a tremendous 'put over' in the jewelry trade.

"All advertising men agree that his campaign is clever beyond comparison. Advance distribution was secured to the tune of 7,000 jewelers before the advertising appeared. The advertising was apparently a big 'put over' because the article secured universal demand almost as quickly as it had secured universal distribution. But the manufacturer soon found he had developed a tail to his business dog that soon threatened to wag the dog. The part of his business developed by his advertised article was only a specialty part after all, and the cultivation of this specialty business was at an expense that did not permit distribution over his entire business, because the other unadvertised part of his business did not show consequent results.

"In a word, the increase in business of the advertised specialty made him overlook the fact for a minute that the increase in net profit for his entire business did not agree with the showing of his sales sheet—that is, there was not the proper increase relation between the sales and the net profit.

Surface Indications Are Misleading

"Consequently the stockholders were not ready to agree with the advertising manager that the campaign was such a huge success after all.

"The thing he should have done at the beginning of the campaign was to have provided for an increase all along the line and the distribution of the advertising expense among other articles —not on a single specialty. If such had been the case then this campaign would not have to undergo a reorganization now at this late date.

"Surface indications in advertising are very often misleading. For example, an account came to our attention recently that was a model apparently for copy and appearance, but investigation proved that the trade relation end of the campaign had been ignored and that all the trade or salespeople knew about the line was that it was an advertised line and therefore supposed to be better.

"No idea of the selling arguments had been cultivated. It was a case of blind leading the blind when a customer would ask a clerk why she should buy that particular advertised article. It needs more than clever copy and good art to reduce the necessary percentage of appropriation to a point within reason.

"I do not believe that it is possible to lay down any set rule for percentage of appropriation. It varies with the merchandise and the conditions as illustrated in the Postum case.

"Even in one field the percentage of appropriation will vary. A staple silk, for example, will afford a very small margin, while a novelty silk on which the profit is much larger will permit a liberal percentage. 'It all depends'—that is the only rule that can govern this question.

"At the beginning of the campaign, however, this point should be discussed and as soon as possible a percentage of appropriation fixed. At the beginning, when it is necessary to establish a brand in the face of competition, the percentage must be necessarily larger. As the demand begins to be larger this percentage will decrease as the volume increases. I have in mind a clothing account which started on a 5 per cent. appropriation basis and took five years to get down to the right 3 per cent. basis, which is the legitimate percentage in its particular field.

"If this question is firmly settled in the advertiser's mind, then advertising will come to be considered as a legitimate part of the cost of doing business—an investment in good will as necessary to the *dividend power* of the business as selling expense. That is what we are trying to do all the time, and as we succeed we find the necessity for continuous canvass for increased appropriations diminishing. When we succeed, the advertising appropriation automatically increases with the percentage, and that is an end mutually desirable with the advertiser and the agent."

Percentage of Sales a Means of Comparison

Most advertising men seem to agree that the most convenient way of designating the relative size of an appropriation is by means of its ratio with the gross sales. That, however, is a very different thing from the statement that an appropriation should be *fixed* at a definite percentage of the gross sales. Mr. Tinsman states that 3 per cent. is a legitimate basis in the clothing field. By that he means that under normal circumstances a well-established clothing concern should not need to appropriate more than 3 per cent. of its gross sales in order to maintain its standing in the trade. He does not claim that 3 per cent. is any limit in fixing the appropriation for a new concern, or for an established concern under exceptional circumstances. The percentage of gross sales is a convenient method of comparison, rather than a hard and fast rule for determining what an appropriation shall be.

This point is more clearly illustrated, perhaps, by the following letter from a prominent agent who asks to remain anonymous:

"The percentage of money devoted to advertising should depend entirely and directly upon the precise nature of the job to be accomplished, and one of the biggest helps that a real advertising agency can give to a client is on this very point; if the agent has had proper experience and is honest and applies to the situation the same tests that he would apply if he owned his customer's business, his advice should be of incalculable worth to the advertiser.

"I could cite scores of instances of how we arrived at certain appropriations, but the conditions governing each case would be highly individual and would furnish no basis for a conclusion as to any proper specific percentage to be spent by the general advertiser.

"I know of a baby-carriage manufacturer who, in his first year, spent 10 per cent. of his sales in advertising, but in his third year was required to spend only 7 per cent. to do practically three times as much business. I think that the intelligent spending of the 10 per cent. the first year has a great deal to do with the fact that he is only spending 7 per cent. and still pushing his business forward so vigorously in the third year.

"I know of a quick-repeat product, used by practically 75 per cent. of the adult male population of this country, where $2\frac{1}{2}$ per cent. is considered necessary for a proper and adequate advertising budget; but I know of another product in an exactly similar class, sold to the same class of trade, but confronted by such entirely different selling conditions, that an advertising appropriation of between 5 and 6 per cent. is required.

"I have in mind a 'quality' product, finding its sale only among the very intelligent and well-to-do, which has an advertising expenditure of between 25 and 30 per cent. of its gross sales.

"In the main, I agree that the time is not only coming, but that it is here, when more and more makers of trademarked goods are adopting the habit of looking an advertising dollar in the face and demanding of it a real dollar's job. This will, in my opinion, be done more mathematically and more scientifically in the future than is now the case.

"It is possible in this advertising business to prove almost anything that one sets out to prove, but within the limitations of my experience I have not found that you could lay down very many rules concerning advertising, unless you are equally willing to revoke them and put in force others where the rules have been proved wrong."

Of course, it is obvious that the percentage of gross sales is a perfectly rational method of expressing the work which the advertising has done. The gross sales are the sum total of the energy, and the ratio of the advertising appropriation to that total is a more or less accurate estimate of the efficiency of the advertising. But it seems that the fixing of an appropriation to cover a future period must depend upon many considerations besides the mere bulk of last year's gross sales. That point will be discussed further in the article which is to follow.

In the issue of *Printers' Ink* for the week following that in which this article appeared there was printed the following further discussion of the question, in which the ground was taken by some of the writers that the percentage of gross sales is an unreasonable basis for determining the appropriation, although it has value as a means of keeping track of normal expenditures.

The Ratio Between the Appropriation and Gross Sales

*As was stated in a preceding article, the ratio between an advertising appropriation and the gross sales is to be regarded as a means of measuring the energy put into the advertising rather than a criterion by which future appropriations are inflexibly to be fixed. Even in the department-store field, where appropriations are most severely judged in comparison with sales, we find that outside conditions frequently exert most profound influence upon the ratios. W. R. Hotchkin, of the Cheltenham Advertising Service, New York, and formerly Advertising Man-

**Printers' Ink*, February 18, 1915, p. 78.

ager of Gimbel Brothers' and Wanamaker's New York stores, writes:

"The advertising of a retail store can be, and really must be, very carefully controlled, and kept within a definite percentage of the gross sales, and so far as I have any knowledge, this percentage is always figured on gross sales.

"At Wanamaker's for many years we took a pride in keeping the percentage of advertising cost down very close to 2 per cent. of the gross sales. Of recent years I know that it has very greatly advanced at Wanamaker's, and I should judge that to-day it was not less than 5 per cent.

"At Gimbel Brothers, being a newer store where the promotion had to be more aggressive in anticipation of business that had to be made, the percentage was still higher than at Wanamaker's, part of the time being considerably over 6 per cent.

"I find that most stores try to keep their percentage of advertising cost down to the neighborhood of 3 per cent., and I understand that Marshall Field is able to accomplish the supreme achievement of doing his advertising on 1 per cent. of gross sales, and within this amount, which would be $500,000 on a business of $50,000,000, in round figures, is included everything that is chargeable to advertising, including printed matter of all sorts, and all promotion expenses.

"When we consider the advertising appropriations of manufacturers, an entirely different condition exists. A great many manufacturers figure their advertising as a very large part of the cost of the article. Take a tooth paste, for instance, the list price of which would be 50c. and the wholesale price $3.50 a dozen, or about 29c. each. The actual cost of the article perhaps is 5c. to 7c. This item is representative of many articles bearing a trademark and nationally advertised, and it would admit of the manufacturer spending 25 per cent. of his entire receipts in exploiting it.

"Other merchandise of a more staple character, such as rugs, shirts, petticoats, and dress fabrics would have to spend a very much smaller percentage. In fact, I should judge that in the neighborhood of 5 per cent. would be as much as most of them could afford, so I do not see how a percentage rule could be applied generally. Each manufacturer would have to be guided by the gross profit which he could make on his commodity, and this gross profit would be determined by the cost of producing the article, and the retail price which competition would enable him to secure.

"Many food products can easily afford to spend 20 per cent. of their receipts for advertising, and I should not be surprised to find that some spend considerably more."

Gross Sales Do Not Represent All the Facts

Now if it were possible in any line of business to base advertising appropriations strictly upon a ratio with sales, it would seem that the department store would be the most promising place to find the system in operation. The department store serves a limited territory which can be studied at first hand; it sells direct to the consuming public without the intervention of agents or middlemen; it handles a wide variety of goods of different grades and prices; the seasonable fluctuations in demand can largely be offset by skilful buying; it can keep in constant touch with what its competitors are doing, and can get the quickest possible action in meeting competition. Yet even the department store does not find a fixed percentage of the gross sales a sure guide to an adequate advertising appropriation. As Mr. Hotchkin points out, the new store which breaks into the market, as Gimbel Brothers did in New York, must spend more money for advertising. When the "shopping centre" shifts still farther away from Wanamaker's, the latter must spend more money in proportion to its sales in order to persuade people to travel the extra distance. Thus we find that market conditions make themselves felt quite as surely in the retail field as they do in the case of the manufacturer. Gross sales, taken by themselves, do not furnish all the necessary facts.

It is a fact, however, that the ratio between advertising expenditures and gross sales, when it can be obtained in the form of an average for an entire industry or the major part of an industry, may be very useful. The concern which is able to approach the subject of an advertising appropriation with the knowledge that the normal or average advertising expenditure in its field is 7 per cent. of the gross sales will find its problem materially simplified. Its analysis of the market with respect to its own product will indicate wherein that normal average must be exceeded, and wherein it may reasonably be expected to prove adequate. The normal department-store expenditure, for example, is known to be somewhere between 3 and 4 per cent. of the gross sales. Exceptional circumstances require some stores to spend more, and equally exceptional circumstances enable other stores to prosper with less. The normal expenditure doe not by any means fix the *individual* appropriation, but it furnishe a starting-point. It supplies a tentative ratio which is to be raise or lowered according to the analysis of the individual conditions.

A table of the average percentages of sales devoted to ad vertising in certain retail lines has been compiled by the A. W Shaw Company, and published in a book entitled "Keeping U With Rising Costs," by Wheeler Sammons, of the editoria staff of *System*. The figures were obtained from several thou sand retailers in all parts of the country, and when averaged giv the following result:

	Per Cent
Groceries	.83
Hardware	1.12
Vehicles and Implements	1.22
Variety Goods	1.52
Shoes	1.65
Drygoods	1.67
Furniture	2.72
Jewelry	2.85
Clothing	3.16
Department Stores	4.01
Mail-order Houses	7.21

Those figures may be regarded as typical of present-day prac tice, and the retailer, by comparison, can determine whether his own expenditure is abnormal, and if it is, whether or not it is justified by abnormal conditions. For many reasons it is doubtful whether a similar table could be compiled for manu facturers which would not be entirely misleading. But any manufacturer ought to be able to arrive at a pretty close esti mate of the average ratio between advertising and sales in his own line of business, and such an estimate will give him a good point of departure when he sets out toward the determination of his own ratio.

Danger in Judging the Future by What Is Past

But the greatest objection to the use of the ratio between ad vertising expenditure and sales as an inflexible standard for future appropriations lies in the fact that it bases fu ture progress upon past performance. Last year's sales are water which has gone over the dam, and ad vertising looks toward the future. The point is aptly illustrated by G. C. Sherman, president of Sherman & Bryan, New York, who writes:

"The man who would hazard a guess as to what percentage of past gross sales a manufacturer should appropriate for advertising, to produce a certain percentage of future sales, could claim close kinship with the individual who would attempt to tell how much money a sick man ought to spend to get well.

"One reason why so many businesses are inefficiently advertised to-day is because manufacturers and advertising men too often base their advertising appropriations upon past performances instead of upon faith in their product and faith in the future. Experience teaches me that advertising appropriations which yield the best results are those that are based each year upon the anticipated sales of the next year—never on past sales.

"Past performances are past. They teach us what *not* to do rather than what to do. They serve as signals but not as the rails.

"When I am asked to answer the question as to what percentage of gross sales a manufacturer should appropriate for advertising, I am content to place myself on record as answering 'I don't know.'"

W. C. D'Arcy, president of the D'Arcy Advertising Company, St. Louis, elaborates the same idea still further.

"One thing that makes the advertising business such an interesting field," he says, "is the fact that there are so many people engaged in it who take the matter seriously, and are constantly endeavoring to solve all sorts of problems and thereby increase the efficiency of space and the money devoted to the promotion of good goods.

"However, as regards the matter of fixing appropriations, I entertain the opinion that it will never be possible to establish a rule of thumb that will *enable* any manufacturer, or any advertiser, to state beforehand and with definite assurance that he's correct in his premises that a certain percentage of his sales will represent his advertising appropriation.

"There may be from time to time cases where my contention would be subject to a severe jolt, by virtue of some manufacturer having solved his problem after that fashion, but still these exceptions can't prove the rule.

"It's true that the department-store or retail-store advertiser can very largely determine his expenditure on the basis of sales, because his sphere is very limited; it's directly opposite to the kind of field that confronts the national advertiser. But even in the case of the retailer, his first year's advertising expenditure, if he's a big man and thinking of big business, will in all probability be wholly out of line with his first year's sales, at least so far as a nominal per cent. which has been devoted to advertising is concerned.

"We have a concern who, for the present, at least, is basing its advertising appropriation on the number of customers it has, and it allows a dollar for each for use in the advertising department. The sales aggregate over twelve million. Personally, I think it is working on the wrong basis.

How Some Manufacturers Reason It Out

"We have other manufacturers whose sales run into big figures, and who have in the past been allotting 10 per cent. of their gross sales as their appropriations for publicity, and it seems in at least one instance to be working satisfactorily.

"We have other manufacturers who don't analyze their appropriation on the basis of their total sales, but who apply money for advertising on the basis of their deductions as to what conditions are generally, and which may interfere with or make for business in their particular field. In other words, they apply the charge in sufficient quantity to accomplish results in a given season, without regard to what the previous sales have been.

"Personally, I am convinced that every advertiser has such a different problem before him for solution that no cut-and-dried rule can be followed, either as to the media he uses, the size of space that he employs, and the actual story he tells, or the amount of money that he appropriates for promotion.

"Two competing manufacturers can succeed and market their products in totally different ways. Each will contend that his is the only way to success. So it really in our minds is purely a matter of an advertiser, through the aid of others, or by himself, finding out the human side of his package, or his product, and building a dress of publicity to fit its peculiar form. It may be a lean figure, or it may be a fat one. It may be old, or young. It may be an individual who performs every day, once a week, or once a month, and the publicity must be designed to suit the needs of that individual, or, if you please, product.

"The ready-made clothiers have, through scientific methods, figured the average man's measurements and adopted sizes for their garments that allow them to sell them, pretty generally, over the counter of the retailer. But the advertising business is so personal with a product that measurements must in each instance be obtained.

Wherein "Ready-made" Campaigns Fail

A ready-made campaign might fit conditions in 90 per cent. of the cases, but the 10 per cent. guesswork, or loose-fitting ideas, might spell ruin.

"Advertising, to succeed to its fullest possibilities, must be designed to hit the mark each time the trigger is pulled. Therefore, percentages as the basis of an advertising appropriation are theoretically good, but practically unsound."

It may be interesting to manufacturers of different lines of goods to note the percentages of gross sales spent by a representative department store in advertising the goods of each department. If, for example, it costs the department store 3 per cent. of its gross muslin underwear sales to advertise that department, it may indicate to the underwear manufacturer that he is himself spending too small a percentage for his own advertising. The following figures were given in a recent issue of the *Dry Goods Economist*, and represent the expenditures for each department of a well-known Pacific Coast store whose entire advertising expenditure for the period covered, amounted to 2.5 per cent. of its total gross sales. Of that amount, 1.9 per cent. was used in direct newspaper advertising for specific lines of goods, and could, therefore, be charged to the proper departments. The other 0.6 per cent. represents the general advertising expense (headings, tail-pieces, booklets, novelties, salaries, etc.) which could not be charged to any specific line of goods, and was distributed as a general overhead charge on all departments.

The following figures, then, represent the percentages of gross sales of each department which were actually expended directly to sell the goods of the department, plus a general overhead charge of 0.6 per cent:

	Per Cent.
Art Goods	1.7
Beds and Bedding	2.7
Books	3.5
Cameras	1.6
Carpets, Linoleum, Mattings	2.9
China, Glassware, Lighting Fixtures	2.7
Clothing (Boys')	2.8
Clothing (Men's)	6.4
Corsets	1.7
Domestics (Wash Goods, Flannels)	2.2
Embroideries	2.8
Gloves (Women's and Children's)	1.5
Groceries	1.7
Hair Goods	2.7
Hair Dressing and Manicuring (including switches made to order)	.9
Hats (Men's and Boys')	1.8
Hosiery and Knit Underwear (Women's and Children's)	1.8

	Per Cent.
House Dresses, Wrappers, etc.	2.2
Housefurnishings (inc. Hardware)	2.1
Infants' Wear	2.2
Jewelry, Clocks, Silverware	1.8
Laces	2.0
Leather Goods	2.2
Linens	2.3
Linings	1.2
Men's Furnishings	2.0
Millinery	2.6
Muslin Underwear	3.0
Neckwear, Chiffons, Veilings	2.0
Notions	1.6
Patterns	4.2
Pictures, Frames, etc.	1.3
Ribbons	1.4
Sewing Machines	5.3
Shoes	2.6
Silks and Velvets	2.1
Sporting Goods, Trunks, etc	3.6
Stationery	2.2
Suits and Coats (Misses')	4.2
Suits and Coats (Women's)	5.2
Toilet Goods	1.7
Toys, Baby Carriages	2.4
Umbrellas and Women's Handkerchiefs	3.2
Upholsteries, Lace Curtains	2.5
Waists, Petticoats, Sweaters	3.0
White Goods	3.5

Those figures are useful chiefly as showing what a wide variation there is in the percentages of the gross sales required to move different kinds of goods in the same market. They indicate as well as anything can the fallacy of attempting to draw conclusions as to what is a "fair" percentage of the gross sales to spend for advertising. A future article will discuss some of the methods whereby an appropriation is based upon an analysis of the possible market.

Another series of letters and other discussions of the question of fixing the advertising appropriation appeared some months later, and brings out the opinions of various other advertisers, some of whom incline to the view that the decrease in selling costs ought to be the basis for estimating appropriations, rather than the relations of gross sales or the other factors commonly employed:

Another Method of Approach to the Subject

*Sometimes the amount which a concern can invest in advertising is strictly limited by the extent of the bank account, and in that case it is necessary to make the best of it. But under ordinary conditions, the appropriation ought to be big enough to do what is expected of it—which statement is definite only in that it indicates the necessity of finding out what *is* expected. It directs attention to a study of the market rather than to the past performances of the concern itself.

"I never have believed in the percentage method of fixing appropriations," says John O. Powers, president of the John O. Powers Company, New York. "It costs more in percentage to build a business up than it does to keep it going. It costs less in percentage to keep a big business going than it does to keep a small business going.

"Some articles are different from others and situations differ also. It seems to me a percentage basis is a lazy way of doing it or, let us say, an easy way of getting the advertiser to spend money, when what ought to be done is to study the situation thoroughly and apply the necessary selling force which is preferably composed of a mixture of nine tenths brains and one tenth money.

"The only advantage that I see to be gained out of the percentage method is that it accustoms the advertiser to the idea of considering advertising as a regularly to be applied force to his business."

While it is probably true that the method of figuring the appropriation as a fixed percentage of last year's gross sales is followed by the great majority of concerns which have become established, more and more advertising men are taking the view set forth by Mr. Powers. They regard the percentage basis as a good test of the efficiency of the advertising which has been done, but when it comes to *next* year's appropriation the only fair comparison is a comparison with *next year's sales*—which are, of course, unknown.

At the November, 1912, meeting of the Technical Publicity Association of New York, 21 prominent advertisers of technical products made reports showing the methods by which their appropriations were arrived at. Eight of those advertisers declared that the business they expected to get or the business

**Printers' Ink*, May 6, 1915, p. 8.

they ought to get, was not considered, but that their appropriations were figured largely upon past performances. The other 13, however, took a different view. Past performances were important, certainly, but market conditions were even more important. They still figured their appropriations upon a percentage of sales, but future sales were an important factor in the equation.

F. R. Davis, of the General Electric Company, Schenectady, N. Y., said that his company set apart an annual sum for general periodical advertising, covering all of its varied products, which sum was to be used "if needed." The appropriations for other forms of advertising were arrived at separately for each product. The market for each type of machinery was analyzed, the probable sales estimated, and an amount designated which should be ample for the work required. Those amounts, however, did not represent absolute limits, as an emergency in any part of the business might demand money quickly.

Breaking Away from Tradition

Those instances indicate a breaking away from the traditional method of basing advertising expenditures upon a fixed percentage of last year's gross sales. In some cases that tendency has progressed to the point where the appropriation is not directly based upon sales at all. The present writer has been permitted to read the report to the Board of Directors of an advertising manager for an established concern doing a national business in goods appealing to women. A substantial increase in the appropriation was requested, and granted, but the question of sales percentages was nowhere touched upon. By means of his map-and-tack system the advertising manager had compiled a list of towns within certain limits of population, where the sales fell below a certain minimum. The list was a formidable one, and contained all the facts, including dealers' names and the amounts of their purchases during the past year. It was an effective showing of the weak spots in the company's distribution, and the advertising manager asked for a certain amount *per dealer*, to be divided up in accordance with a submitted plan including catalogues, window-display material, electros, etc.

As a matter of fact, the new appropriation represented a large increase when based upon a percentage of the past year's sales, as we privately figured it for our own information. But that question did not come up in the directors' meeting. They wisely considered that they were making an investment for a particular purpose—to strengthen sales where it was most needed.

Probably, as Mr. Powers suggests, the system of basing the appropriation upon a percentage of the sales has been so widely adopted because it is the easiest way to dispose of a vexatious question. The new concern, which has no past record of sales to fall back upon, will start out with an appropriation based upon the number of possible buyers in the territory to be reached, let us say. At the end of the first year it has made some progress, and extends its territory, still keeping its appropriation within the limits of so much per buyer. After a few years its management considers that the concern has "turned the corner," and immediately the appropriation is figured upon a different base.

For example: in *Printers' Ink* for March 23, 1911, the figures were given for the first three years' campaign of the Howard Dustless Duster Company, Boston, as follows:

	Advertising Appropriation	Sales
1908	$ 2,161.70	$ 1,041.04
1909	11,314.16	66,235.65
1910	14,521.23	112,740.01

Assuming that the appropriations were based upon some definite market conditions, and that they were not simply arbitrarily decided upon, there would seem to be every reason for continuing the system. Instead of that, we find that the company, in 1911, began to base its appropriation upon the ratio between advertising and sales which obtained in 1910. Evidently the earlier system, which had worked well, as the figures show, was abandoned, on the theory that the rate of increase shown in 1910 was a *normal rate*. Perhaps it was. There is no intention to criticise the company here—the case is cited simply as an illustration of the tendency to get on the percentage basis as soon as the profits begin to show.

Of course the concern which is just commencing its business career cannot base its appropriation upon last year's sales. Some other basis must be found, and very frequently it is discovered in the number of possible buyers in the field which is intended to be covered during the first year. The margin between the manufacturing cost and the selling price of the goods must include selling cost and

Figuring the "Advertising Margin"

profit. A certain proportion of the total selling cost must be devoted to advertising.

Suppose we have a breakfast food, in the class which can be sold at retail for 15 cents per package. It costs two dollars to produce a case of 36 packages, which are to be sold to the consumer for \$5.40. The jobber pays \$4.15 per case, and sells to the dealer at \$4.50. Thus, out of our gross margin of \$3.40, the jobber absorbs 35 cents, and the dealer gets 90 cents, leaving \$2.15 for our own selling cost and profit. We set aside a tentative 10 per cent. for our profit, which amounts to 41½ cents on the jobber's price of \$4.15, and we find there is left for selling cost, including the advertising, the magnificent sum of \$1.73½.

Now the experienced breakfast-food men in the company tell us that it is not safe to allow less than a dollar per case for the direct selling expense, exclusive of the advertising; so that we have left 73½ cents which may be spent for advertising to sell a case of 36 packages to the consumer. In other words, we have arrived at the conclusion that we can afford to spend for advertising during the first year, 2.04 cents per package or, to put it a bit differently, we can spend 2.04 cents per family in the territory we are to reach. Assuming that there are an even million families in our market, our first year's appropriation will amount to \$20,400.

It will be noticed at once that this hypothetical concern is beginning in a small way, covering perhaps a single state the first year. At the end of that year it finds that it has sold 15,000 cases of the goods. Its gross sales amount to \$62,250, and its expenses have been \$62,400; a net loss. But when it comes to analyze its selling cost, instead of finding that the sales force has absorbed a dollar a case as was anticipated, it finds that this item has been reduced to 80 cents. It is only fair, and quite reasonable as well, to credit that saving to the consumer advertising which has made it that much easier to stock the jobber and dealer. So, for the following year we have a margin for advertising of 93½ cents per case instead of 73½ cents. We can spend 2.59 cents per family instead of 2.04 cents. Our original territory would command an appropriation of \$25,000 for next year.

But we have already reached upward of half of our million families in that territory, and they present a nucleus of good will. Many of our jobbers sell to dealers outside of the restricted territory. We have earned no profits yet, but our selling cost is coming down, and we can see daylight ahead. So we take on an adjoining district containing a million families more, and our appropriation for advertising becomes $51,800 for the second year.

Next year we sell 35,000 cases. Our gross sales are $145,250. Expenses are $148,050. Still the balance sheet shows a net loss, but the selling cost is down to 75 cents. We have a margin per case of 98½ cents now. We can spend 2.75 cents per family. We spread out still farther, and on a basis of 3,000,000 families our third year's appropriation is $81,900.

The third year shows a profit on sales of nearly 100,000 cases, and the selling cost comes down to a fraction above 71 cents. Our advertising margin is now better than a dollar per case, and is approaching three cents per family. There is no need for further illustration, for the system should be perfectly clear. The appropriation is based upon a certain expenditure per possible customer, and that expenditure is determined by the actual reduction in the selling cost through the sales force.

The method outlined above represents an actual system which is in use by a manufacturer—not of a breakfast food, however. Of course the question at once arises as to what is to be done when the selling cost reaches the point below which it cannot be reduced, or what would happen if the selling cost were to increase suddenly, due to business conditions, for example. The only answer is that the manufacturer would use his judgment. No system of figuring appropriations will take the place of common horse sense. As an *aid* to good judgment, any system may be valuable, but no man has ever yet succeeded in finding a *substitute* for it.

Thus far we have made no mention whatever of any forms of analysis except those relating to commercial statistics and others of a kindred character.

The use of analytical methods in the psychology of advertising is an enormous field of itself. Prof. H. L. Hollingworth of Columbia University is among those who have done valuable work in this field, and the following summary which he makes of the results of his analysis of ninety-nine successful advertisements is illustrative of the way in which psychologists are learning to apply laboratory methods to a study of the actual problems of business men:

*Here are ninety-nine advertisements which have been submitted to me for psychological analysis. Each of these advertisements is known or believed to have been unusually successful. By success in this case is not meant conformity to any esthetic, typographic, literary, or psychological principles. At least this is not the primary meaning of the word. These advertisements were successful in that they actually sold goods, produced inquiries, provoked replies, or attained publicity. If they are psychological in structure, content, or principle, at least we know that they were not selected beforehand on this basis. It has been interesting to work over this very heterogeneous mass of advertising material in the attempt to classify each specimen under the various categories and principles which the psychologist uses when he studies or talks about advertisements.

A complete analysis would have been an indefinitely prolonged task. I have chosen to take seven rather different psychological aspects, to classify all the advertisements on these bases, and in this way to inquire what are the leading psychological characteristics possessed by these advertisements as a group. The seven aspects chosen are suggestive of only a few of the many points of view from which the nature of an advertisement may be regarded.

Seven Psychological Classifications

A familiar classification is one which has been made in terms of the general type of the appeal, the task which the advertisement sets itself. It may proceed by presenting a deliberate set of arguments, in a logical way appealing to the intelligence of the reader. Then we call it "long-circuit" copy if we are psychologists, and "reason-why" copy if we are advertising men. Or it may quite ignore the reader's intelligence and appeal rather to his instincts, his feelings, his emotions, and prejudices. Then, if we are psychologists, we call it "short-circuit" copy. To the advertising man this is human-nature copy. There is a third type which is merely indeterminate or mixed, and often consists of mere assertions and dogmatic statements. Classified on this basis the results are as follows:

Long-circuit, or reason-why copy	63
Short-circuit, or human-nature copy	17
Mixed or indeterminate	19

*Advertising and Selling, August, 1915, p. 19.

Obviously these successful advertisements have made their major appeal to the intelligence, the calm, deliberate reflection, of the readers. They have on the whole not been satisfied with bare and unsupported assertion, nor have they made merely a sentimental and emotional appeal. How far this tendency has been determined by the character of the products advertised it is difficult to say. There are certain types of commodities for which the short-circuit appeal is especially appropriate. But taking these products as a total group, the greater proportion of them have not used this type of appeal.

Thirty of these ninety-nine advertisements constitute an interesting group by themselves. They are what I may call, for want of a better term, "rationalization" copy. One of the striking tendencies of human beings is to act, judge, believe, or vote on strictly instinctive, emotional grounds, and then, after the act is committed, to try to justify or defend it by intellectual and logical reasons. First of all we believe in immortality, just because we feel like it, want it, or have an instinctive yearning for it. Then having formulated our belief, on these purely non-rational grounds, we search and search for arguments which we can give to our neighbors in justification of our belief. We would like them to think that we ourselves believe on the grounds of the logical arguments. But in our heart of hearts we know that we first believed, and only when our belief was challenged did we search for logical proofs or reasons. Men buy automobiles in the same way. I buy my car because my neighbor has one, because it is the fashion to have one, because of my pride, my jealousy, my vanity. Then, having bought the car, I look about for logical justifications which I can give for my conduct. "It saves time," "It entertains the family," "It gives us needed relaxation," "It saves car fare," etc., etc.

Rationalization Copy

Now the advertising man is beginning to understand this human tendency and at least thirty of these ninety-nine advertisements begin with a distinctly emotional, short-circuit appeal, thus persuading and seducing the reader. Then the ad-writer hastens to add a series of logical reasons, which probably exert but little influence on the prospect's own decision, but they fortify him against the objections of his mother-in-law, his employer, his banker, and his conscience. This is a distinct type of advertisement which is coming more and more into prominence, and

The Emotional, Short-Circuit Appeal

it takes advantage, in a very clever way, of the "rationalizing" tendency of all of us.

What devices do these advertisements rely on in catching the reader's attention as he skims through the medium? Here we may classify them according to whether they rely mainly on mechanical devices, such as size, contrast, position, intensity, repetition, etc.; or whether they rely mainly on interest incentives, such as color, illustration, the comic, the novel, ornament, suggested activity, etc. Classified on this basis the results are as follows:

Relying mainly on mechanical devices	34
Relying mainly on interest incentives	44
Mixed or indeterminate	21

Interest Incentives Most Prominent

As the psychologist would expect, the interest incentives are the more prominent. The fact that they are not more prominent than they are is quite certainly one of the reasons why these advertisements were not still more successful than they are said to have been.

Having caught the reader's attention, what effort is made to hold his interest? One of the effective factors in this second task is what we call the "feeling-tone" of the advertisement. Does it produce a general reaction of agreeableness, pleasantness, and satisfaction, or, on the contrary, a general atmosphere of strain, unpleasantness, and discomfort? Many factors will contribute to this effect—the esthetic arrangement, the legibility, the ornament, literary quality, the illustrations, the images and associations provoked, etc. I have endeavored to classify all the specimens on this basis. This classification will be somewhat less reliable than most of the others, since what pleases me may affect others somewhat differently. But as they affect me, they are classified as follows:

Distinctly agreeable feeling tone	51
Distinctly disagreeable feeling tone	11
Indifferent feeling tone	37

It is clear at once that those who had in hand the preparation of these advertisements took pains to avoid distinctly disagreeable content, form, arrangement, typography, and association, or else they did it just as matter of course. About one third of them succeeded only to an indifferent degree, while over half of them succeeded in producing a distinctly agreeable effect. However successful these advertisements may have been, it is clear that they might have been made more efficient at the hands of more discerning illustrators, printers, and copy-writers. At least there is no evidence here that pleasing copy militates against the primary purpose, which is to sell goods.

Another important task of any advertisement is that of fixing itself in the reader's mind, so that he may carry away its message, or, in general terms, that he may remember it. Two classifications were made on this basis. One question was, "Is the copy well unified?" Unity is one of the prime requisites of an advertisement that is to make a permanent impression on the reader's mind. Unity may be achieved by artificial, structural, or logical means. Classified on the basis of their unity, I arrange the advertisements roughly as follows:

Well or fairly well unified	53
Indifferently unified	35
Wretchedly unified	11

Once more it is apparent that these advertisements conform, on the whole, to the psychological criterion. There are but a few of them that are distinctly of the unco-ordinated, piecemeal variety which used to be so common, and over half of them stand out in the field of view and also in the memory as co-ordinated, unified wholes.

Another factor which is important in determining the memory value of an advertisement is what I have elsewhere called its conformity to the "forward law" of thinking. The natural sequence of ideas in any moment of need is—first, the general need or the general type of article required; second, some specific brand, name, trademark, firm, etc. The advertisement should train the reader in this sequence by presenting first the general situation or need of quality, and then following this up by naming the brand, the firm, the specific name, etc. It was formerly the custom for advertisers to begin with a bold and magnified headline which gave the firm name or the special brand. Then this was followed by the description of the need which the brand or the firm could supply. This is an absolutely unpsychological and ineffective method, and fails to conform to the "forward law" of our ordinary thinking. It is gratifying to note that a real change is being made in this matter. Classified on the basis of whether or not the arrangement and sequence of ideas conforms to this law, the results are as follows:

Number conforming to the "forward law"	62
Number not conforming to the "forward law"	37

Finally, I have classified all the advertisements on the basis of the selling-point most prominently made, the interest, instinct, need, or value which is most emphasized. Where more than one selling-point is advanced, as is often the case, I have chosen the most prominent one. The results are as follows:

Selling-point, or interest, to which the appeal is directed	Number of Cases
Mere assertion of value	13
Time saved, efficiency increased	11
Scientific construction	10
Durability and lasting quality	10
Economy, bargain, and profits	8
Reputation of the firm	7
Modernity and fashion	6
Personal comfort and ease	5
Health and cleanliness, sanitariness	5
Imitation of others	5
Appetizing, and appeal to the senses	4
Specific recommendations of others	3
Ambition and pride	3
Sporting instincts, play	2
Guarantee	2
Family affection	1
Medicinal value	1
Hospitality and courtesy	1
Civic loyalty, patriotism	1
Used by social superiors	1
Beautifying qualities	0
Imported	0
Warning against substitutes	0
Sympathy for others	0

Several points are to be made out from this table. It is to be seen at once that some of these successful advertisements still tend to take the old-fashioned blatant and unsupported tone, merely asserting the value of their wares without even suggesting the reason for this assumed superiority. But it is consoling to find that only thirteen out of the total of ninety-nine make this their most striking note. The appeals that are represented by at least ten of the advertisements (aside from the bare assertions of value) are those of time saved and efficiency increased, scientific construction, and durability or lasting quality. Standing midway in the scale, represented by at least five of these successful advertisements, are the appeals to economy, reputation, personal comfort, health, and cleanliness, and the imitation of what others are doing. All the other appeals in the table are represented by very, very few of these advertisements chosen on the basis of their actual success, and four of them are not represented by a single specimen.

On the whole, if one ignores the class of mere assertions and considers actual selling-points, by far the larger number of these successful advertisements, at least half of them, present strictly relevant descriptive statements of actual values, and the remainder make their appeal to strictly personal interests and instincts. The vague, generalizing appeal, the appeal on social lines, the appeals to civic and imported interests, medicinal desires, the warning against substitutes, come in for very little representation. If the reader will consult the "Table of Persuasiveness," presented in my books on phychology and advertising, he will observe that this Table of Persuasiveness, formulated on the basis of laboratory experiments solely, predicts with striking accuracy the order of these selling-points as here made out.

In spite of the roughness of the analysis which the heterogeneity of this material entails, numerous interesting and practically valuable points seem to me to have emerged. Of special interest to me as an applied psychologist is the correspondence, on the whole, between the formulated principles of the "psychology of advertising" (and here I bow before the scorn of the "practical man") and the actual results of the analysis of this set of successful advertisements.

CHAPTER X

DEVELOPMENTS IN ADVERTISING MEDIUMS

IT IS difficult to pick out from the year's history of the principal advertising mediums any single event or group of events indicating advance or change, and yet advance and development are constant and unmistakable.

In the appendix to this compilation will be found the "standards of practice," which have been developed in the case of some of the mediums as a result of the effort to codify the ethical principles underlying the progress of these mediums in recent years.

In addition to these there are a few articles and statements which have appeared during the year, which indicate some of the lines in which progress is being made. None of these can be taken as reflecting the actual growth in the field, but each of them indicates the sort of activity in which those engaged in developing these mediums are most vitally interested.

There would be no particular profit in going into the advantages of different mediums at this point. But there might be some advantage in repeating a series of terse statements of the purposes and aims of some of the principal mediums made at a meeting of the League of Advertising Women held in New York City on October 20, 1914. At that time the representatives of various mediums were given ten minutes each in which to present arguments in favor of their various methods of advertising. The following excerpts from some of the speeches summarize the presentations made:

*"The farmer is the only class enjoying continued prosperity—there are two million farmers to-day with incomes over $2,500 per year; and 75 per cent. of the thirty-five million people residing on farms are subscribers to agricultural papers. The agricultural papers have an ideal, and as long as they have been published their main purpose has been to give the readers real service. The farm papers were the first to guarantee subscribers against loss from accepting advertised offers.

Agricultural Press: Wallace Richardson

"Not only the farm population, but the country dealer who serves the farmer, is reached through the agricultural papers, and that valuable small-town trade has been considerably neglected by the advertiser. There are 495 agricultural papers, and the use of fifty, well selected, will enable an advertiser to reach every possible sales prospect in the rural districts with whom he would care to do business. The farm papers offer the advertiser a chance to build a second line of defence against the day when competition, substitution, and the increased cost of advertising for city trade will make it imperative that the sales manager have other fields to fall back on to help produce dividends.

"There are six million farm families worth over $6,000 each; and two million of these are worth over $15,000 each."

"The value of magazine advertising is simply illustrated by the experience of the largest manufacturer of powders, perfumes, soaps, etc. Seventeen years ago his entire advertising appropriation went into the magazines—$25,000. To-day he is spending $250,000 yearly on magazines alone. Last year $33,000,000 was spent on magazine advertising. The magazines automatically eliminate for the advertiser the unprofitable public illiterates, foreign-born, and negroes, because these are not included in the magazine-reading class, and there are to-day between six and seven million magazine-reading homes.

Magazines: D. E. Evans, Curtis Publishing Company

"Other mediums should be used to supplement magazine advertising, but you must use magazine advertising *to keep your market sold.* It is the magazine that keeps on everlastingly telling your story to the public, and no matter what medium you begin using, it is the magazine that will permanently remind your public and support your distribution."

**Advertising and Selling,* November, 1914, p. 32.

"The newspaper is the one medium in which you can change your copy and your style of appeal every single day. The newspaper carries with it, through its editorial matter, the 'Do it now' atmosphere. It forever suggests rapid action to the readers, and that thought extends to its advertising columns and to your advertisement. It may take five years of intermittent appeal from other media to get action from a reader, but five separate appeals—every single day continuously—are dynamite to your newspaper reader."

Newspapers: A. J. Haskell, New York "Herald"

"A good advertiser once recommended that you:

"(1) Put your advertisement where it can be seen.

"(2) Write it so people will read it.

"(3) Tell the truth so people will believe it. That is what outdoor advertising does. You don't have to buy anything to read an outdoor sign. You've got to read it whether you will or no, because it's written so conspicuously that it can't be passed by. The best advertising is condensed information, and outdoor advertising always is brief. You can place your outdoor ad in the kind of atmosphere to hit your prospect at the psychological moment. You can place your biscuit ad near the neighborhood grocery where the housemaid sees it on her way to market for the day. You can reproduce illustrations of your product or your package in the exact size, the exact shape, the exact color, and without restriction as to the artistic effect you can achieve.

"And finally, outdoor advertising is the place to reach the bulk of the buying population—the 85 per cent. who won't or don't deliberately read ads. Outdoor advertising is the blackboard which aggressively forces your story on the Great Indifferent—and they read it without knowing they are being taught."

Outdoor Display: H. J. Mahin, O. J. Gude Co.

"The premium is your method of substantially showing the public that they share in your profits. The merchant who takes your cash is able to give you a cash discount. Since that cash discount would be too small if carried out to the five-and-ten-cent purchases, the only way to give it is to give the 'coupon' for the small sum, so that when enough coupons are collected the worthwhile discount on all purchases is obtainable. The fact that one hundred million dollars' worth of premiums

Premiums: Mr. Hubbard, Riker-Hegeman Co.

are manufactured and distributed annually is proof of the advertising and general commercial value of the premium method."

Street Cars: Bert Moses

"The street-car ad is unescapably persistent. It meets you in the morning, travels around with you during the day, and follows you home at night. It's the Pinkerton detective of advertising. Moreover, you don't have to consider readers' editorial prejudices as you may in other mediums. There are no Republican or Catholic or vegetarian street cars. Also you're never overshadowed by a bigger advertiser than you. Everybody gets the same sized ad—and it's just a question of matching your wits against the other fellow's so that your ad can have a more attractive layout, colors, etc. And you can reproduce your own trademark or package or colors to the life."

Trade Papers: J. E. Kresmer, "Merchants' Trade Journal"

"If you don't use the trade papers there's little use of your using other media. For the local merchant whose good will you haven't secured through trade papers, and whom you haven't educated to the quality and uses of your product through trade papers can undo all the influence you have been at such cost to build in the community. Sell the merchant first. He will push and recommend and build confidence in your goods. Moreover, by using trade papers you know you are getting to the right type of merchant. The dealer who pays anywhere from \$2 to \$5 per year for his trade paper is the progressive type of merchant whom it's worth while for you to reach.

"But remember this one thing. The retail merchant is not a pawn. Don't try to coerce him, for it won't work. He's getting to a higher standard of merchandising every day and he's demanding more, and unless you meet him on a high level and co-operate intelligently, you'll never get the benefit of his influence with the local public."

The remaining articles which we shall quote in this chapter may be gathered into two separate groups: (1) A summary of the year's progress in certain mediums, and (2) A consideration of some disputed medium questions.

(1) A SUMMARY OF THE YEAR'S PROGRESS IN CERTAIN MEDIUMS

1. Newspaper Advertising

The year's advance in newspaper advertising usually is summed up very compactly in the annual and directory covering this field issued by N. W. Ayer & Sons, Philadelphia.

*The total number of publications of all kinds in the United States listed by the *Annual and Directory* is 22,977, a gain of 122; and in Canada, 1,550, a gain of 24. The total number of publications of all kinds in both countries, including territories and dependencies, therefore, is 24,527. Of these 1,574 are new publications. The suspensions and consolidations during the year make the net gain 146. There were started every working day, that is to say, more than five publications, but the net gain was only two a week.

It may interest our readers to compare these figures with those for Great Britain given in the new 1914 edition of Mitchell's *Newspaper Press Directory*. This shows that at the present time there are 2,540 newspapers in the United Kingdom, London possessing 468, 27 of which are morning dailies and seven evening dailies; the English and Welsh provinces account for 1,578, of which 46 are morning and 81 evening papers; Scotland has 252, including eight morning and ten evening dailies; and the British Isles 17, of which five are dailies.

The number of daily newspapers listed in the United States is 2,483, a gain of seven. The gains were in the New England States, three; New York, four; Southern States, three; Pacific States, five. The Middle Atlantic States lost five and the Western States three. The Middle West and the outlying territories stood still.

Canadian figures for the dailies are a total of 163, a net gain of six.

The weeklies stand 34 greater in number than for the previous year, the total number being 16,266. All of the gains were in New York, 43; Southern, 21; Pacific Slope, 54, and outlying territories, three. The losses by sections are: New England, 16; Middle Atlantic, ten; Middle Western, 36, and Western, 25.

**Printers' Ink*, February 12, 1914, p. 46.

Canada and Newfoundland gained four and now have 1,057 weeklies.

The monthlies now number 2,879, a net gain, as stated, of 27. The gains show in New England, eight; New York, 23; Middle Atlantic, one, and Pacific slope, 13. The losses are sustained in these sections: Southern, eight; Middle Western, four; Western, four; outlying territories, two. In Canada and Newfoundland the total number of monthlies is 227, a net gain of ten.

It is interesting to note that the smaller classifications as of semi-weeklies, fortnightlies, semi-monthlies, and quarterlies have reversed their tendency to diminish in number. The semi-monthlies registered the large net gain of 34, practically all of it being made in the Southern, Middle Western, and Western States. The quarterly gains, on the other hand, were made chiefly in New York, the Middle Western, and Western States. The only loss in the ten classifications was that of the bi-monthlies, a net of eight.

Each of the 24,527 newspapers and periodicals listed is described in ten distinct items, including the circulation rating and the population figures for the town where it is published. The towns covered are 11,629, an increase of 100. This includes both countries.

The corresponding figures covering the year 1914 are as follows:

*The 1915 edition of N. W. Ayer & Son's *American Newspaper Annual and Directory* lists 24,724 publications of all sorts. For the first time in its history this standard list of American and Canadian publications appears without any advertising. The new publications are 1,688, but against this number must be set off suspensions and consolidations sufficient to bring the net gain for the year down to 197, of which 7 belong in Canada. Canada's total number is 1,557.

The number of daily newspapers in the United States is now placed at 2,502; of weeklies, 16,323; and monthlies, 2,981, an increase in each instance. The only classes to lose are in fortnightlies and semi-monthlies, which now stand at 57 and 291, respectively.

In Canada the dailies number 159, the weeklies 1,057, and

**Printers' Ink*, January 7, 1915, p. 56.

the monthlies 243. There was a slight loss in the number of dailies.

The number of dailies by sections is as follows: Middle Western States, 635; Western States, 450; Southern States, 405; Middle Atlantic, 291; Pacific Slope, 283; New York, 211; New England, 182; outlying territories, 45. The Middle Atlantic States were the only sections to lose in number; the loss was slight.

In the field of the weeklies, the Western States have 5,259; the Middle Western States, 3,316; the Southern States, 3,154; Pacific Slope, 1,414; Middle Atlantic, 1,258; New York, 1,117; New England, 759; and outlying territories, 46. New York made the considerable gain of 43, and there were small gains or losses in the other sections.

The Middle Atlantic States, which lost in the number of dailies and weeklies, made the largest gains, 49, in the number of monthlies, which total 866. New York has 628 monthlies; Western States, 372; Middle Western States, 323; Pacific Slope 227; New England, 195; outlying territories, 18.

'The number of towns in which newspapers are published now reaches 11,817. The classified lists number 222, and include such up-to-date divisions as aeronautics, moving pictures, Esperanto, woman suffrage, and anti-suffrage.

2. Magazines

Magazine advertising recently has been going through a transitional period and there seems to be a variety of opinion as to how serious and permanent some of the changes which have taken place really are. In some quarters these changes are referred to as "the slump in magazine advertising." But many advertising men protest vigorously that there has been no slump and that what looks like a slump is merely a readjustment. The Advertising Affiliation recently conducted a symposium on the question, "What is the status of Magazines and Magazine Advertising?" A stenographic report of this printed in *Advertising and Selling* contains the following views expressed by various prominent persons:

For a year or more it has been apparent that the magazine field has been going through a transition period. Conjectures and predictions *have been rife, and it was natural that competitive mediums should be willing to view the transition period pessimistically.*

Recently the subject has been taken up analytically and authoritatively, and there is now no further excuse for failure to clearly understand exactly what the situation is.

At the recent Affiliation Convention of the Rochester, Cleveland, Buffalo, and Detroit Ad Clubs, Erman J. Ridgway, of "Everybody's Magazine," was invited to speak on the subject, and a discussion following the address was participated in by advertising managers, agents, and others. This was reported in shorthand for "Advertising & Selling Magazine."

To complete the authoritative presentation of the facts, "Advertising & Selling Magazine" invited the Quoin Club to publish data which it had recently compiled, and present its analysis of the situation.

Since the transition is quite evidently editorial in character, rather than advertising, there is also reproduced here a portion of a thoughtful study of "Magazines and These New Times," by Robert Sterling Yard, well known in magazine editing.

Taken altogether, then, this article may well be regarded as a final and complete study of the status of the magazine, and as such should be carefully read by advertising men. [Ed. Note by Editor of "Advertising & Selling."]

Erman J. Ridgway's Talk

*Some misconceptions about magazine advertising have gained unwarranted credence during the past two years. Where have they come from? Probably from the published figures of lines of advertising carried, which show a "slump." But according to my figures there has been no slump. The published figures simply show lines carried, but they completely ignore the consideration that the rate per line may have been very substantially increased during the year involved in the comparison. If I have been running a hundred pages at four hundred dollars a page and I raise my rates to five hundred dollars a page, I can lose 4,500 lines a month and yet receive as much money as I did before. If an advertiser has an

**Advertising and Selling*, June, 1915, p. 9.

appropriation of two hundred and fifty thousand dollars a year and the magazines he is using increase their rates 20 per cent., the advertiser will have to increase his appropriation or cut down the number of lines.

You see how completely without significance the number of lines is, except when taken in connection with the rate per line. For a long time before the war began the total magazine circulations were increasing rapidly. The advertising rates were being raised and in the process of readjustment, the number of lines, as was inevitable, were going down, but according to my figures, and I believe they are right, the total amount of actual money spent in the magazines, so far from slumping, was jumping.

Take the published figures for the first four months of 1912. In these four months the weeklies carried 1,570,215 lines of advertising. Now, in the first four months of 1914, the same publications carried 1,354,609 lines. That is a slump in the number of lines carried by the weeklies of 14 per cent. in two years.

Now, let us look at the dollars. In the first four months of 1912 the amount of money paid by the advertisers to the weeklies was $3,994,940. For the same four months in 1914, with 14 per cent. fewer lines, the advertisers paid the weeklies $4,213,687. That is a jump of 5½ per cent. in the cash. Notice that while the number of lines carried went down 215,606, the number of dollars in four months went up $218,749.

When you look at the records and notice that in four months the weeklies have lost two hundred and fifteen thousand lines, on the face of it, it looks bad for the weeklies, but when you discover that the advertiser actually paid two hundred and eighteen thousand dollars more to the weeklies for the smaller space, instead of the space in the weeklies losing caste with the advertiser, the exact reverse is true.

Space in the weeklies has greatly enhanced in value in the eyes of the advertiser. Why? Probably because of the increased circulation. A significant factor completely ignored by those relying on the published figures.

In arriving at the dollars in this comparison and in all the other comparisons I shall make, I have used the line rates of all the magazines, the line rates quoted for the months and years compared. In the time I had it was impossible to get the exact amounts from all the publishers of all the magazines. The amounts are not important. It is the comparative showing we are after, and using the line rates for both periods seemed to me to be the quickest and fairest method. If there is any unfairness it would probably favor the earlier periods.

I am using the first four months of 1914 for my comparison instead of the first four months of 1915, because it is impossible for any one to even estimate how much influence the war has had on advertising. According to the published figures the number of lines of advertising carried in all magazines in the first four months of 1915 is about 10 per cent. under 1914. If that is all the effect the war has had upon magazine advertising, it would seem to me that magazine advertising has established a new record for stability and merit, for what other business not feeding directly on the war is there in this whole, broad land that has lost only 10 per cent. of its trade?

Unless I am the victim of a misconception even greater than the misconception about magazine advertising, the slump in general business due to the war is more than 10 per cent. If it is more than 10 per cent., and every man here knows what the facts are in his own line of business, magazine advertising makes a splendid showing in the comparison.

I am comparing 1914 with 1912 instead of comparing 1915 with 1912, because the period in 1914 immediately before the war permits of a fairer comparison, unaffected by the war.

In the first four months of 1914 the women's magazines carried 1,205,543 lines, while in the same four months of 1912 they carried 1,154,317 lines, a gain in 1914 of 51,226 lines. The cash received for the first four months of 1914 was $3,885,274, while in 1912 it was only $3,660,594, a gain in lines of fifty-one thousand over 1912, and a gain in dollars of two hundred and twenty-four thousand over 1912; in other words, the women's magazines not only increased the rates and dollars, as the weeklies did, but increased the number of lines. Surely a remarkable exploit. The gain in actual cash by the women's magazines for the first four months in 1914 was something over 6 per cent.

The published figures for the class magazines show that they carried in the first four months of 1914, 1,266,229 lines. In the same four months of 1912, 1,365,924 lines. That is ninety-nine thousand less lines in 1914 than in 1912, showing a percentage of about half the slump shown by the weeklies. The dollars received for the first four months in 1914 were $1,017,581. For the first four months in 1912 the dollars were $1,011,928. A gain of $5,600 in 1914 as compared with 1912.

The published figures of the general magazines showed for the first four months of 1914, 1,239,284 lines. For the first four months of 1912, 1,367,075 lines. That is one hundred and forty-seven thousand fewer lines in 1914 than in 1912. In dollars the general magazines received in the first four months of 1914, $2,149,251. In 1912, $2,178,537. That is twenty-four thousand dollars less in 1914 than in 1912.

One hundred and forty-seven thousand fewer lines and twenty-four thousand fewer dollars, showing that the rates had advanced considerably in the meantime, with a loss of practically 1 per cent. in cash. So that this great slump in magazine advertising which you have asked me to come up here and explain resolves itself into a huge slump of 1 per cent. in the actual cash received by the general magazines. A gain of ½ per cent. in the cash received by the class magazines. A gain of something over 6 per cent. in the cash received by the women's magazines, and a gain of 5½ per cent. in the cash received by the weekly magazines.

Summing up, the published figures show that in the first four months of 1914 all the magazines carried 5,116,691 lines. For the first four months in 1912 all the magazines carried 5,528,557 lines. A loss of four hundred and eleven thousand lines, or something over 7 per cent.

According to my figures the dollars received by all the magazines in the first four months of 1914 were $11,265,775. For the same four months in 1912 the dollars were $10,841,559. A gain of $421,416, or 4 per cent.

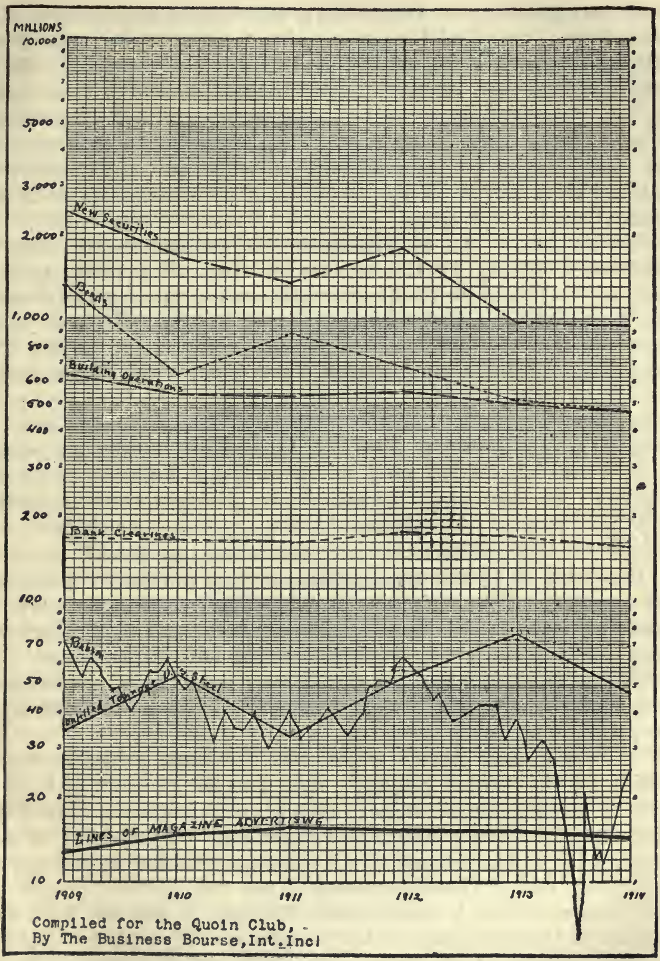
Which means that if the same ratio between cash and lines continued for the full years of 1912 and 1914, and they did so continue, that this so-called terrific slump in magazine advertising amounts to an actual gain of approximately $1,264,248 in magazine advertising in 1914 over 1912.

There has been no slump in magazine advertising. Therefore, there can be no causes back of the slump in magazine advertising.

TABLE SHOWING RELATIVE FLUCTUATION OF BUSINESS CONDITIONS AND MAGAZINE ADVERTISING

Year	Lines Magazine Advertising	Bank Clearings	Building Operations	U. S. Steel Unfilled Tonnage	New Securities Issued	Bonds Traded on Stock Exchange
1909	12,812,656	$165,838,191	$615,342,000	3,542,595	$2,439,656,870	$1,317,150,000
1910	14,862,784	164,095,229	539,745,466	5,402,514	1,678,147,570	634,722,850
1911	15,705,505	160,230,773	537,862,637	3,319,588	1,329,616,845	890,210,100
1912	15,539,851	173,952,915	554,209,785	5,379,578	1,786,986,170	675,213,500
1913	15,400,979	169,815,701	498,572,309	7,651,013	968,788,315	501,571,020
1914	14,545,242	155,241,126	462,780,833	4,764,648	964,157,200	461,522,000

(See chart on next page.)



Therefore, your committee has asked me to give the causes for a condition which does not exist.

You all know how trying business conditions were for many months previous to the war. You all know how business men, before we knew there was to be a war, hoped and prayed that business had touched bottom, and yet at the very time when business seemed in the worst condition it could possibly be in, the magazines were carrying more business than they were carrying two years before, more business than they had ever carried before. Your committee might well have asked me to come here and discuss the magnificent showing the magazines were making, showing, as it did, actual and substantial gains in the teeth of acute, and almost universal, business depression.

The condition of a magazine and its prospects can never be determined simply by the number of lines of advertising it is carrying, nor even by the cash it is receiving, nor by the circulation alone nor by the contents alone, but by all these taken together, plus the personality or personalities back of it. The same thing is true in very nearly, if not every kind, of business.

The Quoin Club's View

Edgar G. Criswell, Executive Manager of the Quoin Club, attended the Affiliation meeting in Rochester. After his return to New York he gave *Advertising & Selling Magazine* the following statement, as giving a more extended view of the opinion of the magazine publishers:

"Looking over the whole magazine field it seems to me there are still other considerations than number of lines carried worth thinking seriously about. The experienced buyer of space these days cares little whether a particular magazine he is using has more or less lines of advertising at a certain time. He didn't buy the space because of the showing in lines, but because of his belief in the magazine's popularity with and influence upon the people who read it.

"The amount of money he pays for the space is in direct proportion to the number of copies sold, and the number of lines of his and other people's advertising is unimportant. The publishers got this idea a number of years ago. They used to talk quantity of circulation only, but they came to realize that quantity is only one of the dimensions of the value which the advertiser bought, so the publishers investigated to find the kind and location of their readers, and developed quality and distribution as characteristics that meant more than mere quantity of circulation. It is so with lines of space. As a basis for selection of a periodical as an advertising medium, it is only one of three or four considerations.

"After all, though, the really important consideration is just this: Are the magazines as a general class rendering a service to readers that warrants their use as advertising mediums? The answer is certainly, 'Yes.' Editorially, artistically, and typographically the magazines of to-day are better than ever. They render a greater measure of service to readers than ever. They are intrinsically more valuable.

"Run over the various classes a moment. The women's magazines are immensely important in the home life and work of hundreds of thousands of women. They reach homes along every rural mail route, and in every village, town, and city in this country. Our purely literary magazines are fresh and vigorous. The *Atlantic* occupies a place of increasing influence. The *North American Review* is lustily celebrating its 100th anniversary right now. The fiction magazines, both in low and high priced classes, are reaching a widening circle of readers, and are giving as good stuff as ever, much more interestingly presented.

"The review type of magazines are unquestionably stronger and more influential than they have ever been. The weeklies are being printed faster and are more timely. The strictly class magazines lead the publishing world for beauty. And so it is all through the field of periodicals—they are doing their jobs more efficiently, more broadly, and are interesting a steadily increasing number of people—men, women, and children.

"Those are the really great reasons for magazines as advertising mediums. No publication lives on advertisements alone. It is the service it renders in conveying interesting and valuable information which causes people to become its devoted readers, and through that relationship arises its value to the advertiser.

"In the gradual broadening of the area of influence of magazines in America there is every reason to feel that they are closer to the people than ever, and that really is the answer to any questions of slump in advertising. If there is any slump in lines it has its own local cause—the war, for instance. Fundamentally, the magazines are better, saner, stronger, more helpfulthan ever.

"But even along the line of figures, following Mr. Ridgway's lead, there are still more interesting facts. The Business Bourse reports to us a very uniform showing for magazine advertising covering the six years 1909–1914, contrasted with other standard business factors (see chart, page 383), inclusive, demonstrating that in volumes it has a very unusually even course.

"Those are figures that make you feel glad that you are in the magazine business, rather than to envy the man who has a seat on the Stock Exchange, which, by the way, has declined in value in recent years from $95,000 all the way down to $34,000.

"The latest report of gross railroad earnings from July, 1914, to March 31, 1915, show a decrease of 5½ per cent.

"No magazine has failed and the banks have not kept open after 3 o'clock looking after their needs.

"So, you see, it would be mighty strange if magazine figures did not show a decline when so many other lines of business are falling off for very good and sufficient reasons.

"As it is, magazine figures are a remarkably straight line on the chart of business."

W. W. Wheeler, Advertising Manager, Pompeian Massage Cream

My company is deeply indebted to the magazines for what measure of success we have attained; but I speak in no spirit of crusade for the magazines, but of suggestion.

An examination of the advertising data compiled on 100 leading magazines for the last five years reveals little indication of a slump. Here are figures on 100 leading magazines, weekly, general, women's, and class magazines: 1910, eighteen and one half million lines of advertising; 1911, nineteen million lines; 1912, nineteen and one half million lines. Those figures unanalyzed spell increase, not slump.

The magazine figures for 1913, 1914, and 1915 show a decrease, but perhaps no greater than the ratio of decrease in general business conditions. Why, then, was I assigned to a topic that seems questionable in its major premise?

In the kindling wood of our magazine advertising records there is an Ethiopian gentleman. In the past five years he has grown from a child to a giant in advertising circles. His name is Mr. Automobile Advertiser. He and his great family of tires, tops, chains, horns, starters, axels, bearings, oils, etc., etc., have created a great problem of new and special advertising, which conceals in the total figures an undeniable slump in general magazine advertising.

So, back of the cold figures and behind the scenes, there must be many a story of general magazine advertising kept up to a fair volume at an excessive cost to the publisher and by a deal of prodding of the ribs of the advertiser. I know. My ribs have been sore for five years.

Whatever decrease in magazine advertising there is may be due to the law of diminishing returns. If there were 50 dreamers five years ago who thought they could capture a national market over night with much space and big spreads and little distribution, then there are only 200 left to-day, and they are harder to find and less susceptible to the misguided enthusiasm of many advertising agents, many magazine solicitors, and many advertising managers, who know as much about merchandising a product as a layman does about building a submarine.

A well-conceived, economical, and rapid-fire plan of distribution prevents untold thousands of dollars of publicity wasting off into the blue sky. The goods must be there when Mrs. Consumer asks for them.

I know a national advertiser who put out a product which had distribution in 22,000 stores (about 50 per cent. of his possible market) before he had allowed himself to spend more than $5,000 in publicity. He tells me that the remaining 23,000 dealers will come much harder because he has won the live ones first, but further states that he will have 80 per cent. distribution before he has spent $10,000 in publicity.

Until more national advertisers plan their work and then work their plan as did the above advertiser, the law of diminishing returns will leave less and less dreamers for the magazines to tease into becoming big space users while the advertisers are still in swaddling clothes.

The law of diminishing returns is also leaving fewer advertisers to take those big one-time spreads in popular magazines to fool the trade. The trade is wiser now than it was. It does not stock up when it sees the proof of a flash-in-the-pan insert in colors.

The passing of the big-space dreamer and the big-space bluffer leaves less money for the magazines pro tem, but leaves the advertising world with a sounder digestion for future labors. Don't understand me to say that all the magazines are all to blame. Most of the magazines are much to blame; most of the agents are much to blame; conditions are much to blame. Most Americans want to get rich to-day; they cannot wait till to-morrow, and advertising is chosen as the lightning goat.

A second cause is competition. There are far too many magazines for their own good or for the good of advertisers. It is almost as disgraceful to-day for a rich man not to have his string of magazines as it was years ago for him not to have a string of two-minute steppers.

Too much magazine advertising means over-selling. Over-selling of space means another job for the advertising casket-maker. That means another little slump in the volume of advertising. Too many magazines in the field mean too many on the consumer's table. If you have one or two magazines a month you will undoubtedly give them more attention, read the ads more closely than if you have six or eight. The average magazine-reading family takes a fraction less than four magazines.

A third and closely kindred cause for the slump in magazine-advertising strength is the wealth of poor circulations produced largely by competition among magazines. Advertising managers are much to blame for these weak-kneed, inflated circulations. We advertising managers share the common American size-delusion. Bigness rather than quality is our constant demand. The magazines respond nobly. By the signing of a check a magazine can add a hundred thousand circulation. Several circulation-getting bureaus can deliver a 100,000 circulation almost over night. Needless to say, such circulation is worth about 25c on the $1. I buy it. You buy it. Some day we will wake up. I have got one eye open already.

Other factors are (1) the movies, (2) the automobile riding habit, and (3) price-cutting. To show how important is the latter factor, it is only necessary to tell you that in one city alone price-cutting reduced the sales of Ingersoll watches $30,000 per year. In another city a five-block section where price-cutting was active reduced sales $2,500.

To sum up. For the good of the magazines themselves, as well as the advertisers, there must be fewer magazines, less forced circulations, better merchandising, less of big space mania, better audits, and price maintenance.

For the past five years I have handled advertising which has shown a regular annual increase, both in lines and expenditure, and that never less than $100,000.

Lee Anderson, ex-President Affiliated Clubs, Sales and Advertising Manager, Hupp Automobile

The most rabid critic of the magazine does not claim a falling off of more than 18 per cent. in magazine lineage in the past five years. We have heard the assertion that there has been an increase of 84 per cent. in outdoor advertising in the same time. Meanwhile, there has been an ever-greater increase in direct-by-mail advertising, and nearly as great an increase in street-car advertising. To-day the advertiser has a division of interests—more mediums. And at the same time appropriations are still made on the basis of the total volume of business just as they were five years ago. While mediums have been increasing in efficiency and number, appropriations still remain about the same or with only moderate increases.

Something has been said about circulation. I assert confidently that the time is not far distant when the advertising manager who knows his job will not ask a magazine simply, how much circulation have you, but rather, "How much have you; where have you got it, and how did you get it?"

Personally I shall never again buy space in a magazine which has more than 15 per cent. clubbing circulation. That is, I shall never consciously buy it. I place the figures at 15 per cent., because the rates usually give that much excess, and if there is 15 per cent. clubbing it costs us little or nothing.

I shall never consciously buy any magazine which has even 1 per cent. of circulation secured on the deferred payment plan. That I consider next to valueless.

In a word, I shall never buy any magazine whose circulation I am convinced is secured on any forced basis.

I do commend such moves as has recently been made by *Everybody's*. And I feel that no advertiser should wilfully lessen the income of magazines already on his schedule when they take steps such as Mr. Ridgway has taken—for such moves all make for the improvement of the quality of magazine circulation and for more honest statements of the quantity of circulation.

In conclusion, slump or no slump, I am convinced that as long as goods are sold the magazines will always be the foundation of any wide national distribution. They always have been, they are to-day, and they always will be. Meanwhile, the development of advertising, the ramifications of general business, and the growth of the country are bringing up new mediums right alongside the magazines, and as time goes on all of them are bound to show increases unless we all suddenly decide to stop advertising and go out of business.

3. Technical Journals

The advance in standards from almost every angle has been as marked in the case of trade journals as it has been in any field. Whereas a few years ago the number of really valuable trade journals was comparatively few, to-day the field is occupied by a number of publications which are regarded, throughout the trade which they represent, as being indispensable reflections of the growth of the trade or industry. Not only has this evidence been marked in the case of the editorial side of the publication, but the advertising columns have risen to the same high standards in many instances. Some of these journals have not been as swift as others to respond to what might be called "the new development" in this field, but the betterment is going on at a rapid rate. Trade journals may be said to be receiving more serious study by advertisers than ever before.

Arthur F. King, Advertising Manager of the Marion Steam Shovel Company of Marion, Ohio, has worked out a formula for deciding the value of space in trade and technical journals. This formula he describes in the following article:

*If some evening you will take home with you an armload of trade and technical papers and study them for an hour or two you will surely arrive at the conclusion that advertising in these mediums is being done according to a set of very loose standards.

Every advertising man, doubtless, recalls many instances that prove this. I recall having seen in a supposedly good paper a page containing three different advertisements. One half of the page advertised a steam roller, a quarter advertised the products of a nurseryman, and the other quarter was used by a steamship company. Certainly two of those three advertisers were wasting money.

The current issue of one of the papers coming to my desk contains two advertisements for tires for pleasure cars—both big advertisers, too—and the whole paper, editorial and advertising pages, is devoted to the work of the highway engineer and road contractor.

Trade and technical paper space must be used to stimulate sales; and to do this the paper should be favorably read by the greatest number of persons who are a real authority in purchasing. When we are fishing we do not cast just anywhere in the lake; we hunt up a place that looks "fishy." In other words, we investigate, then we concentrate.

**Printers' Ink*, June 3, 1915, p. 58.

It is impossible to discriminate intelligently in buying space, however, unless judgment may be based on a thorough analysis of trade papers. The very term "trade paper" implies specialization—a medium aimed, concentrated, if you please, on a relatively small group of firms or individuals who together make up a distinct trade or division of business.

Analysis of Mediums Is Required of Trade-paper Advertiser

Accordingly, if the advertiser is to secure real value in the space he buys, he must first carefully analyze the factors that govern value of circulation. They are: first, the field covered and the relative standing of the paper in the field; second, the quantity of circulation; third, the quality of circulation; and fourth, the distribution of circulation. Let us examine these four factors more closely, since they determine the kind and amount of circulation data we will require.

In order to determine the field a paper serves and its relative standing in the field we must make a first-hand investigation. In this the advertiser must draw largely from his own knowledge of the field, using as a supplementary aid a reliable directory. The further points to be covered in an analysis of this first factor are the competing papers in the same field, their distinguishing characteristics, their editorial policies, their advertising policies, their development during a period of, say, five years immediately foregoing.

A more or less complete list of competing media is usually to be found within the advertiser's own knowledge. In determining the distinguishing characteristics, however, we encounter more difficulty. For example, physical makeup plays an important part; the ratio of editorial and advertising pages, the amount of illustrative material used, the kind of paper, presswork, etc., all have a share in governing the strength of a paper in any particular field. Such data, although easy to secure, are rather difficult to compare. Their importance, however, should not be overlooked in our analysis.

The editorial policies of the media in any field certainly warrant careful investigation, for they are vital in determining relative strength, since the strength of any trade or technical paper lies not so much in the size of its subscription list as in the intimacy of its editors with its readers. Editorial matter should be studied from two angles, one as to comprehensiveness, forcefulness, and accuracy, and the other as to its "human-interest" side.

A good trade or technical paper should mean more to its readers than an extra hour or two each week—more than mere business.

More Than Mere Business

Papers with nothing in them but business get dull and wearisome. They should be kept alive and readable through proper editorial handling.

They should contain more pertinent humor, biography, etc. They should be edited from the field and not from a dusty desk in one corner of the publisher's office.

All of these points make or break the strength of business journals and their advertising value.

Few advertisers consider the advertising policies of the media they use. The reader's confidence in the advertising pages is directly proportionate to the logical, truthful advertisements in the paper. Advertisers should determine definitely, therefore, just how publishers view boastful, extravagant advertising; patent, trademark, or copyright controversy, and all advertising that works against the best interests of advertisers as a whole.

On tracing the history of the development of a medium the advertiser, again, has to draw largely from his own knowledge and observation. It is only logical to assume a paper showing a good, healthy development in past years will be a good, healthy medium for your advertising, and, by the same token, a paper showing a gradual decline will represent a potential danger and waste. It is rather essential that past records be investigated if we are to discriminate wisely in buying space.

The second factor that governs the value of circulation is quantity of circulation. Generally speaking, total paid circulation is all that advertisers should consider of value, although in many publications a part of the unpaid circulation may be valuable.

For example, the better grade of papers have a number of regular contributors of current news items who, although they are of the same class as the paid subscribers, receive the paper free of charge. Many publishers follow the practice of sending regular copies of their papers without charge to trade or professional societies and libraries. Also, a certain percentage of the sample copies sent out by the better-grade publishers in their subscription work is valuable to the advertiser. Aside from these, however, there is little else of value to the average advertiser.

After an analysis of quantity has been made we are concerned with quality, the third factor, which is perhaps the most important among the entire four, for without quality the quantity does not count for very much.

Points on Judging Quality of Circulation

The elements which underlie the factor of quality may roughly be classed under four heads: First, the paper's relation to trade or professional associations; second, its percentage of subscription renewals; third, its percentage of subscribers in arrears, and fourth, its methods for securing subscribers. These warrant brief consideration.

Let us consider first the relation of a trade or technical paper to an association in the same field.

It goes without saying that all media are more or less related to the associations in their respective fields; but we are not particularly concerned with that phase of the subject. The official organ of any association is typical of the class I have in mind. Generally speaking, journals in official relation to an association are edited by the scissors and paste-pot method, and accordingly have no weight with their readers. As a matter of fact, there is almost always some paper better than the official organ in the same field. Then, again, the official organ is usually sent free or its subscription price is included in the association's dues, which means that the circulation is virtually in the unpaid class. And generally what a man does not pay for he is not interested in. There are exceptions, of course, but they are few and far between.

The "Heart Test" of Circulation

The second element—percentage of renewals—can scarcely be emphasized too much. An advertiser is quite safe in assuming a large percentage of renewals to indicate the paper's relative hold on the readers, which in terms of advertising means relatively high value; and, by the same token, a low percentage of renewals indicates a relatively low value as an advertising medium; and, what is more, a constantly changing audience, which defeats the whole principle of persistence in advertising.

Percentage of subscriptions in arrears—the third element—indicates much as to the strength of a paper among its readers, and is to be judged by the same standards as percentage of renewals. These two make up the "heart test" of circulation, and it is to the advertiser's profit if the papers on his list have "strong hearts."

The quality of circulation is to be determined very largely, also, by the paper's method of securing subscriptions. All of us have listened to a great deal of discussion about forced circulations. In the case of some advertising media, "forcing" has little relation to advertising value; but with trade and technical papers such methods are almost sure to decrease it.

The very term "forced" seems to imply a subscription secured at sacrifice of quality. The publisher of a trade or technical paper, no matter how beneficial his editorial matter may be, can never build a circulation of real value to the advertiser unless he secures his subscribers on the basis of what he really is—or should be—selling, namely, editorial contents. The use of premiums in subscription work generally indicates one of two weaknesses: either the editorial contents alone are not of sufficient value to sell subscriptions, or the circulation is so low as to require forcing. In either case the advertiser "pays the freight."

Subscription solicitation by mail, by canvasser, by agency, by contest, etc., are much-discussed topics. *To my mind, however, it is possible for publishers to get quantity at a sacrifice to quality by any method.* The advertiser should concern himself not with the method, but with the *motive* behind and the results of the solicitation.

Distribution of Circulation

The fourth factor in determining the value of circulation is the distribution. Distribution includes and is divided into two classes: (1) geographic, and (2) according to business or relative position in business. Geographic classification of distribution may be made in a great number of ways. For example, by section, by state, by cities of certain size, etc.

The second form of classification—that is, according to business or position in business—leads to a division of papers into two classes. Publications that are trade papers in every sense of the word, and which confine their circulation to only one business or trade, can make their classification only on the relative position of subscribers. Such a classification would run somewhat like this: owners, managers, buyers, etc.

A great many publications are not confined to one single business or trade, however, and therefore their classification must be made in two parts: First, according to different lines of work served; and, second, according to relative position of subscribers in those lines. A classification of this nature would be in the case, let us say, of an iron and steel paper, first, by business, as iron mines, blast furnaces, manufacturing concerns, railroads, etc.; and, second, as to position, such as managers, engineers, buyers, master mechanics, etc. In cases of the latter-named papers, where there is a considerable diversification of circulation, there is a tendency among some publishers to classify several weaker trades under a single group and thus make an apparently strong showing, when, in reality, the trade or line of work in which the advertiser is most interested may be but a small proportion of all that is included in one group. Here the advertiser may be easily misled.

Having now analyzed circulation, we must next determine the sources from which data may be secured.

Where to Look for Circulation Data

In my work I have found eight sources from which data may be obtained and verified. I shall outline them one at a time—not necessarily in the order of their importance, however.

Naturally, the first source is in the field itself where the number of firms or individuals limit the circulation of the field's media. This enables us to make a definite check on circulation figures. Second is the Post-office Department. Through the post office we are able to verify much of the data secured through other sources. As a carrier the department requires publishers to submit semi-annual statements regarding their publications; and their value and relation to the advertiser may best be determined by a brief outline of its requirements. It requires the following conditions upon which a publication shall be admitted to second-class postage rate:

It must be regularly issued at stated intervals, as frequently as four times a year, bear a date of issue, and be numbered consecutively. It must be issued from a known office of publication. It must be formed of printed paper sheets without board, cloth, leather, or other substantial binding. It must be originated and published for the dissemination of information of a public character, or devoted to literature, the sciences, arts, or some special industry, and have a legitimate list of subscribers. It must not be published primarily for advertising purposes, or for free circulation.

The Post-office Department insists that publishers mail only 10 per cent. of their circulation sent to paid subscribers as free or sample copies. A publisher is allowed to send copies of his paper to subscribers who have not paid subscriptions for one year; that is, he is allowed one year to collect his money for a renewal or from a new subscriber who has signed a legitimate order for his subscription.

Sample and Exchange Copies

Exchanges are considered legitimate copies, as they are a rate of pay. Advertisers' copies are considered as paid copies, because a publisher must be permitted to send copies of the paper to his advertisers, so they may be able to verify the insertion of their advertisements, although the department does not look upon the sending out of a promiscuous number of copies to advertisers with favor. It says that only enough copies should be sent to the advertisers to enable them to check up and verify the insertion of their advertisements.

If the Post-office Department is furnished information that a publisher is misrepresenting the number of copies he is sending out to paid subscribers it will investigate the matter, and if it is found that the publisher is misrepresenting and is not furnishing a true statement to the post office of his sample copies and his paid subscriptions, his paper is excluded from the second-class privilege.

These things happen in rare cases, of course, because it is hard to prove such things against a publisher; but it has happened, and the department pushes it pretty thoroughly when given information that can be investigated and verified. Of course, the department does not voluntarily go out and investigate things in regard to publications. It goes under the assumption that the publisher is honest, unless he is proved otherwise; and very much depends upon the local postmaster. It is possible to get things through with postmasters in some cities and towns that could not be passed at all in others.

Every six months publishers have to report to the post office who the editor and the business manager of the paper are; also the stockholders in the company and their post-office addresses.

The third source of data is to be found in the solicitors for competing journals. Many times these men unconsciously drop remarks that may throw light on a point the advertiser has been trying to get for weeks. Fourth, letters to the names on the advertiser's mailing-list often help to secure a lot of data. Fifth, if not colored by personal prejudice, data from non-competing advertisers may prove of help. Sixth, the firms who print trade or technical papers can often throw light on circulation figures—at least total circulation. This recalls an instance of a publisher making a claim of 12,000 total circulation when his printer's bill showed 6,500 to be the average press-run.

The seventh source of data is to be found in the Audit Bureau of Circulations, of Chicago. We all have heard a great deal of favorable and unfavorable talk about the A. B. C., but the fact that it is supported by some of the broadest and keenest advertisers, agents, and publishers in the country would seem to indicate that it might soon become the standard for every one. In a number of cases at the present time, however, advertisers find it expedient to use certain papers not members of the bureau—and it must be admitted that there are several good papers in that class. This necessitates the use of a data sheet prepared by the advertiser—the eighth source of data.

The tendency these days seems to be largely toward data and not the intelligent use of it. In the case of some advertisers, securing data has developed into a kind of ceremonial to be indulged in at the expense and inconvenience of the publisher. But data—just plain data in the files—are worth absolutely nothing unless they can be made to assist in a more logical selection of media. Accordingly, an advertiser's data sheet should be prepared only after a careful analysis of requirements has been made—an analysis similar to the one made in the first part of this paper. If this is done the essential points will be covered, and neither the advertiser nor the publisher will be inconvenienced unduly.

Gathering Data from Publishers

In the sheet with which the writer has worked, sixteen specific questions are designed to secure all the essential data on circulation, subscription methods, distribution, etc. Aside from these several other questions furnish us with information as to discounts, closing dates, etc. Space is also provided for an affidavit to be made by the publishers, and in no case is any statement given consideration unless the affidavit is made.

The sheet is sent to publishers from four to six weeks before the list is made up, and with few exceptions it is returned promptly. Among those returned a few are not properly filled in and they are resent in order to give the publisher a fair chance to bid for business.

After the sheets—or rather the majority of the sheets—are returned the data are tabulated and graded, according to a definite standard, in much the same manner as a college instructor would grade his examination papers. The standard of grading is based on the analysis made previously.

To illustrate, let us take the case of two papers in a certain field (this is an actual case, although the names are withheld for obvious reasons) which, for convenience, we shall designate as "A" and "B."

"A" is the older of the two papers and it has undergone no changes in ownership or policy during a number of years. Its total circulation is 5,833 and its paid subscribers number 4,375. Ninety-five per cent. of its subscribers are renewals, and its circulation is 60 per cent. among owners, 30 per cent. among managers, and 10 per cent. among superintendents. No geographical distribution of circulation figures is given, however, which makes it hard for us to determine where the paper circulates.

Subscribers are solicited both by mail and by personal call, and premiums are extensively employed. The paper is the official organ of the trade association in the same field, although the dues in the association do not include a subscription. A surprisingly large number (40 per cent.) of subscribers are in arrears. For years "A" was the only publication in the field, and for a long time was a thoroughly live and reliable paper; but during recent years it has shown a marked decline both editorially and in point of advertising carried.

Typographically it is bad, and the paper used in it is of very poor quality, as is also the presswork. Illustrations are the exception rather than the rule; and the editorial pages are coming more and more to contain a lot of "write-ups" and "free readers," rather than strong, forceful, constructive matter pertaining to the business it serves. "A's" grade, figured for the 1915 list, is given below.

"B" has a total circulation of 4,695, and its paid subscribers number 3,286. Ninety-five per cent. of its subscribers are renewals; and its circulation is 90 per cent. among plant-owners.

Geographically, the circulation is distributed proportionally as to centres of the industry. Subscribers are obtained only through mail solicitation and no premiums are used. "B" is in no way connected with any association in the field. Between 2 and 3 per cent. of subscribers are in arrears.

Typographically, the paper is very poor, but as to illustrations, presswork, paper, etc., it is far above the average. Editorially, "B" is coming to hold a high place, for its matter is the kind that will be read and studied. It is a comparatively young paper, but its development has been healthy and apparently substantial.

The grades for both "A" and "B" are given below. Before giving them, however, it might be well to say that a paper failing to make a grade of 75 per cent. is not given a place on our list:

Points Covered	("A")	("B")
Makeup	0	1
Standing	3	3
Editorial policy	3	8
Advertising policy	3	3
Development	0	2
Total circulation	5	4
Paid circulation	20	15
Percentage of renewals	10	10
Percentage in arrears	3	5
Trade relations	0	10
Subscription solicitation methods	10	20
Distribution (geographical)	0	5
Distribution (relative position)	4	5
Total	61	91

In cases where there are a number of high-grade journals in the same field an elimination may be made, if it is necessary, either by dropping those of lowest grade or by determining relative value through advertising rates.

We are compelled to do this in the engineering field, where there are a number of really good papers. The formula—which, as is known, is used by a number of advertisers—is $V = \frac{C \times P}{R}$; V being value, C being paid circulation, P being percentage of purchasing-power circulation, and R being current page-rate. For one engineering paper the formula would work out like this: Value equals 18,681 multiplied by .24 and divided by 65.00 (which equals about 69). By figuring the "V" for all engineering-field papers and eliminating the lowest, we are able to trim our list as is found necessary.

And now as to the results of this selective process: First, the advertiser gains a more positive knowledge of the field and may, accordingly, prepare and run his copy more intelligently. Second, he is able to eliminate waste to a large degree, placing his business where it will really bear fruit. Third, he does not have to plan his campaign along the same lines as his competitor's, for his course is already plotted along safe and sane lines.

If the competitor is using space in a paper that has not shown up well under investigation all the better, there will be just that much less money to spend in good media. Fourth, the advertising manager can meet his superiors with the knowledge that he is really spending his appropriation in trade journals wisely—as if it were his own.

All of these things, and more, come as the result of choosing trade papers intelligently. It means a lot of work, of course, but the results well justify it.

4. Street-car Advertising

For use in connection with articles bought by the consumer in small units and for many lines of specialties, the street-car card has come to have an accepted place of large importance among the advertising mediums. The following unsigned article gives some idea of how the street-car advertising business is conducted under modern conditions:

*When an advertiser is using publications, it is a simple matter for him to secure proof of insertion. The checking department of his advertising agency or his own advertising department merely checks up the date of insertion, size of advertisement and position. That ends that.

But for an advertiser who is using the street cars to secure absolute proof of insertion is "something else again." Not that the proof isn't there, but that it isn't quite as easy to unearth it as it is with magazines or newspapers, especially if one is of the disposition that has to be "shown."

The matter of size is simple enough, all cards being of the regulation size, 11×21 inches.

"Position" is seldom, if ever, requested by advertisers, so that matter scarcely ever comes into question. "Position" is purely a matter of judgment on the part of the "carders" (the men at the car barns who insert the cards in the cars), their instructions being that light and dark cards shall alternate as far as possible.

Street-car advertising in New York and other large cities is sold on the basis of "runs"—a "full," "half," "third," "quarter" or "eighth run" on all the lines operated or on any individual line or lines that the advertiser may choose.

**Printers' Ink*, January, 21, 1915, p. 99.

Mr. John Doe has just signed a contract for street-car advertising in New York City. His contract calls for a "full run" on Broadway and a "half run" on the Fourth and Madison Avenue lines—which is to say that a Doe card will appear in *every* car operated on the various branch lines which make up the Broadway system and in *one half* of the number of cars operated on the Fourth and Madison Avenue line, as long as the contract has to run.

What a Contract Calls for

After Mr. Doe has O. K'd the text matter and design for his cards, they are printed or lithographed, as the case may be, and then delivered to the stockrooms of the street-car advertising company at the car barns, where they are assigned to the "Doe bin."

Mr. Doe may write his own text matter, he may originate the design and have his own artist execute the art work; and he may have his cards printed by a printer of his own choosing. Or the street-car advertising folks will attend to all of those matters for him. In either event, Doe pays the bill.

About 25 per cent. more cards are printed than are actually required in accordance with the terms of the contract. That is done for a threefold reason: first, to take care of the matter of cards that have to be replaced through becoming soiled or torn; secondly, to provide cards for Mr. Doe's own use; and thirdly, to enable Doe to take advantage of the custom prevalent in street-car advertising, whereby the unsold space in the cars is divided pro rata among the various advertisers.

Doe's cards are now at the car barns ready to be inserted in the cars.

It is eight o'clock at night—the time at which the carders generally begin their work (although there is a day force for emergency work). The force of about twenty carders is assembled, ready to receive their assignments from the chief. Doe's cards must show in the cars to-morrow according to the terms of the contract.

Changing the Cards

Now, Mr. Doe's cards go in every Broadway car. That's all right—there's no trouble about that. But what particular card must come out of every Broadway car in order to make room for a Doe card?

How do the carders know which particular cars on the Fourth and Madison Avenue line Doe's cards go in? And how do they know which particular cards are to be replaced by Doe's?

The system is foolproof.

In the office of the street-car advertising company there are sheets prepared which, when filled out, are virtually a diagram of every car by number and by line and which constitute a permanent office record in loose-leaf book form. That is, a look at any of these sheets will tell exactly the advertisers' cards that are in any car in the city.

When it is considered that there are about 2,946 street cars in New York City being operated over 108 individual lines and branch lines which, collectively, extend over between 500 and 600 miles of track; that in each car there are, on the average, 28 cards; and that in a considerable number of cars changes of cards are being made every day; then the enormity of the detail connected with the putting in and taking out of street-car cards becomes a little more understandable.

Wanamaker's Daily Cards in the Street Cars

A few years ago John Wanamaker's cards in the New York street cars were changed every day. At four o'clock each afternoon the printing of the cards for the following day was begun, and that same night the finished cards were delivered to the barns for insertion in the cars. This daily Wanamaker advertising was the only instance of its kind, so far as is known, that has occurred in the history of street-car advertising.

In the office of the car advertising company the sheets, which form the pages of the loose-leaf record books, are ruled off.

For each line in the city there is a separate book. At the top of the page is written the name of the line. To the extreme left of the page the names of all the advertisers on that particular line are written down, one under the other. The date is also written at the top of each page.

At the top of each page, extending all the way across, the numbers of the cars being operated on that particular line are written.

How the Records of All the Cars Are Kept

The clerks in the office who are working on the sheets simply add Doe's name to the list of advertisers in the Broadway book and in the Fourth and Madison Avenue book.

Then they put a mark (✓) opposite Doe's name and under *every* car which is being operated on the Broadway system, since his contract calls for a "full run" on Broadway.

In the Fourth and Madison Avenue book the same mark is made, but it is made under only *one half* of the number of cars being operated on Fourth and Madison avenues, since Doe has contracted for only a "half run" on that line.

The clerk in charge of the office force might be compared, in a broad way, with the man who "makes up" the advertising pages of a magazine. The latter decides in what particular place in the publication a certain advertisement shall appear; the former determines in what particular cars on a certain line an advertiser's cards shall show.

When the clerk who has checked off in the books the cars in which Doe's cards are to appear has finished, she reads them off to another clerk, who records them on separate slips of paper, called "order slips." It is by means of these "order slips" that the carders at the several car barns throughout the city are enabled to do their work with such speed and clocklike precision. But before the work at the car barns is outlined, let us stay in the office a while longer.

The order slips are worked like this:

At the top of each slip the name of the line is printed; the slip is ruled off into ten spaces; and at the top centre of each space is printed the number of the particular car.

Now, for every Doe card that is put in a car there must be another advertiser's card taken out. So, in each space it is seen that where it says, "Put in Doe," it also says, "Take out Jones," or "Hopkins," as the case may be.

Yes, but how does the clerk in charge of the office force know which card, in each car, to take out so as to allow for Doe—a newcomer? you ask. And what becomes of the card that is taken out? Does it go into another car? Or if it does not, what becomes of it?

What Is Done with Unsold Space

In an earlier paragraph one of the reasons given for printing 25 per cent. more cards than an advertiser's contract actually calls for was the fact that he is a sharer of the unsold space in the cars. Now, when a new advertiser comes along, this unsold space in the cars is lessened to the extent of his contract; so the advertisers who are taken out of the cars to make room for Doe are those who have been enjoying, by virtue of the custom, more space than they were actually paying for. So a number of their cards are removed without any ado. The cards thus removed do not go into other cars; but the car advertising people ask the advertisers what disposition they wish to make of the cards that have been taken out. The cards are preserved in the barns or destroyed, just as the advertisers say.

When all the order slips for the insertion of Doe's cards in the

Broadway and Fourth and Madison Avenue lines are made out they are collated in the office and set aside.

At five o'clock each afternoon the head of the carders calls at the office of the car advertising company for the order slips that have been made up that day, Doe's among them. It sometimes happens that as many as twenty-five or thirty different advertisers' cards must be changed in one night, which keeps the carders busy until all hours of the morning.

The head carder is now on his way to the barn with the order slips to give his men their assignments and instructions for the night's work.

What the "Carders" Do

To one carder he hands over all of Doe's order slips. That's all that carder has been waiting for. Over to the "Doe bin" he hustles, snatches a big bundle of Doe's cards and is on his way in no time to the empty cars in the barn.

As soon as the carder takes out of a car the advertiser's card which is designated on the order slip, he replaces it with a Doe card. Then he checks off his order slip to show that in that particular car Doe's card has been put in and the correct one taken out. He goes through the same process in every car that Doe's order slips call for, checking up each space on the order slips as he goes along.

In some cases it may require a little rearranging so as to have light and dark cards alternating, but steady practice makes short work of that difficulty when it does arise.

In the meantime, another carder has taken a bundle of Doe cards to the Fourth and Madison Avenue car barns, and the same work has been put through.

When the insertion of Doe's cards is completed the carders turn into the chief at the stockrooms the order slips properly checked off and, in addition, they bring back with them all the cards which have been ordered out of the cars to make room for Doe's cards.

The order slips are then returned to the office of the car advertising company for reference.

From these checked-up order slips, as well as by the books of record in the office, advertisers are enabled to verify the insertion of their cards.

Every time an advertiser changes his cards—which may be as often as he pleases, but which generally is done every few months—the same work is gone through both at the office and at the car barns as has been here described. . . .

For food products and other quick-repeating lines the method of sampling has certain obvious advantages as a means for building up business. G. W. Clifford discusses in the following article some of the methods which have been employed in sampling by concerns who have used it successfully:

5. Sampling

*"The most successful sampling campaign we ever operated," says the sales manager of a well-known soap concern, "was a combination of house-to-house solicitation and dealer co-operation.

"This plan was based on the giving of premiums in the form of silverware, in return for coupons enclosed with our soap. We organized a crew of salesmen for house-to-house work. Each man was equipped with a neat suitcase containing a full line of premiums. When the housewife opened the door, the salesman would greet her in a polite way, spring the catch on the suitcase, and hold it out for her inspection. Silverware possesses a strong attraction for every housewife, and on this our appeal was based. 'Take your pick of any set of this silverware, madam,' the salesman would say, 'I want to give it to you free; it is not for sale—money cannot buy it. The only way you can get it is to accept it as a gift from my firm.'

"Then from his pocket he would take a full-sized package of our soap, open it, and explain that a coupon was enclosed in each package, a certain number of which would entitle the holder to one of the valuable sets of silverware. Each prospect was given a ticket. On representing this at her grocery store and buying a cake of the soap she would be given a full-sized cake free—two cakes for the price of one.

"The ticket was in the form of a request to the grocer to give the holder a free cake of the soap, provided she bought one cake at the same time, and stating that we would allow him the full price of a cake of soap for each ticket sent in to us.

"Preliminary work on dealers won their interest in this plan, for in it they could see certain sales. They were not asked to distribute our goods free. They obtained a double profit on each transaction—a profit on the sale of the cake of soap, and a free gift of the full price of the sample cake.

**Printers' Ink*, February, 9, 1914, p. 20.

"This plan gave us two appeals to use on the housewife: first, the appeal of the free gift of silverware, and second, our regular appeal on the quality, utility, and value of the soap. Direct returns came in immediately from each district in which the plan was operated. Regular repeat orders followed as a natural result, because once started on the proposition, housewives felt no inclination to discontinue using the soap regularly, as to do so would render valueless the premium coupons they already possessed. Apart from this they needed soap, anyhow, and naturally favored the brand that offered them a valuable gift in return for regular use."

Sampling methods of all kinds fall naturally into five main divisions:

1. By mail.
2. Through stores.
3. House-to-house.
4. Through professional men.
5. Special "stunts."

On account of the large number of free-sample offers contained in the average publication, it is becoming increasingly difficult to pull requests for samples through the mail.

A Ralston Plan

A typical example of the way a "twist" is put into a sampling campaign, operated through press advertising, is the case of Ralston Wheat Food. The purpose of the magazine campaign this concern operated during October, November, and December, was to induce prospects to sample and use regularly its wheat food. Prospects were not asked to send for a sample of the food, however. Instead, they were approached on their "blind" side—they were invited to enter their children in a "development contest" and participate in $500 worth of prizes.

The bait in the offer designed to pull inquiries read: "Mothers! Ask us for this development chart that shows height, weight, and measurements of the average boy and the average girl from 1 to 14 years of age. Contains many helpful suggestions about diet and the care of children, and has a tape-line attachment for accurately measuring them; also a place for recording the yearly weight and measurements of an entire family. Every mother should have one. Write for your free chart, and particulars of our $500 prize development contest for children."

With each chart was sent an application blank for the development contest. Directions read: "Just measure the height of your boys and girls and weigh them on your grocer's scales. Then fill out the entry blank attached hereto, and get your grocer to sign it. Mail the entry blank to us promptly, with the top of a Ralston Wheat Food package for every boy and girl entered. When you enter the children, let them eat all the Ralston Wheat Food they want, and watch them grow." . . .

Colgate & Company also operate a cleverly disguised plan for sampling their Nursery Talc. The appeal is to mother love—every mother admires artistic pictures of "cute" children. The advertisement shows a picture of four pretty babies, in different positions, playing with a can of talc, and reads, in part: "Colgate Baby Buntings, 13 inches high, are beautiful decorations for the nursery wall. Children love them. You may get them, and a trial of the real Nursery Talc—Colgate's—for 30 cents in stamps."

A combined method of sampling and testimonial getting is operated by Johnson & Johnson. In each carton of their shaving soap is a postal card, addressed to the firm, the back of which reads: "This card is enclosed in every package of Johnson's Shaving Cream Soap, so that the pleased purchaser may have an opportunity to have us send a trial tube free to any friend to whom he wishes to recommend it. Full-size tubes, containing 150 or more shaves, can be bought from any druggist, or if not, a remittance to us will bring one postpaid." Follows a blank that calls for the name and address of the person to whom the sample is to be sent, also the name and address of the person who supplies the name. Then comes a blank headed, "And what do you think of Johnson's Shaving Soap?"

Combination Method of Johnson & Johnson

The card is enclosed with each sample sent out. Thus at one stroke Johnson's obtain names of prospects without spending a single cent in advertising for them, a testimonial of their product, and what is practically a personal letter of recommendation from one friend to another.

Splendid opportunities exist for sampling through retail stores when the co-operation of dealers can be won. A plan typical of that used by many concerns is operated by the Shredded Wheat Company. The dealer is impressed with the power of the sample as a trade bringer. Then he is told that in consideration of his placing an order for a certain amount he will be given a supply of special samples, each carton containing three full-sized biscuits, which he can present to his customers with his compliments. Distribution of samples is effected by placing one of the samples in each delivery of groceries for, say, a week.

This method has a triple action. It is a lever to induce the dealer to place a worth-while order; the dealer's customers appreciate his sending them the samples, as they are large enough to represent actual cash value, and the Shredded Wheat Company gets its samples right into homes at no cost to itself.

Sampling Through Demonstration Booths

Sampling through stores by means of demonstration booths is a method widely used. A girl demonstrator is given charge of an attractive booth, and flags the attention of customers of the store. She gives a short, snappy talk on the merits of her product, and presents each person with a small sample. Crystal Domino Sugar samples take the form of a box representing a domino, which contains two pieces of sugar. Gold Medal Flour samples are small sacks of flour, each containing about a teacupful of flour.

Other concerns dispense with a demonstration booth, and leave it to the store to distribute the samples. One way in which this is done is to place a supply of samples on each counter, together with a placard inviting people to take one. The clerks are instructed to give one sample to each customer. This method is widely used with proprietary articles in drug stores.

Another method is where stores hold "sampling weeks." A drug store in Chicago uses this plan as a feature in its advertisements. . . .

Getting the Professional Endorsement

The success of many commodities depends to a large extent upon the manufacturers obtaining professional endorsement. A typical example of this is the case of a certain tooth paste. In addition to operating an extensive press campaign, the manufacturers work directly on dentists and physicians through salesmen and saleswomen. Many concerns employ graduate physicians or dentists for work of this nature.

The procedure is generally to call upon professional men and explain the merits of the product from the professional standpoint. . . . Samples are left for the doctor's or dentist's personal use. A week or so later the salesman returns and finds out just how it pleased the practitioner. If he is not thoroughly sold on the merits of the product, he is drawn out regarding his objections, and these objections are overcome. When he admits that it is a good thing, he is asked to recommend it to his patients and give out samples as occasion arises. For this purpose a case of samples is shipped to him.

Other products are so constituted that while professional endorsement is not absolutely necessary, yet it helps. An instance of this is Armour's grape juice. As this product is said not to contain added cane sugar, one argument is that it can be drunk by diabetics.

Armour's work on professional men is known as "detailing." A strong salesman or saleswoman, versed in medical lore, calls on doctors and talks up the merits of the grape juice in general, and as related to diabetes in particular. Convincing data along medical lines is submitted. Physicians are asked to recommend the grape juice to their diabetic patients, and samples are shipped for this purpose.

Hospitals also are worked upon on much the same lines as physicians. The person to see in a hospital varies with each institution. In some cases it will be the superintendent; in others, the buyer, head nurse, or dietitian. Food value is talked first, utility in diabetes second, and then price.

Practically every firm that samples regularly finds occasion to put over a special "stunt" that is off the beaten path.

New Methods That Paid

A manufacturer of a line of toilet articles scored a hit with a new perfume by arranging with theatres to tie a sample bottle to each programme given out during a certain week. A printed slip wrapped around the bottle listed the names and addresses of downtown stores that carried the line.

The same idea was used with restaurants. Waiters were instructed to give each guest a sample bottle at the time they took the order. Hotels, too, were induced to place a sample bottle of the perfume in each room.

Another toilet-goods house keeps tab on college reunions, and mails to each participant a neat carton containing a sample of talcum powder and shaving soap.

When W. K. Kellogg placed his wheat biscuit on the market he had a sample biscuit, wrapped in waxed paper, placed in each package of his corn flakes. This simple method proved a means of building up a considerable demand for the new biscuit.

Church fairs offer an excellent medium for sampling. Many firms are extensive users of this method. In placing a new drinking chocolate on the market, one company used church fairs extensively. An attractive booth was fitted up and placed in charge of a live saleswoman with several assistants. One advantage of church fairs is that one need feel ~~no~~ any compunction about forcing goods on people. That is what they go there for—to be separated from their money. The chocolate firm in question made a combination offer—"buy a box of our eating chocolate and we will give you free a full-sized package of our drinking chocolate." A commission on all sales was paid into the church fund.

6. Motion-picture Advertising

The motion picture as an advertising medium has not yet come into its own. The use of cards and other forms of interruption of the regular "shows" offer probably the least satisfactory field for the employment of this medium, and yet it is about the only field which has so far been developed to any extent. A number of manufacturers, among them the Studebaker Manufacturing Company, however, are said to have secured remarkably good results from the motion-picture demonstrations. The Studebakers, for example, made such demonstrations in this country and in England, illustrating to agents, dealers, and prospective car buyers the methods of building and testing Studebaker cars.

The unique plan of advertising employed last spring by the Gossard Corset Company suggests a new line of development which has large possibilities. This plan, in brief, consisted of a motion-picture play, an important feature of which was a series of scenes illustrating corset fittings. This was put on at local motion-picture theatres under the joint auspices of the Gossard Corset Company and the local store handling their line. Tickets were given to the women patrons of these stores and the "show" was conducted at a time of day when the largest possible number of women would be at liberty to attend.*

The possibilities of these and other uses of this new medium give interest and value to the following discussion of the present-day organization of the industry. Walt Bloeser, Manager of the Motion Picture Advertising Division of the Chicago *Tribune*,

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*Printers' Ink, December 24, 1914, p. 62.

delivered at the Chicago Convention of the Advertising Clubs of the World the following address under the title, "The Motion Picture Industry and Its Advertising Possibilities." Mr. Bloeser's article is prepared primarily to interest newspaper men in the possibilities of securing advertising from the motion-picture concerns, but it has much general interest also:

*The motion-picture industry might be split into three great divisions—three monster organizations, which grind out 263,000,000 feet of film yearly, realizing therefrom a revenue greater than is returned to the steel interests. They are the General Film Company, the Universal Film Company, and the Mutual Film Company, named in the order of their strength and standing in the motion-picture world.

Briefly, the history of the motion picture dates back about eighteen years. Motion pictures were invented by Thomas Edison in the year 1872, but never came into general use in a commercial manner until about eight years ago. It is necessary for me to go into this brief history, so that you may follow some of the facts that I will quote in another part of this paper, which if taken singly would look wholly unreasonable, but, on the other hand, will look very plausible when you have some idea of the fundamental principles on which this business operates.

The General Film Company is an association of manufacturers whose products have been licensed under certain patent rights, and are owned and controlled by what is called the Motion Picture Patents Company, otherwise referred to as the "licensed group of manufacturers," of which Selig, Edison, Essanay, and others are a part. The members of the Motion Picture Patents Company are the producers of film and the General Film Company are the releasers of these films. The General Film Company has forty-seven offices in the United States and Canada. It owns and operates them at its own expense. The licensed group of manufacturers contribute a certain number of films each week to the General Film Company, which in turn makes up out of these contributions a general program to which 60 per cent. of the exhibitors subscribe. The various licensed manufacturers are paid in accordance with the number of prints they contribute to the General Film Company. (By the way,

Printers' Ink, June 24, 1915, p. 61.

when I refer to a print, I mean a copy from the original negative. The negative is retained by the manufacturer from which as many prints can be made as he desires.)

The Universal Film Company is a combination of manufacturers who are not considered as licensed; that is, they are not supposed to use the same patented instruments that are used by the licensed exhibitors. At the present time there is a certain amount of litigation going on between them and the General Film Company, which considers them infringers. The Universal Film Company has thirty-five offices in the United States and Canada. The Universal differs from the General in that most of the manufacturers included in its group own and operate their own exchanges, whereas in the General Film Company *none* of its group own or operate them.

The Mutual Film Company, which has thirty-five offices, like the Universal Company, is a group of manufacturers operating under the brand of Mutual Pictures, and is regarded very much in the same light as the Universal Film Company, as far as the idea of being licensed is concerned. The stock in the various companies making up the Mutual is largely owned by the public and is customarily sold by bond houses and on the curb market.

Many Independent Concerns

These three that I have just described are practically the mainstay of the motion-picture business. In addition to them are many independent concerns who deal in *features.* Hardly a day passes but what one of this type does not spring up and at the same time another dies. We might call these the Independent Companies, the more stable ones being the Paramount Company, the Metro Company, and others. We might again divide this independent group into two branches, one which I have just described, and the other, Serial Feature Companies such as are exploited by newspapers. Keeping these facts clearly in your mind, you have some idea of the foundation of the motion-picture business and how it is classified at the present date.

What most interests us is, what bearing does all of this have on the newspaper business, and how can the newspapers benefit by motion pictures and accumulate revenue from the motion-picture manufacturers? I regret to say that a newspaper's opportunity for securing advertising from the licensed companies is not great; in fact, there is little opportunity, and for this reason: An exchange, in order to make money, must be run at a minimum of expense. Volume of purchases does not make for a volume of sales. This is contrary to the rules of modern merchandising, but it is not surprising because in the show business not one of the principles of successful commercial enterprising applies to successful motion-picture enterprising. I, for instance, am a manufacturer of the licensed group. I contribute, we will say, seven prints a week to the General Film Company. The General Film Company releases these on a certain date to the exhibitors. Reversing the process, the exhibitor makes his demand for pictures upon the exchange at least 30 days in advance. The exchange in turn makes the demand upon me, as a licensed manufacturer, almost 120 days in advance, in order to give me ample time in which to make the pictures. Consequently this makes me a manufacturer with *orders filled and waiting*, so why should I advertise to-day a film that I have had a full order on 120 days ago? If I did I would only be making a greater number of prints and would therefore incur a greater expense in the manufacturing and a still greater expense in the handling, and have less profit, because, as I mentioned before, an exchange must be run at a minimum of expense or, as you might say, a minimum of purchases.

Age of Film Determines Price

Another great disadvantage of the business is the fact that the sales price is determined *not* by the *quality* or the *merit* of a film or picture, but by the *age* of the film. In order that you may form a clear comparison in your mind that will illustrate this point, think of the Uneeda Biscuit. This is a nationally advertised product, comes in a package, and is sold for five cents. It is five cents this minute, to-day, to-morrow, the next day and forevermore. Like many nationally advertised products, it is the same Uneeda Biscuit in quality to-day, to-morrow, and ever after, but in the film business you have a feature to-day, something else to-morrow, and still something different the next day. For example: At my theatre, I show a picture called "A Fool There Was." The picture is known as a first-run because I show it first. I, we will say, run it to-night. The other fellow, a few blocks away or at some distant part of the city, runs it to-morrow night. It then becomes a second-run. The fellow who shows it the next night makes it a third-run, and so on, the film becoming older each day. Mind you, it simply becomes older each day it moves farther from its original release date. (The actual wear and tear of a film is a minor factor, most copies of film enduring about six months, at the end of which time they can be replaced at a cost of from $4\frac{1}{2}$ to 10 cents per lineal foot.) First-run prices for big features usually start at $100 and go downward. First-run prices on serial pictures, that is pictures divided into, we will say, twenty episodes, start at about $25 and go downward. The reason for this is because a picture is not a product like a biscuit, but is stamped by the exhibitor as new or old according to the date on which it is released, and the price is arranged and fixed accordingly. This does not always apply to big features like "Cabiria" and "Quo Vadis." These pictures usually run at the large theatres in business districts more than one night, sometimes playing from one week to one year, just as does a legitimate dramatic show. In this case it is well to advertise a picture because you can get the accumulative effect of advertising, whereas you cannot get the same effect if you show a picture to-night and replace it for another picture on the following evening. Therein lies the great possibility for a newspaper to secure advertising, and this necessarily must come from the exhibitor showing the play, a phase of the business which I will explain later.

It is a sad fact, but true, that the general program, i. e., the programs made up of the contributions of the firms in the General, Universal, and Mutual Film Companies, cannot be advertised successfully, as they are the only dependable staple that these motion-picture concerns have.

In a few words, then, let me give you a resumé of the facts just quoted. 1. Motion-picture concerns like the licensed producers do not have to advertise, because their sales are made before their product. 2. The feature companies which I have treated briefly should advertise, and will in the future advertise, because their products are shown under more favorable circumstances for advertising. It is to this end that the newspapers should encourage the independents to the use of their columns. That newspaper advertising has been successful for them is proved every day, not alone in the *Tribune's* own pictures, but with other newspapers throughout the country.

Among the most enterprising and aggressive large groups are the Universal Company and the Mutual Company, the former spending to my knowledge about $200,000,000 yearly in newspaper publicity, and the latter, through their various groups, about the same amount.

The Movies and the Theatres

In social life everywhere the query goes back and forth, "Will the movies some day replace the legitimate theatre?" Showmen, experienced and keen of vision—long-bearded Thespians, steeped in and wedded to the art of the stage—producers of drama, comedy, etc., *all*, are looking with grave concern toward this new industry and marvelling at its phenomenal growth. Personally, I am of the opinion that the legitimate drama will never die. Acting "in the flesh" will always be popular with even the rabid movie fan, if for no other reason than as a contrast to pictures. What will take place is an elimination of the trashy stuff that makes up a large part of our modern speaking stage. Such a result, I am sure, will be welcomed by those who are directly and heavily involved, financially, in theatrical enterprises.

Despite the opinions of some showmen of the legitimate or speaking drama who cling with jealous pride to their art, the movies as amusement material have proved to be a very present help to all and will therefore live and grow. The fact that they are making tremendous inroads into the revenue of legitimate producers, which is represented in the astounding figures that $275,000,000 is being spent annually by patrons of movie theatres, indicates that nothing except a nation-wide holocaust could check its growth. Some "bred-in-the bone" theatrical men voice their sentiments by saying that the movies' entry into the amusement field is merely a hard times' development, that it is simply a fad born in order to die again, that it is something of an experimental venture which may vanish with the present business depression.

All of this is well said, but we cannot overlook the sane, sound, and modern economic principle on which the business is bound to thrive. It is primarily an amusement for the masses and classes—it is convenient insofar as it is a neighborhood proposition—it supplies everything that the art of the stage does with the exception of the voice, and this part lacking is very generously offset by the vast scope of original and natural effects possible in making motion pictures; features that are peculiarly its own. Motion pictures, besides being a form of amusement, have gained recognition in the courts, schools, technical colleges, and art studios, by doctors, lawyers, judges, business men, and people in every walk of life.

It is needless for me to dwell on the news value of a photoplay department in a newspaper. Publishers should devote a section of their paper to movie news in which current films are reviewed and gossip of the fans is given free and full play. News and movies are strikingly analogous to one another. The printed word and the visualized thought are as one, and compel an equal amount of attention from the reader whether the publication is a morning or evening daily, with or without Sunday issues. Movie news is on a par with baseball news, with the added advantage that it is an all-the-year-round feature. It serves the advertiser by increasing the publication's attraction value and has the lasting influence of an editorial page. The modern daily is hardly complete without its movie section, and has much to offer its advertisers when it serves a large movie clientele.

Photoplays as News Material

Publishers should give some very serious thought to the astounding decline of amusement advertising, and will find the institution of so-called movie directories a splendid counterbalance for the loss in regular amusement lineage.

In order to establish a movie directory it is necessary to meet the requirements of the neighborhood theatre. These requirements consist in serving a new type of advertiser, a special rate, a new method of maintaining credits, a copy service, and sufficient publicity to educate your public to the *habit* of reading your columns for program information.

Taking each of the aforementioned classifications separately and treating each briefly in the order of its mention, the following will be of interest: The *movie exhibitor* might be divided into three classes: first, showmen of the Marcus Loew type, who conduct their chain of theatres on a large scale and in a business-like manner; second, circus men, theatrical offcasts, and plain everyday money-grabbers, who forsake everything for the pleasure of increasing the cash till, and third, business men, who venture into the game, having become intoxicated with the fortunes made by others in the movie business.

This is not altogether an immodest statement. I have seen the shrewdest and hardiest products of our money-laden Wall Street—men of brains and ability, credited with huge success in the merchandising world—and theatrical men with bulging bankrolls (who should have known better) plunged headlong into this movie mire and led with bankroll and reputation to the abattoir and slaughtered like so many helpless lambs. Each class has a personality that must be studied and handled, and the greatest play for business made on the exhibitor's vanity pure and simple if you hope to secure lineage for the present, along the lines of least resistance.

A theatre in order to run at a profit must have from three hundred seats upward and charge ten cents admission. Results from advertising are manifested not in increased patronage, not in all the other benefits advertising gives, but in the indirect result that an added service gives to the exhibitor's patrons. In the final analysis, an exhibitor does not have to advertise to get business these days. Advertising from his viewpoint is like serving ice water to his patrons, and will not be a necessary part of his business until the public gets the habit and relies on it. Fortunately, the task of getting the reading public—the motion-picture-going masses—into the habit of reading the newspapers for programs of motion pictures is allotted to the newspapers alone.

How to Develop the Advertising

A *rate* must be determined on the lowest possible basis so that an exhibitor can afford to advertise his business at a cost not to exceed the price he ordinarily pays for printed heralds. Being a *cash business* and one in which the proprietors of theatres change hands to the extent of 20 per cent. every three months, all bills should be payable at the end of seven days, and secured cash in advance wherever possible. The typical showman cannot appreciate the value of long credits, being accustomed to doing a cash business himself and preferring not to keep unwieldy ledgers, journals, or books of any sort. His is the province of the loose jitney, the easy come, the easy go, and publishers must get in line "while the coming is good."

A regular daily copy service must be given the exhibitor, he relying almost entirely on the integrity of the publishers' advertising staff to take care of such details as pleasing set-up of ads, appropriate wordings, phrases with punch, etc., etc.

Such a feature, being news to the reading public, must receive encouragement through the newspaper's own columns, must tend in every particular to stimulate the habit of seeking the directory column for program information.

Such a directory in a city the size of Chicago should bring publishers from 100,000 to 150,000 lines of space annually. The business is substantial, the money good, and the proposition, besides having exceptional news value, is a very lucrative form of advertising.

As a circulation builder, the serial motion picture reigns supreme. It fetches a class of reader who at least has five and ten cents a day to spend for amusements, who is educated sufficiently to appreciate in his or her way the pictures that are shown to-day, a reader who has ambition, whims, motives, and desires, and withal a reader whom any publisher can consider an asset to offer the average advertiser. It gets the men, women, and children, rich and poor, foreign and American born, including every law-abiding citizen in the community, and delightfully eliminates the riff-raff who menace our public and who don't patronize the advertiser because they can get it just as easy by stealing or begging.

2. A CONSIDERATION OF SOME DISPUTED MEDIUM QUESTIONS

These are a number of questions about mediums which are perennial in advertising circles. But many of these seem to be gradually working toward a satisfactory settlement. A separate chapter will be devoted to progress in the solution of circulation problems, since these constitute not only one of the most important groups, but the group in which progress is being made most rapidly. Some of the others are reserved for consideration in this chapter.

The following paragraphs are taken from an address before the Six Point League in New York on March 12th by George Frank Lord, Advertising Manager of the Du Pont Powder Company. In the course of this address Mr. Lord gave the newspaper representatives a very plain statement of what he as an advertising manager thought of some of the soliciting practices employed in attempting to sell space:

*Now as to this question of service. It is quite apparent that all the various interests connected with advertising are coming to a realization of the mutuality of interest of the advertiser, the publisher, and the public. The proposed advertising campaign of the Association of National Advertisers has for its object nothing more nor less than preaching the aforementioned mu-

Printers' Ink, March 18, 1915, p. 37.

tuality of interest and thereby convincing the public that they ought to buy advertised articles for their own protection and advantage.

I believe that there is a great opportunity for development work in newspaper advertising, but to approach it, newspaper advertising managers and representatives must co-operate, and they must study the field of sales for commodities in general rather than the bank accounts of advertisers.

It is perfectly obvious that the newspapers as a whole and united represent the greatest publicity force in this country, but they are not getting the advantage of this power, for the simple reason that they do not unite nor use it as a whole. Such united work as is done by the newspapers is planned for them, and their co-operation secured by some outside party, and the fact that such movements are successful and benefit the advertiser, the publisher, and the public clearly proves that such organizations as this or the American Newspaper Publishers' Association, or any other organization representing publishers as a whole, could well afford to establish a promotion department for the development of newspaper advertising and sales campaigns.

Not the least important part of the work of such a department would be to broaden the attitude of newspapers themselves toward national advertising, and to stop the petty competition that destroys the united action necessary for the success of such promotive work. Such a department would have to be free from all bias as to individual papers, and it must have the complete confidence and support of every publisher represented therein. Consider the possibilities of such a department for quickly gathering data necessary for planning a national campaign. Consider the power of a department able to offer an advertiser the united local co-operation of newspapers in 100 important centres. Consider the possibilities of intelligent co-operation with an advertiser on the part of a nation-wide association of newspapers. Such a central organization could readily decide what was proper and legitimate co-operation and what was not.

In closing I wish to state it is my conclusion that newspaper advertising for national advertisers offers the greatest development opportunity of any factor in modern advertising, and that the newspaper publishers of this country are losing millions of dollars annually by their failure to organize their efforts to cut out lost motion and to reduce to a science the problem of marketing goods through newspapers.

An equally frank unburdening of the mind was that indulged in by S. Wilbur Corman of N. W. Ayer & Son in an address delivered to the Southern Newspaper Publishers' Association at Grove Park Inn at Asheville, N. C., on June 14, 1915, in the course of which he undertook to tell the newspaper men how some of their methods were regarded by the advertising agents:

*The *first* plank of my platform is that newspapers constitute the greatest form of advertising media; the *second* plank is that you newspaper publishers have a gold mine that you don't know how to work, and that, as far as national advertising is concerned, it is being accomplised without your aid in proper degree, because you Heralds of Modernity are the most behind-the-times men in appreciation of your own opportunities and your own values that the business world can exhibit.

Most of you will readily admit the correctness of my first plank, so I'll put that aside for later consideration and take up plank number two, with some attention to detail.

Basically, newspaper men do not believe in advertising. With rare exceptions, the advertising agency and the publisher are the poorest advertisers in America. A newspaper man had rather do anything else than spend some real money (all of which he has earned from advertising) for some advertising for himself. If he ever does get his courage screwed up to the point of printing an ad in his own paper (where it costs him absolutely nothing, and generally earns him a reward proportionate to its cost), the ad is usually the poorest example of advertising in the paper—poorly written and poorly arranged typographically—a bunch of brag and bluff and bluster of a sort that would send any business house into bankruptcy if it adopted publicity of a similar type. . . .

The newspaper publisher with his stock of merchandise (which is white space for the advertisers of this nation to utilize to their high advantage) does not, broadly speaking, fix his prices, terms, and conditions with any scientific regard for to-day or to-morrow, but with almost slavish fidelity does he face the

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past and ask, "How have these things always been done and what do my fellow-publishers do?"

The whole newspaper rate question needs disinfecting, fumigating, and deodorizing. You will gather from my remarks that I consider it to be in a bad state of decay. A similar price to all customers under like conditions is generally regarded as simple business honesty, and yet the newspaper which, under any circumstances or conditions, will not in any manner, shape, or form make any rebates, discounts, or concessions of any kind or character, is a *rara avis.*

Concessions from the Paper to Advertisers

How many of you will not, for my house, give a free insertion or a reading notice or concession of some kind? Do you answer me that my house should not ask for such things, fight for them, demand them, yes, almost force them? Well, I reply that if we did not do so we should soon be badly in need of customers, because if we do not get these things for our clients some other agent will; and as long as advertisers want such things and newspapers grant them, we, as an agent, must ask for them and contend for them as a simple matter of primary self-protection.

We never know what day we will lose a good account because we have tried to be fair and decent, and some less scrupulous agent has cooked up a plan whereby, with the connivance of a lot of weak-kneed newspaper publishers, he has assured our client of that glittering bauble desired by so many advertisers—"something for nothing."

Dilly-dallying with newspapers for concessions of various kinds costs us time and money, and earns no commissions. You gentlemen, I think, have no adequate appreciation of all the annoying angles of this proposition from the viewpoint of an advertising house which is devoting its entire time and talent to the creation and development of advertising, and yet is subject to the constant competition of other agents keen and skilful in the manipulation of newspaper rates and rules.

I recently failed in the solicitation of an automobile tire account, and the president of the company told me privately that he had been promised by the successful agent a definite number of inches of free reading matter for every column of paid space he used in his newspaper list. I had refused to promise anything but the best service my house could give him for every dollar he spent with us.

All the associations you can organize won't stop this sort of thing. Get together and resolute until you are black in the face, and you won't stop it.

We do not ask the Curtis Publishing Company for concessions, because we know we will not get them, and because we know no other agent will get them. This is true, not because Cyrus Curtis belongs to the Periodical Publishers' Association, but because he is Cyrus Curtis—able, independent, and square. We may not agree with him on some points, but we know just where he stands, and when we tell a client what we can do for him in the *Saturday Evening Post*, or the *Ladies' Home Journal*, or the *Country Gentleman*, we waste no time in wondering if some other agent can promise or deliver more. . . .

Let's look at another phase of the newspaper rate situation that is very discouraging to the national advertiser. Even assuming that rates are fully maintained, there is to my mind a gross injustice done under the present system of rate making. No one shall surpass me in my admiration of the modern department stores as a great merchandise distributing machine, and as a community convenience of high order; but its cost to the community it serves, and particularly the newspapers of the community, should also be taken into consideration.

That the big buyers should have the best price is a very well-established principle in many lines of business, but in some other lines it is absolutely unsound, uneconomic, and hurtful. The big customer of N. W. Ayer & Son gets his advertising advice and service at no lower rate of commission than the advertiser of small size. The big user of advertising space in many of our highest class periodicals pays exactly the same rate per line, per inch, or per page that is charged the most modest advertiser in the publication.

The "Inside Rate"

Department stores themselves are great advocates of the "one-price-to-all" theory, and in many first-class stores you or I would pay the same price per yard for one or a hundred yards of lace—the same price each for one of a half-dozen neckties.

I am advocating no impractical, Utopian ideals, and I do not mean to offer the suggestion that conditions are ripe for such a revolutionary move, but it is very clear in my mind that the flat-rate principle is right, and that newspapers are great sufferers because so many mediums of general circulation are proving it to be right.

Under a flat rate the little fellow has a square deal. Beginners in advertising, like beginners in anything else, are apt to start small. Protection and help for the beginner are very desirable. Advertising badly needs the beginner. The death rate is alarmingly high, so let's keep up the birth rate. . . .

Benefits of a Flat Rate

You use the amount of department-store advertising that your paper carries as a big argument in soliciting business from me, but because a department store used your paper at five cents a line is no reason why my client, with possibly only a partial distribution in your town, can use it at five times as much, which is probably the rate he will have to pay for the amount of space he can use.

Now here is another point. Possibly my client sells his goods through drygoods or men's furnishing or hardware or drug stores, and the department stores, and the department stores handle such goods as he produces. Department stores are notoriously difficult to induce to stock a branded and advertised line, but having taken it on, one of their pleasant practices is to cut the price to smithereens, and by advertising it in your papers at the dainty little private rate extended to them, disgust other merchants with the line and ruin the market for my client.

Under present rulings a manufacturer may not, by contract or agreement, fix the price at which his wares shall be offered to the consumer. Suppose you owned a trademark name on a valuable line of silks, and had spent a half million dollars in advertising it until the consumer of such goods knew it and respected it. Suppose that department stores here and there, recognizing that your goods were standard, cut the price in half for their own glorification, and to attract customers to buy other things on which they make a good healthy profit. Suppose department stores advertised their cut prices on your goods widely in the newspapers of their towns (paying for such advertising about one fifth or one sixth the rate that you would have to pay for the amount of space you could afford to use). Suppose some newspaper man came to solicit your advertising, and used as his chief argument the amount of department-store advertising his paper was carrying. What would you have to say? Your answer to him is my answer to you, when you inquire why the newspapers do not get more foreign business.

Short rates, foolishly extravagant discounts for space, local rate arrangements to meet the requirements of some one store or class of stores—all these things must pass away before the correctness of the flat-rate principle—if not now, eventually.

Some attention must be given to the actualities of the requirements of national advertisers if the newspapers want the business of national advertisers. I, for one, do not think you will have to lower rates, but an evening process must come about; gross inequalities must be ironed out; some must pay more, others less; the peaks must be trimmed down and the valleys filled in. You can make money by bringing about the change.

As far as drygoods lines are concerned—in our 100 largest cities five stores in each city do over 75 per cent. of the business; in the 2,500 next largest cities three stores in each city do over 85 per cent. of the business; in the same 2,500 cities one store alone does 40 per cent. of the business; in 1,200 small cities one store does over 50 per cent. of the business.

In most American cities most newspapers are "stymied" by the department store, and the wise publisher will do well to face the facts and think of the future.

Practical Co-operation Newspapers Might Furnish

If I were soliciting advertising for a newspaper from the general agencies of this country, or from the national advertisers direct, I would quit bragging about the amount of space some department stores used with me, and tell how many hardware stores or drug stores or grocery stores there were in my town. I would be prepared to tell what kind of merchants they were; what branded lines of goods they carried. I would equip myself to talk about the people of my community; what kind of homes they had; their employment; their standard of intelligence; their scale of earnings.

Advertising is shifting and changing very rapidly. No worthwhile agent talks much about the glittering generalities of advertising nowadays. The best advertising man is neither a literary genius nor a spellbinding solicitor. He is a student of the flow of merchandise. He is investigating the purchasing habits of stores and consumers.

The making of a modern advertising plan involves a study of distributive methods and channels and a proper understanding of trade relations or lack of them. Advertising is now generally considered as an item of sales cost, and may only be made fully effective through intelligent retail co-operation, sales efficiency of roadmen, and numerous other contributing factors. Even when publications of national circulation are exclusively employed in an advertising campaign, very exhaustive charts of their circulation in various communities or districts are compiled as a basis of operation, and newspapers are far behind their opportunities in the extension of the sort of co-operation that is practical and helpful.

Newspapers will not develop their foreign business by opposing other forms of advertising. They are natural aids to periodical publications, and periodical publications can greatly improve the resultfulness of a newspaper campaign.

Quit knocking the magazines. The most successful periodical publisher in America answers that sort of thing by spending a few hundred thousand dollars per year advertising in your newspapers and building his own splendid subscription lists larger and larger, and his prestige with business men stronger and stronger—making his wonderful publications more and more essential to the general advertiser and making it constantly less essential for such advertisers to use your papers to cover the country.

Running a newspaper is a simon-pure business proposition, like running a laundry, or a coal mine, or a shoe-shining parlor, or a street-railway system. Business in any line succeeds in almost direct ratio to the efficiency with which it understands and meets the requirements of its customers.

The biggest asset that any newspaper can have is the confidence of its primary customers—that is, the readers. Next, it must consider the claims of its secondary customers—that is, the advertisers. If it wants the national advertiser it must pay some attention to his needs, his difficulties, his rights.

There probably isn't a man within the range of my voice who couldn't take my place and tell as many wrong things about the advertising-agency system as I have pointed out concerning the newspapers. I will save him the trouble, however, by admitting them in advance. The main difference is that you make the agent by your recognition of him, while, on the other hand, if your paper is right and deserves to win, I do not believe that any agent or combination of agents can whip you.

Every one knows there are far too many advertising agents—newspapers, magazines, and the agents themselves all admit it. The business premises of half the advertising agencies in this country aren't physically large enough for a real file-room of the leading newspapers, but take it by and large, "any one who can get an account can get a commission."

This simply results in most agencies devoting their time to taking accounts from others instead of creating new business. You transfer the account from one agency to another on your books, but your revenue isn't increased.

Newspaper recognition should be a highly prized franchise. It should be impossible of obtainance except on a basis of *demonstrated ability to create and develop new advertising accounts* and *unquestionable financial responsibility.*

Recognition of Agents too Easily Won

There are not above a score or so of agents with whom you are doing business who could pay their bills to-morrow if their leading client were to fail, but this great business of newspaper publishing takes no heed of that fact.

And so I say again, as I said at the outset, that what the newspaper business needs is business principles in its conduct and management—a realignment of rates, rules, and regulations to the requirements of this present hour.

Now I haven't forgotten, even if you have, that there are two planks to my platform, and that one of them is a pleasant plank.

I made the statement that the newspaper is the foremost form of advertising media, and I mean every word of it. Many of the greatest national advertising campaigns had their start in the newspapers of one city or one state or one section. As production, capacity, and distributive ability grew, the zone of advertising widened until the country over was covered, and national publications could be used with maximum resultfulness.

The house that I have the pleasure of representing does a very large business with the newspapers, and is successfully conducting many sectional campaigns. I believe we will see more national advertising in newspapers, simply because all logic and all sanity and all experience are behind the newspaper as the ideal advertising medium for everything, from the five-cent soda-cracker to the five-thousand-dollar automobile, and because I believe that the newspapers are beginning to commence to start to see the national advertisers side of the case.

The Newspaper's Power

The American newspaper owes its strength to its local sufficiency. It is the palladium of local interests. It is the reflector of local sentiment. It is the stimulator of local enterprise. It is the booster of local talent. It is the recorder of local endeavor. It is the reporter of local accomplishment. It is the herald of local ambition. All these things it is, should be, and will continue to be.

But a spirit of nationalism is in the air. Men are thinking with a national mind. What the nation eats, wears, does, and feels is reflected in Decatur, Ala.; Decatur, Ill., and Decatur, Texas.

If a man produces an excellent breakfast food in Battle Creek, Mich., and educates a nation of men and women to demand it, and a nation of storekeepers to supply the demand, the attitude of the New Orleans newspapers toward it should be that they will advertise it for him at a fair rate, compared with what they would charge one of their big stores if it should bring out a breakfast food under its own brand—they should help him get it into stores in their town—they should give all the local aid and help they can to those employed by the advertiser in opening and developing the New Orleans market. Incidentally, the papers of Battle Creek ought to do just as much for some gentleman of the Crescent City who works up enough courage to put a first-class package rice on the market when he reaches their town with his campaign.

Who cares where goods are made? The average man doesn't know or care if Prince Albert Smoking Tobacco is made in Westfield, N. Y., or if Welch's Grape Juice is bottled in Winston-Salem, N. C. The newspapers are getting the advertising of both products because they have been nationalized, and intensified selling means local application of the forces of publicity.

Don't be afraid of national advertising mediums. Love them for the good they have done. The very best national periodicals are only sublimated newspapers, anyway. They are fast developing news features and approaching newspaper standards. The greatest advertising mediums are getting away from the purely fiction idea and are approximating great national, weekly, or monthly newspapers. They are doing infrequently, in a national way, just what you can do frequently in a local way. You fit together in a national advertising campaign like peas in a pod.

Why this question of newspapers or magazines? What reasons under the sun are there, except your own self-erected barriers, why newspapers should not have more and more national advertising?

We have seen a lot of thinly spread out, so-called national advertising campaigns, designed solely with the idea of bluffing the dealers into stocking the goods, but this is only just one little picture in the ever-shifting, fast-moving kaleidoscope of advertising experimentation.

Advertising fundamentals are safe. Advertising principals are certain. . . .

One other point of dispute which is constantly causing friction is the question of flat rates for space. Lafayette Young, Jr., of the Des Moines *Capital* discussed this question quite freely and suggested a way out in an address which he delivered before the Newspaper Conference of the Associated Advertising Clubs of the World on June 22, 1915:

*Newspapers are anxious to secure more advertising, and I am assuming for my hypothesis that the complexity of the newspaper rate-card operates as a serious handicap for handling the present volume of general advertising and militates against an increase of volume. I wish to support this argument, not by views or theories, but by facts furnished by advertisers and advertising agents with whom newspapers do business.

Herbert Gunnison, of the Brooklyn *Eagle*, expresses the situation when he says, "There is nothing so unbusinesslike as most of the rate-card methods of newspapers."

Collectively the newspaper cards contain too many different rates and too many discounts. They are lacking in uniformity and simplicity. They are lacking in intelligibility. They are published in all shapes and sizes from a single sheet to as much as twelve pages. There is no sequence to the information given and there is no rule as to the amount or character of the information. They are almost impossible of interpretation by laymen, and they are extremely difficult for the expert. I examined one hundred rate-cards of metropolitan newspapers for the purpose of this discussion and I found in the aggregate thirty special rates in addition to innumerable variations of these same rates. Special rates are made by newspapers for insurance statements, schools, and colleges, hotels and summer resorts, for different pages, automobiles, political advertising, new publications, steamships, books and periodicals, mail-order advertising, farm and garden magazines, railroads, financial advertising, motorcycles, excursions, educational advertising, transients, beer, whiskey, and liquor advertising, doctors, motor-boats, art sales, lake steamers, poul-

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try, advertising on woman's page, government ads, sanitariums, travel, and special rates for special days.

Under the circumstances, what should be done for improvement and simplification? I have communicated with a very large number of agents and with more than a hundred important newspapers in America, and with a large number of general advertisers. My conclusion, derived from the information received from these sources, is that the flat rate is the ideal rate and should be adopted or approximated by every newspaper that wishes to do business in the most efficient manner.

The buying and selling of newspaper advertising is difficult because there are so many newspapers. S. C. Stewart, of the Stewart-Davis Advertising Agency, of Chicago, scores a point when he says that all publishers should concede individual prejudices and opinions for the benefit of the whole business.

Agencies Advocate Flat Rate

What evidence have I to prove that advertising agencies prefer the flat rate? I received replies from 35 important advertising agents. Only one agent was bitterly against the flat rate. Five of them were in favor of a graduated scale. Twenty-nine of them were unqualifiedly in favor of the flat rate, and all of them thought the average card was open to improvement and especially approved of efforts at simplicity and uniformity. Here is what some of the agents who favored the flat rate had to say:

Lord & Thomas: "We are recommending the flat rate and believe the time will come when the majority of the publishers will have just one rate.'"

Frank Presbrey Agency: "It is our opinion that the flat rate is the ideal rate-card, and trust the time may soon arrive when all of the newspaper publishers may realize this. In all our experience we have yet to find a case where the newspaper lost any business on account of the flat rate."

The Brackett-Parker Company, Boston: "This agency is unhesitatingly in favor of the flat rate, with the privilege of position at a price, and it would be the greatest step possible to make in the direction of honesty if the newspapers would all come to this arrangement and adhere to it."

Roberts & Mac Avinche, of Chicago: "We have advocated the flat rate for thirty years. We are buying one thing in a newspaper and that is circulation. If the circulation is worth six cents a line, it is worth six cents per line whether we use one line or twenty thousand lines."

Stack Advertising Agency, Chicago: "It is our opinion that more and more publishers are coming to the conclusion that the flat rate is the most satisfactory basis on which to sell advertising space. The short rate is a bad proposition from every standpoint, and we believe the day is coming when all publishers will recognize that every advertiser should be placed on the same basis, thus giving the small advertiser an opportunity to expand his advertising expenditures."

Wrigley Advertising Agency, Chicago: "It is our experience that the short rate is emphatically a nuisance and the flat rate is by all odds the better system from the standpoint of the newspaper, the agency, and the advertiser."

Papers with Flat Rate Get the Preference

Hugh Brennan, of the Dooley-Brennan Agency, who for many years handled the rates for the Stanley Clague Agency, has the following to say: "I think the flat rate on newspapers is the ideal arrangement. There never has been within my personal experience during the past twelve years any case where a publisher failed to secure the full lineage on account of a contemplated appropriation simply because of a flat rate. I do not remember of having an argument with an advertiser regarding a flat-rate paper on account of rate, provided the paper was all right. But I do remember a number of arguments about using a paper that had a sliding scale. I think it is safe to say where there is a selection to be made in a city on two papers, one with a sliding scale and one with a flat rate, both about equal in circulation, that the flat-rate paper would get the preference every time."

Mallory, Mitchell & Faust, Chicago: "Your letter of May 19th has gone the rounds of the members of this firm and the order department, and the consensus of opinion is that from our standpoint the only rate for a newspaper, and, in fact, for any publication, is a flat rate. We must feel that the newspaper is absolutely independent before we make any contract that carries with it any possibility of getting stuck with short rates later on."

Charles H. Touzalin Agency: "We are surely enthusiastic for the flat-rate card as the ideal rate-card. The short rate is certainly a nuisance."

Blackman-Ross Company, New York City: "I do not believe there is any doubt in the minds of the agents that a flat rate for every newspaper would tickle us all to death. But, while we should all be working for the flat rate let us have a uniform, simplified rate-card in the meantime."

Morse Advertising Agency, Detroit, Mich.: "We also believe that putting all publications on a flat-rate basis would be an advantage, thus disposing for all time of the short-rate bugbear. There are lots of arguments in favor of the sliding rates, we admit, but we believe the advantages of flat rates would greatly outweigh everything else."

Campbell-Ewald Company, Detroit, Mich.: "Your first question, 'Is the flat rate an ideal card?' can most emphatically be answered 'Yes.' On the face of it, the newspapers should favor flat rates and I am sure that the agencies of the country would welcome such a change."

Street & Finney Agency, New York: "The writer's personal opinion is the flat rate is the most equitable card. The short rate is decidedly an annoyance, and very often the cause of trouble between the agent and his client. There are many things that enter into a space contract, which, if not fulfilled, cannot always be clearly explained to the publisher. He can see no reason to waive a short-rate charge, as it is equal to cutting his rate, even though the circumstances are entirely justifiable. The flat rate would eliminate all such trouble, and place all advertisers on an equal basis, both large and small."

Dauchy & Company, New York: "I think you will find that the flat-rate papers are getting larger volumes of business than those that have a sliding scale."

Richard A. Foley, Philadelphia: "The flat rate is very indispensable in a great many cases as it simplifies matters considerably and, as you know, short rates are always rather annoying."

I could continue to quote indefinitely from advertising agents. I think the evidence that I have given is sufficient to show the preference of advertising agents generally.

Let us see what some of the leading advertisers have to say:

Advertisers' Views

Julius Kayser & Company: "The universal adoption of the flat rate and the abolition of the short rate are the most wished-for things from the point of view of the buyer of advertising space."

Joseph Campbell Company, Camden, N. J., by L. M. Frailey: "I am in favor of a flat rate, but only on the basis of this flat rate applying to both foreign and local advertisers."

W. B. Morris, Northwestern Knitting Company: "My idea is that the sooner the flat rate is adopted by all newspapers the easier it will be for newspapers to get hold of the national advertising that is now appearing in other mediums."

General Roofing Company: "We strictly desire to use the paper offering us flat rates because we are sure that flat rates are in line with up-to-date business."

What as to those newspapers that are operating under the flat rate?

Experience of Papers That Have Tried It

O. R. Johnson, business manager of the Indianapolis *News*, says: "We have a flat rate of 12 cents a line. We put in a flat rate about four years ago and find it most satisfactory. Before we went to a flat rate I wrote to practically all the agencies in the country and practically every one favored it."

Every publisher should study the card of the Indianapolis *News*. It is simplicity itself. It is a model that should be used by every newspaper. With respect to general advertising it says: "Display advertising 12 cents a line flat; no reduction for regular insertions or total amount of space used. No special or class rates of any kind." I do not believe that there is a newspaper man in America who could dispute the efficiency of such simplicity or who would doubt that the Indianapolis *News* is of such size and character as to test the value of the one-rate system.

The Philadelphia *Bulletin* is another eminent newspaper with a flat rate. Its card is subject to equal commendation with that of the Indianapolis *News*. The Philadelphia *Bulletin* writes concerning their card: "The *Bulletin* has a flat rate of 35 cents per line, run of paper; 45 cents per line for full position, and our experience is that the advertising agent and advertisers prefer the flat rate."

The Buffalo *News* says that "the best evidence as to what we think of the flat rate can be determined from the fact that we propose to put the flat-rate card into effect July, 1916."

The Boston *Globe* writes: "Our rate is flat, both for local and foreign business."

The Denver *Post* writes: "There should be a flat rate and absolutely the same rate to everybody. We have flat rates on both the Denver *Post* and the Kansas City *Post*."

The Milwaukee *Journal* writes: "The flat rate simplifies the accounting, makes it impossible to make mistakes in billing, and is so superior to all other forms of cards that we would not go back to this form under any circumstances."

The Washington *Star* says: "In the foreign field we operate entirely upon a flat rate."

The Providence *Journal* states: "We have employed the flat rate covering both the local and foreign field since October, 1913, and could not be persuaded under any circumstances to revert to our former cards. Most newspapers to-day are handicapping themselves in a fashion which is hardly short of criminal with rate-cards which repel the advertiser, give rise to mutual suspicion and controversy, and bristle with inconsistencies of such ancient origin that the publisher himself cannot offer a satisfactory explanation."

The Chattanooga *Times*: "We have had a flat rate on this newspaper for several years, and find that it works satisfactorily alike to both us and the advertiser. I think the flat rate is virtually saying to the advertiser that this newspaper does not need a contract."

The Omaha *Bee*: "We have a flat rate. This applies to all advertising, both local and foreign. From the standpoint of the advertiser we believe that the flat rate is the most satisfactory and the most equitable."

If every newspaper in America had cards as easy to understand, as easy to handle as those of the Philadelphia *Bulletin*, the Indianapolis *News*, and the Washington *Star*, thousands of dollars of advertising now going to other mediums would go to newspapers, and thousands of dollars would be saved in the bookkeeping and correspondence by agencies and publishers alike. S. C. Stewart says: "The flat rate simplifies the arithmetic of advertising and saves time and money for the publisher, the agent, and the advertiser." The waste of time due to the present newspaper rate-card is beyond reckoning.

Marked Success of Magazines Having Flat Rate

What is the situation in the magazine field? The magazines, with scarcely an exception, operate upon a flat rate. The *Saturday Evening Post*, the *Ladies' Home Journal*, and most of the standard magazines have a flat rate. *Successful Farming*, the Philadelphia *Farm Journal*, and most of the farm papers are each upon a flat-rate basis. Is there any argument that could be advanced against the flat rate for newspapers that could not with equal cogency be advanced against magazines, and has it not always been apparent that agents find it much more satisfactory to do business with magazines than with newspapers?

The objections to the flat rate that were advanced in letters that I received from newspapers were based upon two things. First, that it would be inequitable on the part of the publisher not to recognize the wholesale rate to the advertiser who buys in large quantities; second, a fear on the part of the publishers that they would lose business by changing from the sliding scale to the flat rate. The first presumption that the sliding scale should be used on account of its equity does credit to the newspaper publisher's fairness. Yet the man with whom the publisher does business, the advertiser and the agent, prefer the flat rate. The publisher generously offers the advertiser something that he does not want. Advertisers do not want the sliding scale with its bugbear, the short rate, attached. They know that the short rate leads to trickery on the part of both publisher and advertising agents. One prominent advertising agent in Chicago told the writer that as a matter of competition they were compelled to make 10,000-line contracts when they had no intention of using that amount of space, knowing full well that the newspaper would not enfore the short rate against them.

But what of the loss of business by the adoption of the flat rate? I asked this specific question of a large number of agents. Every agency was certain that no newspaper would lose business by the adoption of the flat rate. They unanimously stated that flat-rate papers get the complete schedules and most, of them agreed that the flat-rate papers secured the preference. Apparently there is no ground for the belief on the part of publishers that the graduated scale should be extended as a matter of justice or that the adoption of the flat rate would lose them any business.

Urges Papers to Endorse Simplified Rate-card

Personally, I am thoroughly convinced that the adoption of a flat rate or its approximation, the simplification of the rate-card, and the elimination of the short-time rate, and the special rates, would be beyond price to the publisher and the advertiser, and I am greatly in hopes that this meeting will take some action, endorsing such procedure and urging a similar action upon the Bureau of Advertising of the Publishers' Association. The whole tendency of modern business is toward an elimination of waste. It is a problem of simplicity versus complexity. In the fire insurance business they have a standard fire policy and a bureau for the establishment of rates, and in no business has there been greater difficulties than in the fire insurance business to get onto an efficient basis.

The newspaper publishers have made a tremendous advance with the circulation problem in the Audit Bureau of Circulations.

This organization takes the circulation problem out of the field of controversy and allows advertisers to study newspaper characteristics and newspaper productivity rather than devote themselves to constant circulation investigations. Now, if the publishers will do with the rate-card what they have done with the circulation it will be the biggest advance that has been made in twenty-five years in the newspaper publishing business.

In correspondence with advertising agencies I received a large number of suggestions as to what every rate-card should contain. In general, every publisher knows what should be on the rate-card. I will only name those things that are frequently omitted, and which the advertiser and the advertising agent desire. The agent desires that the card should contain the agency commission and cash discount; that it should contain circulation figures; that it should contain data concerning the field in which the publication circulates; that it should contain the date on which the card went into effect; that it should contain the name of the publication in full and the price at which it sells per year and per copy; information as to whether cuts should be mounted or unmounted; it should contain the special rates in logical order; information as to special position should be very specific. It should be very plain whether the publication is a morning or evening paper. Cards should be issued frequently so that the agent is sure that the card is up to date. All regulations concerning illustrations and objectionable advertising should be mentioned. One of the advertising agencies suggests that the card should be put in loose-leaf form and another advertiser insists that it should not be on cardboard, as he says there are a number of agents who paste the cards in books rather than file them. Some of these suggestions may be helpful to publishers who have not been giving the matter recent attention.

The Inside Price Evil

Many advertisers and advertising agents to whom I have written and with whom I have conferred have made complaint against newspapers for having lower rates in the local field than in the foreign field, and this difficulty exists in a great many cities, and particularly in the automobile and department-store field. One agent writes on this point saying, "When the advertising agent figures with a wise advertiser he is likely to find that the advertiser makes a comparison of the rate he can secure buying over the department-store signature as against buying direct through the agent. There is no question but what the department-store rate enables the advertiser to save some money. But if you want to develop advertising in the foreign field of the kind that is most naturally going to develop, it will be necessary to make some protection of the agent on this particular point."

Another agent complains about allowing the commission direct and about different rates in the local and foreign field, and says: "One annoying thing in connection with our business with newspapers is caused by the utterly unfair attitude that most newspapers take in the matter of allowing agency commission to advertisers direct. Another is the granting of local rates, which are in many cases much lower than the foreign rates on business that is run over the imprint of a local dealer."

The problems of the inefficient rate-card lead us to inquire if there is a business in the world in which there are so many difficulties to be corrected as those existing between the newspaper, the advertising agent, and the advertiser. And this makes me hope very much that every newspaper publisher will canvass the situation with respect to his own rate-card and his own methods of doing business in an effort to make improvement for the benefit of the whole.

I am certain that newspapers can get more advertising by improving their selling prices. I am certain that newspapers per se deserve more advertising. I am certain that the rate-card must be simplified and that the corollary problems affecting the relationship between the paper and the advertiser must be solved. Newspapers must do their part to make it easy instead of difficult to buy space.

CHAPTER XI

ADVANCE IN CIRCULATION STANDARDS

FOR a number of years efforts have been made to standardize circulation facts and figures. For a long time little apparent progress was made beyond developing the idea that there was real virtue in telling the truth about circulation when the truth was agreeable. There never was any trouble about knowing what circulation standards ought to be, but it was difficult to get enough people to adopt these standards to make it really mean anything that they had been adopted.

Bert Moses, of the Omega Chemical Company of New York and former President of the Association of American Advertisers, delivered an address before the Fourteenth Annual Meeting of that association in which he outlined some of the main features of the system of circulation reports which the American Association had adopted. In the course of this address Mr. Moses discussed some of the main points in the history of the Association of American Advertisers and its efforts to work out this problem. To this work a large part of recent progress owes its origin:

*In fifteen years' experience it has been found that the only way to get circulation facts is to open up the books and count the figures.

By comparing this book with that, by consulting cash records, by checking up white paper bills, by matching mailing-lists with correspondence, and other methods familiar to competent accountants, we come close to the truth.

If there is any better method than the one we have arrived at after fifteen years' work, we surely would like to know what it is.

The Association of American Advertisers' reports are wonderfully comprehensive and supremely simple.

******Printers' Ink*, April 5, 1914, p. 41.**

I have here the report of our examiner upon a great daily in a great city.

A Sample Report

It comprises 23 pages and gives information of vital importance to an advertiser.

It tells how many papers are sold—how many are given away or returned—average press run and circulation by months.

It shows whether the paper is going ahead or going back by giving gains or losses from month to month.

It divides the circulation up into city and country distribution.

It gives a brief history of the paper.

It gives the subscription price—the typographical appearance—the quality of the paper used—the length and width of columns—the average number of pages for a year—the number of editions issued and the quantity of each and where the bulk of each edition goes.

It indicates what the general policy of the paper is and what are probably the sort of people who buy and read it.

It tells all about methods of distribution, and if there are combinations or special deals or premium schemes used those particulars are set down also.

It tells how collections are made from dealers, and it tells whether the accounts are well paid up or otherwise.

It tells what kind of advertising is accepted and what kind rejected and all about the paper's advertising policy.

It gives the politics of the paper and the news service it employs.

It gives the names of those of our members who are using space in its columns.

And it gives in page after page of figures the precise distribution of circulation that goes outside the city.

This report cost our members about 75 cents, while the advertising rate of the paper itself is 40 cents or 50 cents a line.

Thus, by paying out the price of two lines of space, we get all this information beforehand, and when we are ready to make contracts we know precisely what we are doing.

We do not pretend to do anything more than give facts, and facts are things you can never get too much of.

I do not believe any representative of this paper is possessed of half as much knowledge about it as the members of this association. . . .

We are not satisfied with publishers' statements alone.

We do not believe in circulations made by affidavit any more than a bank will accept deposits on affidavit.

We want to count the papers, just as a bank wants to count the money before making an entry in the pass-book.

Delicate, indeed, is the work we are trying to do.

A publisher is as touchy about his circulation as Boston is touchy about her syntax.

The difficulty is that up to date nobody has supplied a satisfactory definition of circulation that is generally accepted, and yet circulation is the hole into which the advertiser pours his money.

There are more ways of defining the word than there are politicians in Indiana.

It is good to realize that the work we have done is coming to be recognized as a real service to the honest publisher.

More and more publishers are showing a tendency to deal from the top of the deck and play fair.

Auditors Given a Welcome

They not only permit our auditors to go over their books, but urgently seek such examinations.

As a matter of fact, requests for examinations are so constantly increasing that we are unable to comply as quickly as we wish we could.

The most valuable part of our work, however, is getting information from publishers, who, through various excuses, endeavor to cloud the issue. . . .

The opposition we had to overcome emanated from two sources.

The first, naturally, was from publishers who were playing with a cold deck.

You never found a man like Victor Lawson, or Cyrus H. K. Curtis, or any of a dozen publishers, like those of the Washington *Star*, the Newark *News*, the Indianapolis *News*, or the New York *World*, say a single syllable against us.

We were savagely attacked by a publisher in the South and by another publisher out on the coast, but these folks were hiding something they didn't want us to find, and so, like inkfish, they endeavored to get away by clouding their surroundings, and tried to escape in the noise and din they expected to follow.

We have been attacked by discharged employees, but you may always expect to be vilified by people to whom you have paid wages after you find you need them no longer.

The other source of opposition, remarkable as it may seem, was from advertisers themselves.

It is rather a sad commentary on modern progress to have to say that not one advertiser in a hundred seems to care whether the circulation figures laid before him are authentic or not. . . .

I have gone to hundreds of these misguided gentlemen and endeavored to get them to join us in our work, showing as best I could how really desirable it is to have facts in advertising, and the answer I usually got was that our work was not extensive enough—that we didn't have enough members or enough money to cover the country as we should, which was the naked truth, just as it is the naked truth to tell a hungry man that what he needs is food, and then turn on your heel and walk away.

Poverty has stared us in the countenance practically every day since we started, and the marvel is that we have done one tenth the work that we have actually performed.

Hard Pushed for Funds

Every dollar has been stretched to the utmost, and the men who have done so much with so little are surely candidates for statues when the time comes to perpetuate in bronze or marble the pioneers who set things in motion for honesty in advertising when advertising was young. . . .

Of the hundreds of reports sent out by the A. A. A. in the last fifteen years, I have every reason to feel and almost to know that, like Ivory Soap, $99\frac{44}{100}$ per cent. were pure, and more than likely the percentage is even higher.

Advertising is the most uncertain and the most expensive institution we know anything about unless it be a son going to college or a gasoline car.

The one thing about advertising that it is possible to hog-tie and to hold is circulation.

There is one kind of circulation that is valuable and another kind which has very little value.

The only kind of circulation I personally care very much about is the kind that comes from printing a good paper or a good magazine which people buy because they like it.

Circulation of Real Value

Of what value is circulation secured by giving away premiums that are alleged to be worth more than the subscription price—when subscribers subscribe for the premium rather than for the publication?

Of what value is circulation largely made up of copies purchased for the purpose of cutting out voting coupons?

Is circulation circulated free by campaign committees of any real value to anybody but the advertising manager and publisher?

Of what value is bulk circulation created by affidavit, and bulk circulation that exists only in the imagination, and bulk circulation secured in any way except by printing a good paper?

When an advertiser buys circulation he is entitled to know what he is going to get in the way of quantity.

That is so self-evident that no normal man will dispute it.

And the only way to know is to set an accountant at work upon the books and the records.

But how was the circulation secured?

Where do the papers or magazines go?

What kind of people comprise the readers?

Now, my fellow income-taxpayers and citizens of this more or less free land, we are getting close to the theme.

If the circulation of a two-dollar magazine was built up by giving away four dollars' worth of bum dishes, it is not worth so much per thousand as the circulation secured by hiring good editors and good writers.

If the circulation is largely made up of people whose incomes are limited, it is not the kind of circulation to create sales for a Packard car.

If the circulation scatters all over creation and then back again, it is not good circulation for the advertiser whose product is distributed in a few places or in one place only.

If, for instance, I use a paper in Chicago, and am desirous of reaching Chicago people alone, then I want that paper which, other things being equal, reaches the most Chicago people.

It seems foolish for me to stand here and state such self-evident truths, but I state them because all this vital information is to be had only in A. A. A. reports, and less than a hundred advertisers are getting these reports. . . .

There is a law making publishers give their paid circulations to the Government, but these figures, even if accurate, are as worthless as a hobble skirt, and even more limited.

The Government simply asks for a total, while we get all the items that contribute to this total.

In this report to which I have referred we give twenty-three pages of detail, while the Government gives out less than twenty-three words. . . .

We have been doing the work as best we could under handicaps that would discourage any but men who work for a thing because they believe in it with a belief that goes down to bedrock.

At the same meeting of the association at which this address was delivered there were other discussions of various aspects of the subject, and Louis Bruch, Vice-President of the Association and Advertising Manager of the American Radiator Company, after a further discussion of the work of the association in this direction, offered the following resolution:

Resolved—That for a period of one year the service rendered by the Advertising Audit Association & Bureau of Verified Circulation be utilized by the Association of American Advertising, the cost for such service to be at the rate of two dollars a year for class "A" members, and that the regular service heretofore rendered by the A. A. A. be suspended for that period, but the organization itself to be kept intact as at present.

Resolved—That for the above period of one year the plans, records, and equipment of the A. A. A. be transferred to the Advertisers Audit Association & Bureau of Verified Circulations.

Resolved—That a committee be appointed to conclude negotiations in carrying out the foregoing resolution.

The meeting at which this resolution was passed was held on February 24 and 25, 1914. On May 20th of the same year there was held in Chicago a meeting of advertisers, publishers, and advertising agencies of the United States and Canada, which was attended by 200 delegates, representing 637 concerns. The result of the meeting was the formation of the Advertising Audit Association and Bureau of Verified Circulations, which was formally organized on May 20, 1914.*

In October of 1914 it was announced that a corps of eleven men were at work for the Audit Bureau of Circulations. The list of members who were interested in the organization at the time of its establishment included the names of 301 newspapers in the United States and 9 in Canada, 49 advertising agencies, 76 advertisers, 46 of which were members of the A. A. A.; 51 farm papers, 27 magazines, 10 weekly newspapers, 53 class, trade, and technical papers, and 2 supply catalogues. The fol-

**Printers' Ink*, May 28, 1914, p. 10.

lowing account of the work of the organization to date is taken from material supplied by the Bureau.

The growth of the Bureau since that time, both in extent and character of work accomplished, indicates that service of this kind is being appreciated in advertising circles. The figures for one year's growth in mere size alone are impressive. As of September 1, 1915, the Bureau reports in its membership list 617 United States newspapers, 27 Canadian newspapers, 9 agricultural weekly newspapers, 4 foreign language weeklies, and 2 United States and 6 Canadian weekly newspapers, 52 magazines and periodicals, 63 agricultural publications in the United States and 4 in Canada, and 106 class, trade, and technical papers.

The efforts to standardize circulation facts and figures have a legal as well as a mathematical side. In the Appellate Division of the Supreme Court of the State of New York, Third Department, a decision was handed down in March, 1915, defining a "paid subscriber." This decision was given in the case of Cream of Wheat Company, appellant, versus the Arthur H. Christ Company, respondent, and involved some question as to the size of the paid circulation of *American Motherhood.* The opinion of the court, prepared by Presiding Justice Smith, contained the following clauses and was concurred in by all the court except Judge Woodward, who, dissenting, took a somewhat different view of the situation:

*SMITH, P J.—Under the contract, which is here for interpretation, the plaintiff is entitled to recover if it appears that the defendant in 1911 and 1912 had materially less than 63,000 "paid subscribers." Upon the wording of the contract alone the court would interpret the expression "paid subscribers" to mean those only who had prepaid their subscriptions. The trial court has found that by an established custom of the trade the term "paid subscriber" has a broader meaning, and includes not only those whose subscriptions had been prepaid, but any subscriber to whom the paper was sent and who had once paid al-

**Printers' Ink,* April 1, 1915, p. 45; see also issue for April 22, 1915 p. 57.

though the subscription had not been prepaid for the years in question. This finding is abundantly supported in the record.

First. The purpose of the contract is to advertise the plaintiff's product. The actual circulation of the defendant's magazine was confessedly over 70,000 copies per month, although some of these subscribers had not paid for several years. The magazine was only sent upon the request of the subscriber, renewed each year, upon which the trial court has found that there was legal liability to pay. The purpose of the insertion of the advertisement would, therefore, seem to be fully accomplished whether or not the subscriber had in fact paid the subscription price in advance.

Second. The contract itself in effect defines a paid subscriber as one to whom the paper was not sent as a gift. The term "circulation" is therein described as "the total number of copies of each issue of the publication above mentioned which shall be published and sold and delivered by the publishers thereof, both to paid subscribers and to news agencies, exclusive of all returns from news agencies and copies given away in any manner whatsoever." It appears that it was the custom of the different magazines to give away to employees, to advertisers, advertising agents, to exchanges and for other purposes what are called service copies. These would seem to be the part of the circulation that was intended to be excluded by the terms of the contract.

Third. The term "paid subscriber" has been construed by the plaintiff's general manager and secretary, who negotiated and signed the contracts in question. In 1912 E. Mapes, who for the plaintiff negotiated and signed these contracts, was upon the circulation committee of the Association of American Advertisers, which was an association composed of about seventy or eighty prominent advertisers, which at its own expense had audits made of magazines and newspapers to determine the extent of their circulation, for the purpose of ascertaining their value as advertising mediums. Among the papers thus examined by this association were the Albany *Knickerbocker Press* and the Albany *Times-Union* in the city of Albany. In that year a contest arose between those two papers as to which had the larger "paid circulation." This contest was referred to a committee of this association of which Mr. Mapes was a member. That committee decided that in ascertaining the paid subscription list all those sub-

An A. A. A. Ruling Cited

scribers should be counted who had once paid and to whom the paper was then being sent, although no subscription had in fact been paid for fourteen years. The record does not show whether or not Mr. Mapes assented to that decision, but as he was on the committee which made the decision, and it could easily have been shown if he dissented therefrom, it is fair to assume that it was his interpretation as well as that of the committee of the term "paid circulation." It is true that this was the interpretation of the term as that applied to the circulation of a newspaper and not of a magazine. As the audit of a newspaper circulation, however, was for the same purpose as the audit of a magazine circulation, it is difficult to see why the term should have a different meaning when applied to the circulation of a magazine in a contract for advertising. This interpretation of the term made in 1912 by the man who negotiated and signed this contract for the plaintiff is most cogent, if not controlling, evidence of what was intended in the contract to be included in the term "paid subscriber."

Fourth. The witness Turner is an expert accountant, who for four years before the trial had done nothing except examine the circulation of magazines and newspapers. He had done this work under employment from the plaintiff and other individual advertisers, and also of the Association of American Advertisers before mentioned. Of this association this man Mapes is now the president and was then upon the circulation committee. He swears that in making those audits the entire circulation of the paper was divided into two branches, paid and unpaid; that there was included in the paid class the entire mailing list and the news agencies, and in the unpaid class the advertisers and advertising agents, exchanges, service copies, and employees; that in the class of paid subscribers was included all subscribers to whom the magazine was sent, whether or not payment had been made in advance or the subscriber was in arrears.

It is true that few magazines continue to send the paper where the payment of the subscription is far in arrears. That, however, was a matter entirely within the policy of each magazine, and some were more liberal than others, and that since 1912 the tendency had been to draw the lines still closer. The plaintiff produced two experts, who made the audits of the defendant's magazine for the years 1911 and 1912, in order to ascertain whether the plaintiff was entitled to any rebate under the contract. This audit was made, however, at the request of the plaintiff, and with a strict construction of the term "paid subscriber" as only those who had paid in advance, it was found the circulation was substantially less than 63,000 copies a month. The testimony of plaintiff's main expert, Rink, as to what was understood to be included in the term "paid subscriber," is unsatisfactory and evasive, and in view of the purposes to be accomplished by the contract in question the trial judge was abundantly authorized to find that in the custom of the trade the term "paid subscriber" was not limited to those subscribers who had paid in advance. An examination of the evidence of the two experts called for the plaintiff will be found to contain no substantial dispute of the evidence of Turner, the defendant's expert, as to what was understood to be embraced within the term "paid subscriber" in an audit made for the purpose of determining its value as an advertising medium.

Club Contract Not Specific

Fifth. It appears that the price of this magazine was normally $1 per year, and that the receipts for the years in question from the subscription list were only between $20,000 and $30,000. This disparity between the circulation and the receipts therefrom undoubtedly casts some suspicion upon the good faith of this circulation. There is no question made, however, that the circulation in fact exceeded 70,000 copies per month. Moreover, while the subscription price was ordinarily $1 a year, it is suggested in the evidence that clubs were formed with a subscription price of 50 cents. So that the actual paid subscriptions were not fairly represented by the actual amount of cash received. It appears from the evidence that other magazines, by offering prizes, send their numbers to many who in fact pay for the magazine much less than the subscription price. Presumably the increased price received from advertisements inserted compensate for loss in the subscription price. These facts were all known to Mapes when he made this contract, and of the fact that audits made for the purpose of these associations included in the list of paid subscribers many whose subscriptions were not prepaid, it is a fair inference that if they had intended to provide only for prepaid subscriptions he would have used more specific language to that end. There was no finding by the trial court of any bad faith on the part of the defendant in padding its circulation list, *nor was there any request by the plaintiff so to find.*

The judgment dismissing the complaint must therefore be affirmed.

The Dissenting Opinion

All concurred, except WOODWARD, J., who read for reversal.

WOODWARD, J. (dissenting)— . . . The only question at issue on this appeal is the proper construction of the contract: What is meant by the words "paid subscribers?" The auditors held that it meant the subscriptions paid in advance or during the term of the contracts up to the date of the audit, while the defendant contends that it embraces all of the names carried upon its subscription list, some of whom have paid nothing upon account of such subscriptions from the time of the original subscription, running back to the year 1903.

What did the parties agree to? What was their mutual understanding? That is the real test so far as it finds expression in language, and we can get very little help in determining this question from the evidence in reference to the alleged customs of advertisers, if, indeed, such evidence has any proper place in the case. Obviously, without any extra language, the guarantee of the publishers of "the average circulation" of the publication would be satisfied by showing that a number equal to or exceeding 63,000 was sent out each month or that the aggregate for the year reached this number for each issue for circulation does not necessarily require that the publication shall be sold and delivered to individuals.

But the parties did not stop with the guarantee of the number to be circulated; they stipulated what should constitute circulation for the purposes of this particular contract, and we have a right to assume that in making a definition they used language calculated to be accurate—language which conveyed the very idea which they intended. Indeed, the contract itself provides how the word circulation shall be construed; that is its very language. It "is understood and agreed that the term circulation, for the purposes above mentioned, shall be construed as follows," and this court has no right to give to the word any other construction than that provided for by the contract.

Limiting the Meaning of "Circulation"

Clearly the word "circulation" was intended to be modified in its meaning; it was not to have any general or uncertain use, and the circulation was the basis of the contract—was the essential consideration for the making of the agreement on the part of the plaintiff. The language clearly indicates that the parties understood that "circulation," as used in the contract, was vague and uncertain; that it did not guarantee any certain amount of publicity of value to the plaintiff in seeking an enlarged market for its product, and for the purpose of making definite and certain what was otherwise indefinite and uncertain, the parties undertook to define circulation, and it was agreed that the word should be construed to mean "the total number of copies of each issue of the publication above mentioned which shall be published and sold and delivered by the publishers thereof," and if it had ended here it would not have changed the general meaning of the word, for to publish is "to send forth, as a book, newspaper, musical piece, or other printed work, either for sale or for general distribution" (23 Am. & Eng. Ency. of Law, 459), and a sale and delivery of the papers would have been accomplished when the same had been sent to those who received them with an express or implied promise to pay for the same. But the contract definition did not end there; the parties had a different purpose to accomplish, in so far as the plaintiff is concerned at least, and so it was provided further that these magazines "published and sold and delivered by the publisher thereof" should be "both to paid subscribers and to news agencies, exclusive of all returns from news agencies and copies given away in any manner whatsoever." It was not the whole number "published and sold and delivered," but the whole number "published and sold and delivered . . . both to paid subscribers and to news agencies," excluding all copies returned from news agencies as well as all copies "given away in any manner whatsoever." In other words, "circulation," as used in this contract, was to cover only the papers "published and sold and delivered" to two classes—to "paid subscribers and to news agencies"—and no allowances were to be made for returned copies from the news agencies or for any copies which were given away in any manner whatsoever. This latter clause had no relation to subscribers; it dealt with the sample copies, with copies which might be delivered to advertisers for their own private distribution, as in the case of Ashton v. Stoy (30 L. R. A., 584), and with those given out to trainmen, policemen, and others upon the complimentary list, and is not to be confused with the main purpose of the definition of "circulation" for which the plaintiff was contracting.

The learned referee has dealt with the question exactly as he would have been called upon to do in the absence of the definition; he has held, in effect, in so far as this controversy is concerned, that the defendant is to be credited with all of the copies published and sold and delivered, whether to paid subscribers or to those who are carried upon the books after having once been subscribers, though they have never paid but a single subscription and there is no more than an implied promise to pay. He has completely ignored the definition which the parties themselves agreed should control on the construction of the word "circulation" and has given it exactly the effect which it would have had without the definition, and if this may be done, there is very little use in people reducing their contracts to writing.

The Advertiser's Right to Specify Quality

There was a distinct object in making this definition: the plaintiff wanted to obtain a circulation among live people; among people who were taking this magazine because they were interested in it—because it had an individuality which appealed to them. The intelligent advertiser buys quality in his advertising as well as quantity, and he has a clear right to stipulate in his contract for any particular quality which he may desire. If the publisher does not have the quality of circulation demanded by the advertiser, then he has no right to contract to deliver it. If he enters into a contract to furnish publicity among a particular class of people he is bound to furnish such publicity or respond in damages, upon the broad principle that where a person, by express contract, engages absolutely to do an act not impossible or unlawful at the time, neither inevitable accident nor other unforeseen contingency not within his control will excuse him, for the reason that he might have provided against them by his contract (Wheeler v. Conn. Mutual Life Ins. Co., 82 N. Y., 543, 550, and authorities there cited), and the plaintiff having carefully provided the rule by which the quality as well as the quantity of circulation was to be determined, should not be deprived of its protection by a construction of the contract which utterly fails to give any force or effect to the rule. The contract itself, in other parts, uses the word "paid" in its proper sense, and why the word should be given any other sense, or given no sense at all, is not clear.

The contract provides that the price of the advertising shall be $60 for each insertion "less 5 per cent. for cash if *paid* within ten days," and it is provided that "the party of the first part will *pay* to such advertising agents as are designated by the party of the second part, their regular advertising agent's commission," and again that in the event of the circulation being materially less than above stated the defendant will "immediately after said examination make a pro rata rebate to the said Cream of Wheat Company for such shortage in circulation, *paying* said rebate in cash," and finally that "in consideration of the above agreement the Cream of Wheat Company agrees to pay the party of the first part, in *payment* in full for the insertion of the above advertisement," etc. All of these words from the common root are used in their intelligent grammatical sense, yet it has been held that in that portion of the contract where the parties attempted to formulate a rule to govern in the construction of the word "circulation" the word "paid" is to be understood as referring not only to those cases in which there has been an actual payment, but to all of those instances in which there is an implied promise to pay from the fact that the magazine is continued to an original subscriber years ago.

"Paid" Is the Active Word in the Definition

We are clearly of the opinion that the learned referee erred in this construction of the contract, because it fails to give any effect to the provision which assumes to define what circulation is contracted for and because it ignores the maxim *expressio unius est exclusio alterius.* While this maxim will not be permitted to defeat the obvious intent of the parties, where it conflicts with the letter of the contract, such intent must, nevertheless, be discernible in the context of the contract itself (Aultman & Taylor Co. v. Syme, 163 N. Y., 54, 47). Here the context of the contract indicates clearly an intention to make "circulation" mean something more than the mere publication and delivery of a given number of magazines; it specifically provides that it shall be confined to "paid subscribers and news agencies," and we have no power to change that contract and make it practically ignore the word "paid," which is the active word in the definition attempted by the parties. "I would wish," says Lord Bacon (IV Lord Bacon's Works, 187), "all readers that expound statutes to do as scholars are willed to do; that is, first to seek out the principal verb; that is, to note and single the material words whereupon the statute is framed; for there are in every statute certain words which are as veins where the life and blood of the statute cometh and where all doubts do arise," and the only word in this contract which makes the latter part of the definition any limitation upon the ordinary use of the word "circulation" as applied to newspapers and which is "the life and blood of the statute" is the word "paid." If this is dropped out, then the contract would in effect read that the party of the first part "guarantees that the average circulation of the above-named publication shall not be less than 63,000 copies per issue, excluding all returned copies from news agencies and copies given away in any manner whatsoever." Obviously this was not the intent of the parties; the contract fairly read contemplates the live, paid subscribers to the magazine during the period covered by the contract. It was the quality of the circulation as well as the quantity which the plaintiff sought to secure, and the letter and the spirit of the contract are violated by including as paid subscribers persons who were not paid up at the beginning or during the life of the contract. The primary meaning of the word "subscriber" is to write underneath, as one's name; but it also means to give consent to something written, to assent, to agree: and a subscriber is defined to be: (1) One who subscribes; one who contributes to an undertaking by subscribing; (2) one who enters his name for a paper, book, map, or the like (Web. Int. Dic.). To become a subscriber to a newspaper includes some voluntary act on the part of the subscriber, or something which is in effect an assent by him to the use of his name as a subscriber. A person to whom a newspaper is sent without his knowledge or consent, either expressed or implied, is not a subscriber within the meaning of the statute (Ashton v. Stoy, 30 L. R. A., 584). To become a paid subscriber requires not only the act of subscribing, but the act of paying, and the defendant's form letter, in which the old subscriber is asked to "please remember that this order will be accepted without any remittance and payment can be made later" strongly suggests that the so-called circulation of something over seventy thousand, yielding a revenue of only about $30,000 annually (the subscription price being $1 per year), is not in any proper sense such a paid subscription list as the plaintiff had a right to expect under its contract. "Paid subscribers" are not persons who are legally obligated to pay, but those who have in fact paid, and if the defendant wanted to sell advertising space under the basis of its general circulation, or to subscribers legally obligated to pay, it was easy to provide for that, but it has no right to specifically provide for one kind of circulation and to substitute another as "just as good," for that is not what the plaintiff purchased. The plaintiff allowed all of the paid subscribers up to the time of its audit in each case, giving the defendant the benefit of any one who had become a paid subscriber during the time under which the parties were operating under the contract, and is entitled to recover in these actions.

The judgment appealed from should be reversed, and the findings of fact should be made to harmonize with this construction of the contract, the plaintiff having judgment for the amount of its claim.

There are various problems connected with circulation which are a good deal less definite than this question of facts about the volume of circulation. Even after the facts have been correctly defined and have been made known honestly, there are a number of questions which puzzle the advertiser and all others concerned with advertising. For example, a good deal of attention has been given to the question of duplication of circulation, particularly among magazines, and there is opportunity for a large amount of good work to be done in this field. One advertising agency in New York City has made an investigation of over 16,000 persons and has tabulated the volume and percentage of overlapping in the case of fifty-two magazines.*

There is something very reassuring, although not very scientific, about the following open letter to advertisers who are concerned about duplication, signed "by a representative." What this article lacks in scientific accuracy it partly makes up at least by the paragraphs of homely common sense which it contains.

†Gentlemen: I go into your office to find out how things are going, and I find you all perturbed. You've just closed a very prosperous year and your advertising must deserve a lot of credit. I expect to find you in an optimistic frame of mind, working out plans and copy and going it harder than ever.

But, no. All that is side-tracked and has been for several

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*This tabulation was made by Frank Seaman, Inc., and was printed in *Advertising and Selling*, January, 1915, pp. 33, 34, and 35.

†*Printers' Ink*, February 12, 1914, p. 66.

weeks. Copy and plans are in the discard: you're at work on a greater problem.

Some one of your directors has asked you, "Brown, how much duplication is there between the mediums we use? There must be a tremendous waste there. If we could eliminate duplication, think how much money we could save."

You couldn't answer him off-hand, and were nonplussed. Instead of feeling that what you've done in the last five years puts you among the advertising "majors," you've decided you belong in the "bush league." A fine advertising manager, not to know how much of your advertising efficiency is wasted by duplication!

Forthwith you've possessed yourself with that enormity of duplication. You've called your advertising agent on the carpet, and jumped him for his ignorance. You've written a list of questions to all the advertising managers you know. You've taken a thousand names out of the telephone book, and written them, asking what publications they read. You carry a notebook and besiege people at lunch, at the club, and while visiting at their homes. You've pounced on us poor solicitors for information, and half of us are working the multigraph overtime trying to get duplication data for you.

Frenzied Hunt for Data

Not a word from me if I don't know how much my periodical duplicates with the other ten you use: I must get busy, find out and write you a long letter about it, if I want to keep your business.

Now here's my letter:

It would doubtless be very interesting to know how much duplication there is between my publication and *A* and *B* and *C:* but, in the first place, *it can't be done.*

No figures you can get can be correct. Just because the insurance companies can say that eight out of every thousand men aged 30 will die in 1914, you think you can write a thousand men and find out what percentage of ten million men read both the *Alpha Weekly* and the *Omega Monthly* and a few others.

You forget that the insurance companies tabulate ten million deaths over a period of forty years, and then figure out the proportion for a hundred thousand or so for one year. Any insurance company that used the thousand stuff on a ten-million basis would be haled before the lunacy commission in a hurry.

A hundred men of a thousand, aged 30, die in one community, while the whole thousand in another live to be 31. The average of millions is eight to the thousand.

Just so with your duplication test.

If you doubt it, get detailed circulation statistics from half a dozen publications and see how easy it is to make the comparisons tell half a dozen different stories—if you leave out the right things. Only by comparing *all* the circulation of one against *all* of the others can you get the right answer.

What Comparisons Show

The only way you can find out about the *Alpha Weekly* and the *Omega Monthly* is to catch *all* their two or three million at the same time, and get 'em all to tell you the *truth* about whether they read both periodicals, every issue. Then you would have the answer.

Assuming that you do write them all (no publication has 100 per cent. subscription circulation, by the way) and place before them a list of publications, many of your best folks won't take the trouble to answer you. Why should they? Another class expect some kind of come-back or solicitation, and are afraid to answer for fear of being bothered.

On Quizzing Subscribers

In the second place, if they do answer you they will put down everything they read at all; it's human nature to make a good showing, even with strangers. I went to grand opera once this season; but if any one asks me, "Do you go to grand opera?" I assent in a way that indicates that I'm No. 1 on the season-ticket list. In the same way, the 10 per cent. or so who do answer your question will check off from half a dozen to a dozen publications they are familiar with—including the two or three they get every week or month, as published.

So, I say, the cards are stacked against you from the start; the data you get will not even be correct for the people who do write you. Your dope from a few people is as inaccurate for the whole number as that of the newspaper which takes a straw vote on 5 per cent. of the city's voters—and invariably picks the wrong candidate as winner; second, the most intelligent people (who do read regularly and thoroughly a number of periodicals) will in most cases not take the trouble to reply, and the people who do reply will exaggerate the number of publications they read.

Then, too, circulation shifts like the sand on the seashore. The publications which reach 80 per cent. of the same readers this year that they did last year you can count on the fingers of one hand—and use only one finger. The range is between 20 and 80 per cent.

Even if your dope was right to-day, it's wrong next season.

> "Now, what good came of it at last,"
> Quoth little Peterkin;
> "Ah, that I cannot tell," quoth he,
> "But 'twas a famous victory."

Now, what of your "famous victory" when (if) you have won it?

Are you a fly-by-night advertiser, who only wants to reach the sucker once, and as many suckers as possible at once?

"The second law of advertising is reiteration."

Why do you advertise more than once in the same publication?

To get as close as possible to 100 *per cent. duplication for your message.*

You use five or six insertions a season in every medium you use, just to get duplication.

You put up the same 16-sheet on a thousand billboards in the same city.

You use the same card in every street car in the city and gloat over the fact that people ride from two to a dozen times a day, etc., etc.

And then you are worried because the same consumer may read two periodicals and see your advertisement twice!

You said, "Old stuff; everybody knows that," when you read in the Curtis Company's excellent "Selling Forces":

> Constant repetition impresses us more than an initially eloquent plea. The insurance man gets us on his tenth call more often than he does his first. I may notice a certain advertisement one week and pass it by. The next week I see it again, and say, "Oh, yes, I've read about that before." Seven days later it comes along, and I wonder if that isn't worth investigating. About the fourth or fifth time I see it, it seems as if I'd known it all my life, and when I need such an article that's the one I buy.

Yet you're disturbed at the fearful waste in duplication of circulation.

Believe me, any family which is intelligent enough to read several publications of the kind you have wisely chosen as best suited for your advertising is the kind of family you want duplication on.

The kind of woman who is so interested in efficiently managing her household, her family, and herself that she takes *Delineator*, *Woman's Home Companion*, *Ladies' Home Journal*, and *Good Housekeeping* is the kind of woman to whom your message of a new food product or a better vacuum cleaner ought to be told as impressively as you can.

In almost every case it takes time and repetition to put over a sale. If it's an expensive article, sold only once, duplication is invaluable in piling up enough impressions to bring about that one big-money sale. If it's an inexpensive article, it still takes piling up of impressions to get it bought and keep repeat orders to maximum.

Each Publication Has Its Following

No publication is first in the minds of all its readers. One man thinks *Alpha Weekly* is the best there is; he also likes *Omega Monthly* and a couple of others. To him an advertisement in the *Weekly* makes the greatest impression, for every advertisement profits by the introduction of the individual publication carrying that advertisement to the consumer.

But another man devours the *Monthly*, while merely glancing at the *Weekly*.

You profit, in the duplication of circulation, by reaching each man through the most efficient medium for reaching him. Also, by clinching that impression by a second one, even if it isn't as strong.

A Fireside Glance at Circulation

Then we all have our moods, and they change. In one mood, the stuff the *Weekly* gives us makes that the one we pick first from the pile; in another mood it's the *Monthly*. You get different angles of approach in duplication of circulation, just as you do when friends recommend a man or an automobile.

Again, in the same family the *Weekly* is ace high with father, who lets mother do most or all of the reading of the *Monthly*. Duplication doesn't hurt any in making both of them decide that the Blank piano is the best to buy. This concentration of influence in a given household is no unimportant factor.

Duplication is really intensive advertising—and usually a blessing in disguise to campaigns that wouldn't be intensive enough if the duplication-worried advertising manager had his way.

If I were giving advice it would be this:

(1) Stop worrying about duplication.

(2) Instead, spend your gray matter and your time picking the

mediums most efficient for your advertising and using them efficiently with good copy.

(3) If you think there's much duplication between mediums, use different copy when you use them simultaneously.

(4) If you want to criticise duplication, you'll generally find plenty of opportunity in the sameness of your own copy and your competitors', and in the sameness of this month's copy and last month's and the months' before. You can't get away from duplication, no matter how much you want to. But you can cash in on duplication more than you're doing when you use the same old copy seventy-five times or places in a month.

Give the public fresher messages, with more variety—and say "I should worry" to duplication.

John Wenzell, "business statistician and investigator," in the following article describes some suggestive methods of charting the factors that reveal progress in the relationship between circulation and the market covered:

*It has often been said by advertising men that circulation figures mean so little. This is so true that we have had what amounts to fad or fashion regarding the viewpoint about circulation of any kind of periodical. There was a time when we were all hypnotized by big circulation, and there was in consequence much "forced circulation" taken on to impress the advertiser.

To-day we know better, and we focus our attention more on the publication's *field.* Its strength or weakness is not made evident by bulk or lack of bulk of circulation, *but by the relativity of the circulation figures*, to the particular field, and by the rate of growth as thus compared.

To do this with a trade paper or class periodical is very simple, but to do it with a newspaper is by no means easy. Yet a great deal of the claim and counter-claim and confusion of values about newspapers might be cleared up if the graphic chart were used to analyze the field on these principles.

Suppose it is required to present to the public the circulation of a newspaper, and also the number of lines of advertising carried during a period of several years; the object being to analyze

**Advertising and Selling*, March, 1915, p. 9.

Fig. 1

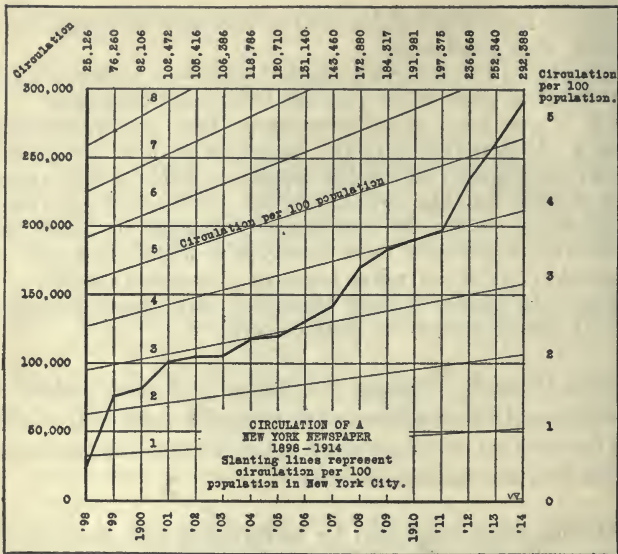
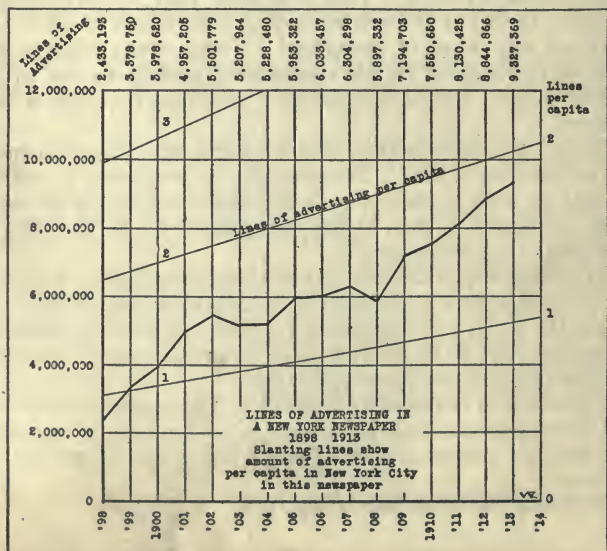

Circulation
25,126
76,260
82,106
102,472
105,416
106,386
118,786
120,710
131,140
143,460
172,880
184,317
191,981
197,375
236,668
252,340
292,388
Circulation per 100 population.
300,000
250,000
200,000
150,000
100,000
50,000
0
Circulation per 100 population
CIRCULATION OF A NEW YORK NEWSPAPER 1898 – 1914
Slanting lines represent circulation per 100 population in New York City.
'98
'99
1900
'01
'02
'03
'04
'05
'06
'07
'08
'09
1910
'11
'12
'13
'14

Fig. 2


Lines of Advertising
2,433,195
3,378,750
3,978,620
4,957,205
5,501,779
5,207,964
5,228,480
5,953,322
6,033,457
6,304,298
5,897,332
7,194,703
7,550,650
8,130,425
8,844,866
9,327,569
Lines per capita
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
0
Lines of advertising per capita
LINES OF ADVERTISING IN A NEW YORK NEWSPAPER 1898 1913
Slanting lines show amount of advertising per capita in New York City in this newspaper
'98
'99
1900
'01
'02
'03
'04
'05
'06
'07
'08
'09
1910
'11
'12
'13
'14

the growth of the paper and show the relation of its growth to general comparative factors. Charts similar to those which accompany this article will tell the story much better and more quickly than a mere recital of the figures will do. In fact, the figures are all given as a part of the charts, so that if one desires to verify the curves it can be done without difficulty or delay.

For the purpose of illustration the published statement of a New York newspaper has been taken, and the charts were drawn presenting these figures. In Figure 1 the circulation from 1898 to the present time is shown.

It is often of value to know whether the circulation of a newspaper is keeping pace with the increase in population of the territory that it serves. It is apparent that if in ten years the circulation of a paper increases 28 per cent., and during the same period the population has increased 32 per cent., the gross increase in the number of papers printed has not been a net increase as far as the ratio of circulation to population is concerned. For the purpose of showing the increase in population the slanting lines were added to the chart in Figure 1.

Using Two Different Scales

The use of two sets of lines, or "double co-ordinates," as they are called, running across the chart for the purpose of reading the curve from two different scales is not frequent, because their value is appreciated by very few. In this instance they very clearly show how many papers were circulated per hundred people in New York City. It will be seen that in 1898 the circulation was less than one to each hundred population; while in 1914 the chart shows that more than five people out of every hundred read this sheet.

The method of finding out where to locate these slanting lines is as follows: The population of New York in 1900 was 3,437,000. If one person out of every hundred read the paper, the circulation would be 34,370; if two, 68,740; if three, 103,110, etc. In 1910 the population had increased to 4,766,000, so that if only one person in a hundred read the paper they would have to print 47,660; if two, 95,320; and if three, the required number would be 142,980, and so on. The percentage of increase in each case is 38.7 per cent., which was the increase in population in New York City during the decade.

From the foregoing calculations it will be seen that the location of the 1900 per capita lines are plotted 34,370 units apart, while in the 1910 column 47,660 units is the basis of measurement. This accounts for the difference in the angle of the slanting lines.

By comparing the progress of the heavy line, technically called the curve, which represents the circulation of the paper year by year, it is seen that although there was a gain over the preceding year in the average number of copies printed in 1903, yet the increase failed to keep up with the growing population. This was also the case in 1905. From 1909 to 1911 the increase of 13,058 just barely kept pace with the growing population.

At the right-hand side of the chart is placed the scale showing the number of papers circulated for every hundred people in the city. These are placed at the ends of the slanting lines, and serve as a scale for them. They have no connection with the horizontal lines.

The growth of the advertising carried from 1898 to 1913 is shown in Figure 2. In this chart the double co-ordinates are used to show the increase in population. The slanting lines in 1900 3,437,000 units apart, and in 1910 the basis is 4,766,000. It will be noticed that the curve crosses diagonal line 1 in 1899. At this point the paper annually carried one line for every person in Greater New York. By 1902 the number of lines per capita had almost reached one and one half. For the next six years the per capita decreased generally until the panic of 1907–8. It was not until 1909 that the 1902 per capita was surpassed. In 1909 the number of lines carried was 1,692,924 more than were carried in 1902, yet considering the increase in population, the per capita was practically the same.

The growth in advertising since 1908, and its relation to the increase in population is much more apparent by comparing the curve with the slanting lines than it would be by noting its relationship to the horizontal lines, and then mentally taking into account the fact that during the last ten years the population had increased about a million and a half.

It will be quite clear from the use of this New York City instance that a great deal of important fundamental data about circulation is to be gleaned by a careful study of circulation and the field in this way. Trade papers, general magazines, class papers, and newspapers all could make their situation more clear by such means. And if the publisher will not do it, *advertisers will!* Indeed, they are doing it now, as I can testify.

A careful examination of the technique of this chart is worth while if one is interested in the subject. On the left-hand side of the chart the scale of the circulation beginning at zero is found. On the bottom the years are arranged from left to right. At the top of the chart the average circulation figures are given for each year. The lettering is made so that it can be read from the column at the top of the chart, or from the column at the left. The base line is much heavier than the other horizontal lines, as it marks zero, the starting-point of the scale. This, according to the leading authorities on graphic charts, is the most approved method of presenting the data.

The Technique of the Chart

One of the most frequent faults with graphic charts is that the base line does not begin at zero. While it frequently saves space to have the scale at the left begin with a number of some size, thus permitting one to make the fluctuations in the curve more pronounced, nevertheless it is very apt to be misleading, as the casual observer often does not notice that the bottom of the chart begins part way up the scale. Therefore the impression is apt to be conveyed that the rise in the curve represents a much larger growth than there really was, because we naturally expect that the base line of a chart begins at zero.

CHAPTER XII

DIRECT-BY-MAIL ADVERTISING

WHY should there be in this compilation a separate chapter devoted to what is called "direct-by-mail" advertising? There are at least two reasons either one of which would be sufficient. In the first place, everybody who is engaged in advertising at all uses direct-by-mail advertising in some form, no matter what other mediums he may employ. His catalogue, his circular matter, and the various other messages which go from him directly to his customers, to distributors of his goods, and to others come within this field. In the second place, direct-by-mail advertising offers an opportunity for direct contact between the advertiser and those engaged in distributing his products, or the advertiser and the consumer, or both. For this reason, it is one of the points at which standards of truth and service can be set up most satisfactorily and with the best chance of securing results from the tests upon which reliance can be placed.

Within this field rapid progress has been made within the last two or three years. Not only is printing for this purpose being better done, but it is being bought and sold and used more skilfully. Not only are mailing lists being much more intelligently compiled than they used to be, but they are being used to much better advantage.

Direct-by-mail advertising, in short, is assuming the position of an indispensable supplement to practically every kind of advertising effort. Its service in connection with this is to reduce the waste in the response of advertising appeal.

George L. Lewis, Advertising Manager of A. Stein & Co., the manufacturers of the Paris Garter, in the course of a short talk at the Chicago Convention of the Associated Advertising Clubs of the World, spoke as follows on the subject of the use of direct-by-mail advertising to follow up other forms:

*The average advertiser to-day is handicapping advertising more than he is benefiting it, and logically it follows he is handicapping his own business.

You use magazines, newspapers, posters, street-car cards, or whatever else you employ, to directly affect the consumer, the final buyer. Now, this national advertising has its influence on every other phase of buying and selling to a certain extent. But national advertising, however strong it may be, has its limitations; the magazine, the newspaper, the poster, the street cars are the straight lines to the ultimate buyer. But when you try to bend that straight line into a circle so that it will also touch and impel the retailer to action, you are over-burdening it. Your advertising is weakened. There's likely to be a break some place.

As many of you know, I made a very careful, thorough four-year dealer analysis. During that period I visited in the neighborhood of 800 retailers of every variety in small and average size towns and in every state. I have found out how it is possible to get the hearty, willing co-operation of the retailer. The only way to approach the retailer is by the straight line, which, interpreted, means by direct advertising; approach him and talk to him directly.

I found where direct matter was mailed regularly between the gaps of the salesmen's visits it was very difficult for competitors to get the retailers' business. It is only by means of direct advertising in one or the other of its many forms that it is possible to connect the dealer with your national advertising.

At the same meeting Milton Hartman of the Curtis Company of Detroit spoke of direct advertising as the "wasteless way."

†Direct advertising is the wasteless way, a selective medium of direction by which a sales message may be communicated to a segregated group of individuals or in a concentrated zone.

*_Advertising and Selling_, July, 1915, p. 33.

†_Advertising and Selling_, July, 1915, p. 31.

Here are the specialized classes to whom direct advertising is an easy method of approach.

The Farmer—Who sells the world food and raw material and is the big buyer of the world's manufactured wares.

The Housewife—Here is the biggest little spender since time began.

The Professional Man—The architect—the physician—the dentist—the lawyer—the clergyman—the teacher.

The Sportsman—A man will indulge his hobby though he goes without many a real need.

The Workman—The mechanic—the engineer—the railroad man—the artisan—the machinist. These men can be cultivated by direct advertising. They may not have the actual say so, but they have a lot of influence in the buying of tools, supplies, lubricants, equipments, etc.

Broadly speaking, there are three classes of direct advertising campaigns.

The first is the use of direct advertising as a self-sustained campaign, employing it to the exclusion of all other media. These instances are occasional, but several large successful campaigns of this nature are now in operation.

The second is the use of direct advertising in conjunction with other media—the one having a reactionary effect on the other.

The third is the use of direct advertising as a follow-up to some previous movement, thus vitalizing it, and in the instance of direct advertising following up salesmen's initial calls, accelerating the work of those salesmen.

(1) SUPPLEMENTING THE SALES FORCE

Some of the ways in which direct-by-mail advertising may be used to supplement the sales force are suggested in the following description of the methods employed by a concern making pipe fittings, which on the face of it do not appear to be a very promising line for sale by description:

*Among the other things which a careful study of the market will disclose are ways to make catalogues and printed matter do part of the work which has hitherto been left to the sales force. There are very few lines indeed in which catalogues can "take

*_Printers' Ink_, May 7, 1914, p. 76.

the place" of salesmen, but there are even fewer concerns whose catalogues could not be arranged so as to help the sales force more than they do. If an extra two or three cents per catalogue will save one salesman's call per prospect—to say nothing at all about helping "close" the sale—it will be a mighty good investment. . . .

In a future article there will be a discussion of the catalogue which is a sales argument as distinguished from that which is a price-list, but the distinction between the two should properly be made right here. Most price-list catalogues for specialties could be improved by the addition of sales arguments, or by the issuance of supplementary printed matter containing sales arguments. That is a sweeping assertion, but I believe it is fully warranted. For it is the sales arguments which get the "come-backs" with information about the prospect's own business, and every bit of information of that character puts the salesman just that much nearer closing the sale. Just what the addition of sales arguments can do is well illustrated by the experience of M. B. Skinner & Co., Chicago, distributors for James McCrea & Co. (pipe repairs and steam specialties).

Probably there is no other line of specialties in which the price-list catalogue is more in evidence than here. The vice-president of one of the largest steam-specialty houses writes that he has been compiling catalogues for twenty years, and adds that he does not believe that the experience of any one else would be of the slightest use to him. His catalogue is a big price-list, excellent as a reference book, and giving every necessary detail to enable the customer to order the goods. But all the preliminary work of getting the customer to the point of ordering is loaded upon the salesman and the local dealer. Contrast the foregoing with the experience of the Skinner people, as told by Advertising Manager K. G. Merrill:

"One can scarce imagine a 'colder,' more unsympathetic sort of a business," says Mr. Merrill, "than that of marketing steam specialties—to be specific, pipe and valve repairs. The very name conjures visions of dusty, sweating pipes and hissing, equally dusty valves. Moreover, they are repairs of the kind needed only in emergencies.

"When in trouble, a person's first impulse is to appeal to another for help. How should we make our devices seem *human* enough to receive first thought? Obviously by introducing a character to be used in our advertising matter who should be *warm* but not irrelevant nor out of place. The usual characters, children, girls, animals, were rejected as unsuitable. Mr. Skinner and I talked it over for days, and we finally decided to use an engineer typical of the best in his profession.

"One day while casting about in my mind for a fit person the engineer of our building, radiating good nature, entered the office to talk to the business manager. Like a flash he was nominated for the office and his consent was straightway obtained.

"Then began the planning of our first circular. The reverse side was to show our genial engineer—whose name, by the way, was Deephouse—applying our clamps, reseating valves with our tools, and always showing his happy face. Old stuff but always effective. But the big part of the job was to make the front—the address side—attractive; the illustration and the catch-phrase sufficiently enigmatic to compel further perusal, and the whole to possess an originality, a warmth, a unity that would make it stick in the mind of the average engineer.

"As the circular was to illustrate two groups of devices—pipe repairs and valve reseaters—I wanted to use the word 'twins' in my catch-phrase. So, after Deephouse (which name for the purpose of our circular we had changed to Deepthought) had posed in various attitudes for the reverse side, I told the photographer to take the last picture 'on signal.' Then I handed Deephouse two cigars, one of which he promptly put in his mouth.

" 'Your nerves are healthy, aren't they?' said I; 'but I'm going to smoke that other one!'

"'This one?' he said, holding it toward me; 'you'll never see that cigar again,' and his face expanded into one of his whole-hearted grins.

"At that moment the camera clicked, and the front of the circular shows the result. With that we decided upon 'Twins, by George,' for our catch-phrase. Could any proud father more look the part?

"The body matter on the reverse side, far from the usual cold, mechanical statements, was made simple, direct, and good-natured—a style of talk I'd found successful when a salesman. It contained the principal facts set forth in our catalogue, but boiled down and presented forcefully—we did not scorn an epigram here and there. The name Deepthought was used only in little sentences set in six-point type under the pictures on the reverse side—'Mr. Deepthought reseating a valve,' 'Mr. Deepthought applying an emergency pipe clamp.' We didn't want to rush the idea the first time.

"We had the work done in two colors by a good printer.

Half the Sales Work Saved

The sales records show that this circular *kept the month's business about the same as the corresponding month the year before, when twice the sales work had been done among the trade.*

"Encouraged by our success, we immediately started on a follow-up circular, this time to feature the name Deepthought. In contrast to the former circular it was in story form—a conversation between the old engineer (Deepthought) and a green hand. This time the head alone was shown on the address portion, and simply the word Deepthought as a catch-phrase. A return card was enclosed and the argument for keeping our repairs on hand for emergency launched with full force.

"The return cards poured in, together with letters from jobbers asking for packets of circulars for local distribution. Many consumers who had not been heard from in years 'came across.' The great house of Crane Company asked that we print a quantity of these circulars over its name.

"We brought out our third circular a month or so later, and showed Deepthought's face in silhouette and the catch-phrase 'Recognize me?' It was an imitation typewritten business letter—straight from the shoulder. A coupon was included and the recipient was invited to 'see how easily this card tears off—we've started it for you.' (It was die-cut for half an inch from the edge.) This circular cost but one half as much as the others but pulled just as hard."

The folders described by Mr. Merrill were not designed to do away with the company's catalogue; in fact, the price-list catalogue was featured in the folders. M. B. Skinner, president and manager of James McCrea & Co., says that the folders have been "infinitely more successful as business getters than the catalogues. These folders pulled as much business this summer as the salesmen did last summer."

The present writer has no intention of attacking the price-list catalogue. It is valuable as a reference book, and is absolutely indispensable in many lines. But unless it is supplemented by frequent salesmen's visits, or by other printed matter containing sales arguments, it is quite likely to remain passively gathering dust in a pigeon-hole. Salesmen's visits cost money, and if a series of three or four five-cent folders (including postage) can take the place of only one visit per prospect, the saving is worth thought.

(2) SOME USES OF THE CATALOGUE

Roy W. Johnson of the *Printers' Ink* staff recently prepared a series of articles on the making and using of catalogues.*

In the course of this series Mr. Johnson had one article headed "Catalogues That Tell How," in which he calls attention to the necessity for a clear understanding of the purpose of a catalogue before preparing it. In this article the following cases are described:

†The most important factor in the production of a good catalogue is a perfectly clear idea as to exactly what the catalogue is meant to accomplish. Don't interrupt with the trite remark that the catalogue is meant to "sell goods." The most any catalogue can do in that direction is to procure *an order* for goods. Something must happen after the receipt of the catalogue before any goods are actually sold, and that something generally happens in the mind of the customer. Selling goods is a more or less remote object of the catalogue. Its *immediate object is to tell something*, and a definite idea of *what* it is to tell is the prime requisite of a good catalogue.

One of the first lessons the successful catalogue writer learns is that the catalogue is not merely a piece of descriptive writing. Description plays a most important part in the catalogue, but the true catalogue is not descriptive; it is *expository*. In other and plainer words, it tells *how to do something*. The sum total

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*The "Loose-leaf" Catalogue vs. the Bound Book, September 16, 1915, p. 57; Keeping the Catalogue "Alive" in the Hands of Prospects, May 27, 1915, p. 84; Catalogues That Tell "How," December 24, 1914, p. 19; Improving the "Style Book" Catalogue, August 6, 1914, p. 22; How Market Data Built a Catalogue, July 9, 1914, p. 72; Judging the Value of Data for the Catalogue, June 18, 1914, p. 63; Study of the Product for Catalogue Purposes, June 4, 1914, p. 54; Sales Co-operation by Catalogue, May 14, 1914, p. 67; Catalogues Which Save Sales Effort, May 7, 1914, p. 76; Catalogues Which Influence Future Buyers, April 30, 1914, p. 23; Catalogues That Fit the State of Mind of the Consumer, April 23, 1914, p. 28; Building the Catalogue to Meet Market Conditions—1, April 16, 1914, p. 49.

†*Printers' Ink*, December 24, 1914, p. 19.

of the impression left by a good catalogue in the mind of the prospect is not merely the conviction that So-and-So's goods are made of proper materials in the right way, but it is the conviction that So-and-So's goods will enable the prospect to accomplish something more easily than the same thing can be done without them. If So-and-So makes shoes, his consumer catalogue will tell *how* to get foot comfort and long wear. His dealer catalogue will tell *how* to sell more shoes at a profit. If he makes musical instruments, his catalogue will tell *how* to entertain, *how* to get more pleasure from one's evenings, etc. If he makes soap, his catalogue will tell *how* to beautify the complexion, *how* to save wear and tear on the clothes, and so on.

Give the Catalogue a Working Sub-title

I have often thought that every catalogue should have a subtitle, carefully thought out, and commencing with the word "how." The sub-title need not be printed, nor even written, but it should be before the mind of the catalogue writer continually. Reference has already been made, in a previous article, to the catalogue of the Burroughs Adding Machine Company for retail stores. Before a line was written the sub-title had crystallized into "how the retailer can go home on time," and in writing the book we never lost sight of it. Everything which went into the book was regarded from that standpoint, and many things which would seem to be obvious catalogue material were discarded because they could not be made to harmonize with that conception of its purpose.

Another Burroughs book for which I was responsible was the manual of instructions for users of the machine. As it happened, the sub-title in that case was pretty easily arrived at: "how to operate and care for your adding machine." I was appointed to the task very shortly after my connection with the company, when my own knowledge of the operation of the machine was very limited indeed. One day a department head, whom I had been bothering for information, complained to Advertising Manager Lewis:

"Why on earth didn't you get somebody to write that book who knows something about the proposition?" he said. "Simply because," Lewis replied, "the purchaser of the machine doesn't know anything about it, either, and he wants to be told the whole story. Johnson will go around here and ask every fool question that any user will ever ask, and he will pester everybody in the place until he finds out. Then he will put it all down in black and white, because it is new information which he is interested in. Most of the things which are too obvious to be mentioned are the very things the user needs to be told, and the greenhorn will get them because they aren't obvious *to him*. When he gets through we'll have a book which will be vitally interesting to the new user of the machine, though it won't interest the factory a little bit. It isn't meant to."

It all boils down to the question of finding out just what the reader of the catalogue needs to be told, getting a clear-cut conception of it, and then going ahead. No two catalogue problems are precisely alike, and it requires some really original work in each case if the catalogue is to fit the conditions. The big thousand-page catalogue of the Yale & Towne Manufacturing Company consists almost exclusively of descriptions and specifications of the goods themselves, and the Victor "Book of the Opera" entirely subordinates the goods to a description of something else. They are entirely different, yet both are excellent examples of catalogues built upon the plan suggested. Both are expository. The one tells the dealer "how to maintain a stock of good hardware," and the other tells the music-lover "how to study the opera at home."

Two Representative Catalogues

During the past two years the writer has examined upward of 600 different catalogues, some of which have been commented upon, while others have been set aside for future comment. Out of the latter I have selected two which seem to illustrate particularly well the point I am trying to emphasize. One is the book of the James Manufacturing Company, Fort Atkinson, Wis., makers of Sanitary Barn Equipment, and the other is the catalogue of the Crouse-Hinds Company, Syracuse, N. Y., featuring a line of electrical supplies known as Condulets. Both books are copyrighted, and the quotations and reproductions herewith are made by permission.

Those books are about as unlike as two catalogues could possibly be. The one goes to the non-technical farmer, who needs to be "sold" on every statement which is made, while the other goes to the dealer in electrical supplies and to the electrical contractor—semi-technical men, who are already convinced of their need for the kind of goods advertised. Yet both catalogues are expository from the first page to the back cover. Let's take them up separately and see wherein they differ from catalogues which merely describe the goods.

Consistent Purpose of James Mfg. Co's. Catalogue

The Barn Equipment Book is entitled "The James Way, and puts its sub-title in the first paragraph. Under the heading "A Personal Talk by Mr. James," the first page of text begins as follows: "Now that we are issuing a new catalogue, the advertising department seems to think I ought to start it off with a talk about *how to make barn work easy.*" There you have the flag nailed to the mast, and it is kept fluttering throughout the 255 pages. Not only does the book tell how to make barn work easy but also "how to make more money out of the dairy herd." The two appeals are skilfully intermingled. "Now don't you see," says Mr. James at the close of his introduction, "that whether you buy James Equipment or not, you are paying for it anyhow—paying for it in unnecessary cost of caring for the cows in the barn, in wasted feed, extra help, loss of time, ruined udders, and by other losses and wastes which would be prevented by James Equipment?

"So long as you are paying out this money anyhow, why not have James Equipment to show for it?

"Why not take this money that is being expended without getting anything permanent in return for it, and change it into an investment that will pay back a big profit every year?

"Can you afford not to modernize your barn the James way?"

Then the book proceeds to deal with the separate items of James equipment, beginning with cowstalls and stanchions and continuing with pens, mangers, manure and litter hoists, ventilating systems, and so on. Plenty of selling talk is given, showing the advantages of the device, its construction in detail, how easily it may be installed, etc., not forgetting testimonials from users and plenty of pictures of barn interiors showing the equipment in actual use. Those pictures, by the way, are one of the features of the book, being full page in size (some are double spreads) and bleeding off the edge of the paper all around.

As just a sample of the sales talk I quote the following first paragraphs of the section on cowstalls:

"Most folks have been used to thinking of a cow-stanchion or cowstall as merely a convenient means of tying the cow. Of course, that is its first purpose—and a stanchion or a stall that permits the cow to get loose in the barn loses most of its value.

"James stalls and stanchions do tie the cows, all right—tie them so they can't get loose until they are turned loose—but they are far more than mere mere cow-ties.

"James stalls and stanchions insure comfort for the cow, keep the stalls and the cows clean," etc. The things the stalls will accomplish are enumerated, and then the farmer is shown exactly *how* they are accomplished—all in the same informal style. At the end of the section the dimensions, specifications, and prices are summed up in a few pages conventionally arranged. The same plan is followed with respect to each line of goods mentioned. There is a section on barn construction which is illustrated with an elaborate set of architects' blueprints, and a six-page list of the names and addresses of users of James equipment. The company does not forget to play up its own organization—the size of its factory, its growth, the men back of it, etc. —but that feature is placed where it belongs, over toward the back of the book. The book closes with the offer of free advisory service furnished by the company's architectural department.

The book as a whole gives the farmer every bit of information he needs, down to the prices of parts. But it is far more than mere information, because it is applied so far as is possible to the specific needs of each individual reader. It does not merely describe something which remains detached from his needs and his experience, leaving him to make the connection if he feels like it. In brief, when the reader closes the book he can feel that he has been told how to accomplish something which he would like to do and which is worth doing.

So much for the example of an expository catalogue for the non-technical reader; the reader who needs to be informed concerning the use of the goods, and who must be educated to the value of better equipment. How about the catalogue of goods which go to users who do not need educating? There are hundreds of concerns who deal in supplies of one kind and another the use of which is perfectly familiar to every reader. How can a catalogue addressed to them be made more than a description and tabulation?

Making It Easy to Buy

Again it is a question of getting a clear comprehension of exactly what the catalogue is meant to do, and of arranging the material so as to accomplish that end. A purchasing agent may have two catalogues before him which feature exactly parallel lines. He may have no preference so far as quality goes, and may be quite willing to buy from either concern. Other things being equal, he will order every time from the catalogue which makes it easier for him to find the specifications he wants. He doesn't want sales arguments, doesn't need instructions in the use of the product; but he *does* want to save time and energy. He wants to know *how to buy exactly the right goods with least trouble.* So we find that this sort of catalogue is expository also, only the exposition is in the arrangement rather than in words.

This brings us to the Crouse-Hinds Company's catalogue, which is a specific illustration of what I mean. The company makes a long line of electrical supplies, such as switch-covers, lamp-receptacles, etc., which go under the general name of Condulets. It takes 208 pages, 9x12 inches, to feature the entire line, yet the whole catalogue is practically condensed into the first 18 pages by means of a pictorial index. This index not only gives the name and the type letter of each item, but also a four-color reproduction of it, and refers to the page on which the complete specifications are to be found.

F. W. Clary, manager of the company's publicity department, says regarding the index:

"The index performs two functions. First, from an illustrative standpoint, it condenses the book into eighteen pages, thereby facilitating the efforts of the individual to choose a Condulet or Condulet Fitting for a certain requirement when he does not know whether or not there is a Condulet or Fitting exactly suited to the requirement. Without the pictorial index this individual would have to look through each page of the catalogue. The second function applies to the individual who knows what a certain Condulet or Fitting looks like, but does not know its type letter. He runs over the index until he locates the illustration of the desired type, where he finds the type letter, and refers to the listing thereof.

"This pictorial index also serves as a regular index to the person who is familiar with the type letter of the Condulet or Condulet Fitting desired. He runs through the reference columns until he locates the type letter in mind, at which point he is referred to a certain page or a group of pages.

"It was expected, and has proved to be the case, that the colored illustrations would greatly reduce the number of requests for sample Condulets. Furthermore, it has proved to be of material assistance to the salesmen, in that they do not have to carry as many samples as before the catalogue was issued."

Such a feature is expensive, particularly when you reflect that it includes upward of 400 cuts, some of them in two and three colors. But the company finds that it pays. In its previous catalogue, issued three or four years ago, the idea was first tried out, the index occupying five pages printed in one color. The enlargement of the feature in the company's present catalogue shows pretty well what the company thinks of it.

The same idea is carried out in the arrangement of the detailed specifications. Mr. Clary writes:

"The entire catalogue is systematically divided into groups of listings, which cover individual groups of Condulet Fittings, which are considered by us and the trade as a family, because they are designed for a particular purpose, the only difference being a slight variation in shape or location of hub. You will note the first page of these family groupings, which is always a left-hand page, serves as a separation between groups, illustrates the various covers or fittings that can be used with the particular family, and also conveys the idea of interchangeability of these covers and fittings.

"The individual listings are so planned that an illustration representing all the material covered thereby is blocked in with each listing, avoiding the possibility of confusion in regard to the listings on the individual pages."

It is perfectly evident to anybody that a great deal of expense and a lot of the hardest kind of detail work could have been saved by making the catalogue simply a straightout description of the goods. In that case it probably would contain somewhere within its covers every single bit of information which is there now. But would it be as good a catalogue? Most emphatically it would *not.* As it is, it is expository, because it shows the prospect *how* to find what he wants, even if he doesn't know the name of it.

Some catalogues must go out and create a desire for the goods which are for sale, while others must only show where an existing desire can be satisfied. They require totally different treatment, but the success of either variety depends upon something besides the accuracy with which the goods are described. That something begins in the mind of the man who writes the catalogue, and takes definite shape as he studies his problem from every angle. The success of his work is likely to be in direct proportion to his understanding of exactly what the immediate effect of that work ought to be.

(3) KEEPING THE CATALOGUE ALIVE

Another article in this same series carries out somewhat more fully the idea which is achieved in Mr. Johnson's previous article, and shows how some concerns have undertaken to preserve the news value of their catalogues after they have been put into the hands of their customers:

*If some advertising genius could invent a plan whereby a catalogue would be placed in the hands of the prospect at the precise moment when he was ready to buy, said genius would be fixed for the rest of his life. His only embarrassment would be the number of concerns which would be trying to outbid one another for his services. But that particular genius has not yet appeared, nor is he likely to. So the problem of keeping the catalogue "alive" in the hands of the prospect is still with us.

It is frequently the case that the man (or the catalogue) which happens to arrive on the spot at the right time, walks off with the order, in spite of the fact that most of the preliminary work may have been done by somebody else. For example, Hank Rogers of Hay Corners writes in to the A & B Company for an incubator catalogue. He has a mild attack of the chicken-raising fever, and would like an incubator—some time. He reads the catalogue with interest, makes sundry calculations on the margin with a stub-pencil, and concludes to wait a spell. At intervals he receives the follow-up, treats it respectfully, and even comments upon the enterprise of the concern. From time to time he talks the incubator question over with Mrs. Hank, and maybe six months or a year later makes up his mind that he really can afford to invest. Where's that catalogue? Never mind; here's an ad of the C & D Company in the farm paper. They may have a better proposition. It's always a good plan to get more than one offer.

Now according to any theory of abstract justice, A & B should get the order. That concern was on the ground first, and has done most of the work of educating Hank to the buying point. But the order goes to C & D because its catalogue arrives at the psychological moment when Hank is ready to spend his money.

That is a very simple and homely illustration, but the same

*_Printers' Ink_, May 27, 1915, p. 84.

thing is happening more or less frequently in every line of business. It is necessary not only to get the catalogue into the hands of the prospect, but to keep it "alive" there until he is ready to buy the goods. He may have put it away ever so carefully, but if he has forgotten *where* he put it, it is as good as dead. He may write for another one, and he may not—probably not. And if the competing catalogue shows up just at this opportune moment the chances are all in favor of its getting the order.

Let's suppose, however, that the catalogue of the A & B Company had contained some very practical information on the feeding of chickens to increase egg-production, which appealed to Mrs. Hank as something worth trying. She would be more than likely to keep the catalogue to refer to, and if the information was practical enough and vital enough, the book would be in more or less regular use. That would be an example of the very simplest method of keeping a catalogue alive—by making it, in effect, a reference book.

Information Without a String to It

Not every concern can do it, of course, and sometimes it would be unwise to attempt it. Yet the list of advertisers who have done that very thing, or something closely approximating it, would be a long one. Reference has already been made in *Printers' Ink* to such books as the Victor Talking Machine Company's "Book of the Opera," the American Radiator Company's "Ideal Fitter," the Yale & Towne Manufacturing Company's "Locks & Hardware" (primarily a reference book for architects), and the Burroughs Adding Machine Company's "Cost-keeping Short Cuts." Those are conspicuous examples of catalogues which are kept alive for purposes of reference. Almost any good catalogue of technical products will afford additional illustration in its pages of tabular matter which engineers refer to. Probably the earliest example of the catalogue which keeps itself alive in this way is the patent-medicine almanac which tells when to plant turnip seed, when to trim the rose bushes, etc., but the book of cookery receipts was undoubtedly a pretty close second in point of time.

Must Meet Need of Man Before He Buys

One thing is to be noticed, however. The catalogue which keeps itself alive in this way, whether it is the humble cook-book or the impressive treatise on schools of design in hardware, gives information which does not require a purchase of the goods before it can be used. Just as Mrs. Hank could follow the hypothetical system of feeding her chickens if she never bought an incubator, so the architect can collect ideas from the Yale & Towne book without ever specifying Yale hardware in a single instance. The cases aren't parallel, and aren't meant to be. But the principle is the same. In order to keep a catalogue alive by making it a book of reference it must give information which has no string attached to it. It must meet the needs of the prospect as he *is*, not as he would be after he bought a bill of goods.

A recent speaker before the Technical Publicity Association, an architect, singled out for special commendation the Red Book of the United States Gypsum Company, Chicago. He declared that the book was not only preserved in the office files, but that it was referred to whenever the questions of plastering or fire-proof construction came up. Sometimes the company's product is specified, sometimes not, but the book is in requisition just the same. With regard to that same Red Book, W. H. Price, of the United States Gypsum Company, says:

"Our line differs materially from most lines in the fact that the average consumer or builder knows little about construction or comparative values of materials. So it resolves itself down practically to architects' specifications, at least on large buildings, as it is only on homes or smaller structures that the actual owner interests himself to a point where investigations are made regarding the value of materials entering into the construction. The architect is perhaps a more difficult prospect than almost any other line, as he is technically trained and is always 'from Missouri.' So it is a case of convincing him, and to do this requires both the right kind of advertising and sales efforts.

"In this respect the Red Book has proved a very successful piece of printed matter. It was sent out to 4,800 architects and over 50 per cent. acknowledged receipt of it. Perhaps 90 per cent. of these practically said it was just what they wanted. Direct information from our various salesmen in all parts of the country indicates very clearly that the Red Book has been of material assistance to them in interesting the architects in our materials. I consider that the strength of the Red Book lies in the fact that it treats in a semi-technical way the products we manufacture, developing the points of advantage briefly and not belaboring the architect with a lot of customary advertising and sales talk.

"I will say without hesitation that we have been able to make this little catalogue do considerably more of the work which formerly was done by the sales force, and I think in his statement I voice the sentiments of our entire selling department."

The Red Book mentioned is not a very elaborate affair, when compared with some of the other catalogues which are meant for the architect. Yet some of the latter are peacefully slumbering in his files, or on the bottom shelf of his sectional book-case, while this little paper-covered, 72-page, $4 \times 6\frac{1}{2}$ booklet is very much alive. It well illustrates the general principle that the thing which really keeps a catalogue alive isn't so much what comes out of the printshop as what went into the copy in the first place. The Red Book, for all its modest size and inconspicuous appearance, is pretty solid "meat," and must have taken much longer to write than many a more pretentious volume. And the thing that keeps it alive is its *information* on proper methods of lathing, on the mixing of plaster, on the placing of metal doors in fire-proof walls, etc., etc. In the back of the book are several pages of automatic wall-measurement tables, showing instantly the number of square yards of wall space in rooms of given dimensions. It does not in any sense detract from the value of this particular catalogue that it is a very practical and lucid instruction book for the use of the products it advertises.

It may look easy enough to keep a catalogue alive in this rather obvious fashion, but it isn't. In fact, it is one of the most difficult things to do, because information which is really authoritative, and which the prospect really wants, doesn't grow in every encyclopædia, and can't be cribbed out of text-books or competitors' catalogues. In the first place, it is necessary to find out what kinds of information are wanted—not merely what the prospect will be mildly interested in if he hasn't anything else to do at the moment, but what he actually has *need* for. Then it is a question of getting that information: locating it, digging it out, testing it. And lastly, it must be arranged in such a way that it will be easier to get it out of the catalogue than to find it anywhere else. The engineer with a slide-rule in his vest pocket isn't going to search the back pages of your catalogue for a table of logarithms. He can get what he wants more easily than that. And the fact that the tables are in themselves valuable doesn't necessarily prove that the catalogue will keep itself alive.

But there are other ways of keeping the catalogue in the minds of prospects, consisting chiefly of reminders apart from the catalogue itself. These may range all the way from form letters calling attention to the catalogue, or some specific page in it, to supplemental bulletins issued on the loose-leaf principle. The latter plan is good—provided the prospect will take the pains to file the supplemental bulletins with the main body of the catalogue. If he doesn't file his bulletins, he is likely to think his catalogue is incomplete, and may order from some other source if he happens to be in a hurry.

It may be mentioned right here, though the subject will be taken up in more detail in later articles, that there is great diversity of opinion with regard to the loose-leaf system of issuing catalogues. As a method of keeping the catalogue alive it has its attractive features as well as its drawbacks. The General Electric Company, for example, has this year issued its first supply catalogue in loose-leaf form, having hitherto relied upon the system of issuing separate bulletins. J. A. Hills, of the company's publication department, says: "This book is a radical departure from other books gotten out by us. Personally I am open to conviction as to whether the loose-section or loose-leaf catalogue is better than the bound catalogue. In the former the human factor is involved in keeping it up to date, and in the latter it becomes out of date quickly."

Loose-leaf versus Bound Books

On the other hand, the Western Electric Company has gone back to the bound-book form of supply catalogue. In the hardware field, Yale & Towne cling to the loose-leaf form of dealer catalogue, while Sargent & Company are faithful to the permanent binding. In short, there is no standard of practice even among concerns in the same field.

A number of concerns, however, have more or less satisfactorily solved the problem of keeping their catalogue alive by a skilful use of the house-organ as a sort of supplemental catalogue. This method seems particularly valuable in cases where the product is supplied on special order to meet certain working conditions, or where the catalogue is intended chiefly for "filling in" orders to complete the dealer's stock. Thus we find this use of the house-organ as a catalogue supplement in such widely separated fields as the manufacture of street cars and wire rope, and the retailing of shoes.

The J. G. Brill Company, of Philadelphia, for example, uses its *Brill Magazine* with the avowed purpose of keeping its catalogues before the minds of the street-railroad fraternity. Its general catalogues on cars, trucks, and supplies are very complete, and are usually retained in the files of the operating companies. That, however, is not enough. The types of cars used under different operating conditions vary greatly, and it is to the company's interest not merely to be thought of when new equipment is wanted, but to be thought of as having data on the precise kind of equipment which is needed. The *Brill Magazine* furnishes the information which is necessary to that end, but which cannot be included in the catalogue. Semi-technical articles are run dealing with traffic conditions and cars in various cities, what the conditions were which determined the type of car in use, figures showing operating economies, etc. Usually there are a few pages devoted to some specialty, such as a signal gong or fender, for example, which is also featured in the catalogue which reposes in the file. The company furnishes a binder each year in advance, for copies of the magazine, and states that the binders are quite generally used.

There are numbers of products which are bought only at long intervals, which last a long time, and which have no external or visible features which can be used as talking points for superiority. Wire rope is one such commodity. Much depends upon the way in which it is used, and when a man wants it he wants it quickly, for a special purpose. So the wire-rope manufacturer wants his catalogue to be alive and on the job when the need for the product arises.

When the Catalogue Is a Mere "Price List"

But it isn't feasible to make a very elaborate catalogue for wire rope, unless one is prepared to write a complete treatise on the various uses of the product. So the average wire-rope catalogue is generally what would be called a "mere price-list." The Broderick & Bascom Rope Company, St. Louis, uses its monthly publication *The Yellow Strand* as supplementary to its catalogue, or price-list, by featuring installations of aerial tramways. It also shows how the product is used in logging-camps, mines, etc., much of which may be regarded as logical catalogue material, but which perforce is not included in the catalogue itself. The idea has been so successful, according to Charles E. Bascom, that "since we started publishing it, three other wire-rope manufacturers have taken up the idea with more or less success."

It is a far cry from wire rope to shoes, yet we find somewhat the same proposition in operation in the latter field. The average shoe-manufacturer's catalogue has a peculiar function to perform. As W. G. Dennison, of Rice & Hutchins, Boston, puts it: "A catalogue in a wholesale shoe business is used by retailers principally for filling in their stock, and is rarely if ever used on an initial spring or fall order. Catalogues are therefore made as simple as possible, and contain only such information regarding the shoes as is necessary to the retailer's proper understanding for the intelligent writing of what is termed sizing orders."

Indeed, so specific are these catalogues, that the Rice & Hutchins concern, which operates nine branch distributing houses, issues a separate catalogue for each branch. "Each of these wholesale houses," says Mr. Dennison, "does business with retailers in surrounding conditions somewhat different from those of the other eight. These varying conditions make it necessary for us to publish nine catalogues. There are many points of similarity, but the selection of shoes is made with special reference to the kind of trade served."

From the foregoing it is evident that the shoe catalogue must be kept alive if the dealer's stock is to be maintained at the high-water mark. And the monthly publications of such concerns as Roberts, Johnson & Rand, Rice & Hutchins, etc., come in very handily here. It isn't a question of selling the line to the dealer—the salesman has attended to that—but it is a problem of getting him to keep up his stock, and of keeping the catalogue alive.

In conclusion, the problem of having the catalogue in the right place at the right time, and seeing to it that the prospect knows it is there, is worth considerable study. It is a mistake to expect a poor book to keep alive, and even the best book needs following up from time to time. In a certain sense the catalogue in the hands of a prospect represents an investment, and it is up to the advertiser to make it pay.

(4) THE CATALOGUE AS A CREATOR OF PERSONALITY

Closely connected with the field of direct-by-mail advertising in supplementing their sales activities is the fact that providing, as it does, direct contact between the producer of the catalogue and the probable purchaser of the goods, the catalogue plays an important part in establishing the consumer's idea of the personality of the concern. Robert R. Updegraff, Manager of the publicity of Daniel Low & Company of Salem, Mass., in an address before the Toronto Convention of the Associated Advertising Clubs of the World, explains some of the methods his concern has employed in creating an atmosphere of sincerity in building up their mail-order jewelry business:

*As a mail-order advertiser I am concerned with the atmosphere of sincerity, which bears a message to the heart rather than to the intellect.

To make my idea clearer let me tell you about a certain Y. M. C. A. located in one of the largest cities of America. This Y. M. C. A. was built at an expense of hundreds of thousands of dollars. It is a wonderful building. Its entrance is imposing. Its parlors are rich. Its stairways are of marble. Its walls are hung with beautiful pictures. And yet socially it is a "frost." In spite of the hardest kind of work on the part of its secretaries, social life is difficult to foster. This fact was noted very soon after the building was opened. The officers set themselves to the task of finding out *why*. They looked around at the handsome office, the elegant parlors, the marble stairways, the luxurious leather furniture, the rich rugs. And they said: "What is the matter?"

And this was what they finally discovered: There was no *heart* to their building. There was no one spot in their whole big reception floor to which men naturally gravitated—no spot that drew men for chats and stories. What that Y. M. C. A needed was a big fireplace or a lounging corner or something to which a man's mind would naturally turn on a lonesome evening. It had plenty of artistic atmosphere, but no *soul*—nothing for a man to catch hold of and say, "I like the atmosphere of this place. It is homey. I feel that I belong here."

When I first heard of that Y. M. C. A. it came to me like a beam of light: That is the trouble with so many businesses, especially those which must depend upon the catalogue as a salesman. They lack a soul, or, having one, they fail to get it across to those whose business they are soliciting. These businesses need fireplaces where friendly little chats may be held, and where the heart behind the business may be revealed.

It is hard for a business to reveal itself and not lose in the revelation. The truth of that statement is not realized until

***Printers' Ink*, July 2, 1914, p. 67.

one tries it. Businesses are like men, for they are merely the enlarged shadows of men. Men cannot reveal themselves directly. It would seem egotistical and insincere. It is largely in his attitude toward life, people, and things that a man reveals his true nature. Have you never revised your first judgment of a man when you saw him stoop and pat a dog on the head or chuck a baby under the chin or pick a flower? It was his attitude toward something else which revealed the true man to you. It is just so of businesses. It is not so much what they say of themselves that impresses us; it is their attitude toward their customers, their employees, their place in the world, their merchandise or manufacture.

Right here comes the difference between true atmosphere and the usual spirit, or lack of spirit, to be found in much mail-order literature. One tells you bluntly, almost starkly, of itself; the other opens its heart and allows you to observe and learn for yourself. It is the difference between an illustration and a picture. An illustration tells its whole story at a glance, just as many catalogues tell their whole story in the half-tones and type of which they are built. A picture is something more subtle; it unfolds itself more gradually. There is a story behind it. In it and around it hovers a spirit—an atmosphere—which gives it an identity.

The chairman of the program committee has asked me to tell about what we have done at Daniel Low's. He thinks our catalogues are more like pictures than illustrations because there is a subtle personality to them.

That is what we have tried for. What success we have had in creating an atmosphere has been due largely to a more or less unconscious realization that business souls must be revealed just like the souls of men—indirectly, by showing their attitude toward things and people.

We started out to make our catalogue intimate without being impertinent. We wanted people to feel the spirit behind our business. It takes more than type, half-tones, paper, ink, and art work to make a catalogue with a soul. It takes, first, last, and all the time the same quality that we recognize in men as being necessary—the quality of *sincerity*.

But even though a business be cradled in sincerity, there yet remains the task of getting that sincerity across the gap of mechanical reproduction, and of the mail service, to the customer or prospective customer. It is at this point that so many mail-order catalogues fall short. They may have the sincerity, the *soul*, but many of them have found no other way to express it than by telling how sincere they are, which in itself, unless carefully done, sounds like egotism and even insincerity.

This fact we were confronted with in putting a soul into the Daniel Low catalogue. We wanted to create such an atmosphere that the person who picked up one of our catalogues would immediately feel the sincerity of the house behind it, and would halfway expect to meet Mr. Low when the next page was turned.

I cannot go deeply into the reason-whys and the evolution of our ideas, but I think if I call attention to a few touches in our literature one will quickly grasp the thought. We do not claim to have mastered the art. We are only beginning. Other houses are working along the same line. Probably the most notable example is the series of advertisements recently run by Montgomery Ward & Co., of Chicago.

In our case we decided that it would be a good thing to tell our customers the story of our business since its beginning. We felt that if they were acquainted with our past they would have more confidence in our present and our future. So we devoted a whole page in our Year Book, a space valued at hundreds of dollars, to telling the story of Daniel Low, of his beginning in a little shop in Salem, of his position in the community, of his attitude toward his neighbors and theirs toward him. It is a story of sincerity and neighborliness, with little waving of banners. But it put a touch in the catalogue which made the newest reader feel like an old friend of the family.

Soon after this it came to us that we ought to tell our customers what we were striving to do. We looked back at what we had been striving for during all the years we had been in business, and then we looked ahead. We gathered up all of these strivings and ideals into two brief paragraphs and called it "Our Aim."

Last year we issued a booklet of "One Hundred Birthday Gifts." We wanted in that book to show how we felt about birthdays, so we wrote a little introduction which George Gallup has been complimentary enough to compliment. It is as follows:

THE BIRTHDAY GIFT

Back of all birthdays is the wonderful fact of Birth, Nature's most holy manifestation. By the same token, back of all gifts is the beautiful spirit of Giving, the noblest impulse of the heart of man.

It is fitting, therefore, that when we employ the art of Giving to commemorate an anniversary of the birth of one of our friends or dear ones, that we select as the token of our friendship or love some gift that will really carry with it the spirit of Giving and be a complete and lasting symbol of the generous impulse which prompts its sending.

Let us, then, select our gifts with this in view. Let us raise the standard of gifts and maintain the dignity of Giving. Let us give gifts that must be *lived up to,* gifts that our friends and loved ones can keep as permanent reminders of our love and which they will take pride in saying in the coming months and years: "This was given to me on my birthday."

This little introduction is really a lay sermon, simple, dignified, sincere. It illustrates what I mean by revealing one through his attitude toward some outside thing. In this case it was birthdays. Yet how better could a business house convey an idea of its own ideals and sincerity in 177 words?

Then, one day it came to us that ours was largely a house of gifts, and we had a desire to let people know how we felt about giving, even before they opened our catalogue. We wanted a picture which should symbolize the Spirit of Giving. It must be a sincere picture. It must be Colonial, and *truly* so. It must be a Salem picture. So we went to a Salem artist whose reputation for Colonial pictures is national, and we told him we wanted a picture that would tell what we thought of giving. The result of months of work is a picture which hangs in our retail store in Salem, and which we have had reproduced in rich brown shades on our Year Book cover. It represents our attitude toward giving. It is what we would say if we could talk about ourselves, but, being a picture, it tells it more subtly and with greater force. It lends atmosphere to the whole Year Book.

And this brings me back to the other kind of atmosphere—artistic atmosphere. This picture, "The Gift," is a rare combination of artistic atmosphere and the atmosphere of sincerity. It is dignified and rich enough for the cover of a jewelry catalogue, appealing to a very high class of people, because it is a picture and not an illustration. And it helps the artistic atmosphere of the book and of our business because it is good art to begin with and it is executed unusually well.

In *all* of our work we seek first for the atmosphere of sincerity, which speaks to the heart, and then for the atmosphere of the intellect. We have only begun to appreciate the possibilities of this *indirect* method of creating heart atmosphere, but we are going to grope on, for we believe it will operate on hidden springs of human nature that will bring many people to us as friends and customers.

(5) SOME SUGGESTIONS FOR CATALOGUE CONSTRUCTION

The series of articles by Mr. Johnson before referred to contains some valuable suggestions about how to use market data in the construction of a catalogue.* These articles are valuable not only for what they actually contain, but for the suggestions which any one with imagination can get out of them for methods of cutting down waste in selling operations.

A somewhat more complicated type of catalogue problem is that worked out by the Plymouth Fur Company, which found difficulty in making its style book represent its entire line, and Mr. Johnson describes the method which they employed in overcoming this difficulty. Its chief value lies in the fact that it suggests how almost any manufacturer may profit by enlisting the customers on his side rather than attempting to tell all his story himself.

†The manufacturer of goods which are subject to changes of fashion, such as men's and women's clothing, hats, shoes, and to a lesser degree jewelry and toilet articles, has a peculiar catalogue problem of his own. It is comparatively easy for the manufacturer of goods which remain the same from year to year to pick out certain representative items for illustration, or even to illustrate the whole line. His catalogue will usually serve as well a year hence as it does to-day, and if it does not prove as efficient as was expected, no great harm is done, for the goods will "keep."

Not so with the manufacturer of fashionable goods, however. The goods must be sold while they are in style, and the catalogue must do its work *this season,* for next year it is likely to be hopelessly out of date. Furthermore, the problem of what to illustrate is troublesome. He may make forty styles of gar-

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**Printers' Ink,* June, 18, 1914, p. 63, and July 9, 1914, p. 72.

†*Printers' Ink,* August 6, 1914, p. 22.

ments, let us say. Well and good; he can illustrate forty. But each garment is made up in different materials, appealing to the tastes of different customers. Which shall he choose for representation in his catalogue? . . .

A catalogue of fur garments—and the same is true of any catalogue featuring fashionable goods—must do two things: first, it must *adequately represent* the line, and second, it must sell the goods while they are in style. For six years the company issued catalogues in the familiar "style book" form, illustrating a dozen or so of the "leaders" in the most popular furs, and stating that certain of these garments could be furnished in any fur desired. "We discovered, however," says Mr. Bard, "that the imagination of women did not stretch to any fur except those that were actually illustrated. You can readily see that it would be almost impossible to show each style in every possible fur, because it would mean an enormous increase of stock on hand without any definite benefit. This matter of keeping down stock has been one of the most difficult we have had to face."

The Old Trouble Recurs

So last year, as Mr. Bard told at Toronto, the company discontinued the use of the style books, and substituted for them a series of photographs showing the goods as actually worn. It was not only possible to show a wider variety of styles than could be shown in the style book, but when a customer expressed a preference for a certain kind of fur, on a certain style of garment, the company could send her an assortment of photographs which would almost exactly fit her requirements. But here again the old trouble developed. "In making up my list of photographs," says Mr. Bard, "I selected the model in a fur which, to me, looked the best and would give the best results in the illustration. I would, for instance, illustrate a model in mink, and then when a customer wrote in for ermine models we would include this one model illustrated in mink, but which would look equally well in ermine. Our experience was, however, that the customer could not, or at least would not, decide on models which were not illustrated in the exact fur she was considering. The chances were about ten to one that she would decide on a model which was illustrated in ermine, if she were considering that fur."

In other words, the company still found it difficult to give the impression of the complete range both of styles and materials. If a customer wanted an ermine garment, she would consider none but those actually illustrated in that fur. If she wanted a particular style of garment, it was hard to make her understand that it could be had in any other fur than that actually illustrated. So a good many sales were lost which really belonged to the company, because the customer did not realize that she could be satisfied with the assortment offered.

But the company has discovered that although the customer will not decide upon an ermine model from looking at an illustration of the same model in mink, she *will* decide from a rough pencil sketch of the model which does not show any fur texture whatever! That discovery was originally made in the company's retail store, where buyers were met face to face. Much the same trouble was encountered, until the expedient was adopted of making a canvas model of each style which could be displayed when the company had no stock of the goods in the exact fur which the customer happened to want. The customer who wanted ermine would not decide upon looking at a set which happened to be made up in mink, but she *would* decide from the canvas model which bore no resemblance to fur at all.

"For some perfectly mysterious reason," says Mr. Bard, "the canvas model or the black and white sketch is more convincing. I have thought a great deal over the matter, and have come to the conclusion that the reason is in the fact that the customer's mind is not distracted by a different kind of fur which she must eliminate while she is considering the style."

So the company is able to supplement its photographs with rough sketches which, it is asserted, make many sales which would otherwise be impossible. Perhaps there is a suggestion here for manufacturers in other lines who find that an undue proportion of sales are credited to those goods which are actually illustrated, and that sales are being lost because customers cannot appreciate from a single illustration that the goods are made up in a wide range of materials.

Mr. Bard lays great emphasis upon the importance of first-hand study of the market. He not only makes it a point to study the attitude of the customers who come into the company's store, but he keeps in touch with former mail-order customers, writing to them from time to time for opinions as to the best policy for the company to follow.

For example, he wrote to about a thousand customers who had been sold through the style books, and asked them what they thought about the new plan of using the collection of photographs in place of the books. "We were very much gratified," he says, "to receive from these customers a large number of letters in which they say that the photographs are a big improvement." So the same plan will be followed next year.

The value of ability to assume the viewpoint of the recipient of the direct-mail matter is well brought out by an article signed "by an architect" which tells how he looks upon some of the direct-mail material he has been receiving:

*I manage an architect's office. One of my duties is to open the mail. I am not the office boy, or the stenographer, but a man with technical training and practical experience, so I can attend to most of the letters myself. It is the rule in most architects' and builders' offices of any size to have some such man to handle the routine of the business, leaving the employer free to handle the clients and supervise the designing or construction in a broader sense.

After I have read and answered the letters, which come within my duties, and there are few which do not, I put them, together with copies of my answers to them, on my employer's desk for him to read. I separate the mail on his desk in two piles: one containing business letters, the other advertising matter. It is of the advertising matter that I wish to speak.

First come those letters marked "Personal," but which are a crude device to attract attention. A sort of sixth sense tells me whether to open them or not. I am a little quick tempered, and perhaps several worthy firms have had their literature consigned to the waste-basket for lying to me, or rather to my employer.

What gets on my employer's desk must be about something new in the building line; some definite information about an article or process. He is a busy man, my employer, and he cannot waste time reading that the "American Seal Cement Coatings" will protect concrete and cement surfaces from disintegration; a property that this material shares in common with all other cement coatings. The advertisement is about $10\frac{1}{2}''$ by $16\frac{1}{2}''$, nicely printed and arranged, but what does it tell me? It does not mention price, color, method of application, or any

*_Printers' Ink_, September 24, 1914, p. 49.

other useful thing, so far as I am concerned, except the fact above mentioned; it prevents disintegration and, therefore, makes cement waterproof. I found this in a waste-basket, where I put it a while ago, doing duty as a double bottom, and very well, too.

Here is one that is worth while. It is the booklet lately issued by the American Sheet & Tin Plate Company, explaining the effect of copper upon steel, for roofing tin. The cover appealed to me at first. The absence of a firm name on it, if nothing else, impelled me to look into the book to see who issued it. Indolent curiosity is one of the strong points in my makeup.

Whoever wrote that booklet started right in by telling the real objection to tin roofs at the present day, their lack of durability. The tendency to get full of holes which most American-made tin roofs have is almost beyond belief, and this booklet gave the real reason in a few words, all on the first page. I turned the page over and kept on reading until I had finished the book. It started with the truth, which I already knew, gave me useful information, told of the experiments with the new material, called "C. B. Open Hearth," showed photographs of tests with other materials under the same conditions, tabulated the results of the tests, gave the time-honored arguments in favor of tin, and especially "C. B. Open Hearth," as a roofing material, and, best of all, gave specifications for the use of the new plates and data on costs and roof loads. This went on the desk with a special note, and the next tin roof order from this office was American Sheet & Tin Plate Company's "C. B. Open Hearth."

Blotters seem to have gone out of style. I always save those which blot with both sides, but the others are thrown away. If a bottle of ink spills on a drawing, I can't stop to see if a blotter is one-sided or not. There is a good side to everything, and a blotter should have two.

Manufacturers who send stamped, self-addressed envelopes to us are taking a long chance. If the matter interests me enough to make me think it worth my employer's attention, he will probably have me write for more information; if not, the stamp goes into the reserve supply for the office boy to soak off in his leisure moments. We do not feel under obligations to answer an advertisement for two cents—or two dollars—and as a rule, if my employer really wishes information from a manufacturer, he is willing to spend his own money for the stamp.

We don't like to have a manufacturer tell us "For the sake of your reputation, you should specify Flubdub's Floor Finish." How thoughtful Flubdub is; how solicitous! But here comes Bildad's literature, giving the same advice, which no sane manufacturer would dare tell an architect personally. Certainly, we want our reputation unblemished, we want our work to live after we have gone, but we don't want every Flubdub and Bildad giving us advice about it. An architect's reputation is a sacred thing to him, and an advertiser should take his shoes off and leave them at the door before he approaches the shrine.

The American Rolling Mill Company probably spent quite a bit of money in telling architects that "Ridge rolls, conductor pipes, eaves, troughs, metal lath, and window frames made of quickly rusting, soon-to-be-replaced, mild steel sheets never added one iota to any architect's good name—never led one single person to pick out some one architect. Quite the contrary."

I am glad to know that "American Ingot iron will do it—has done it—is doing it," but what good does it do me or my employer? The company makes good stuff; we all know that, but life, in this business at least, is too crowded to have to read unnecessary advice. The company asks that a postcard, which is enclosed, be sent it for further information. If I sent all the post cards of this kind that I was asked to, the office would be flooded with salesmen, not to mention the time it would take to fill out a card for an article in which I am not deeply interested at present, however good it may be.

In this office "follow-up" letters, as I believe advertising men call them, are practically useless. We are glad to hear about the good points of any product, but letters about these products, which say the same things as the catalogues we have on file, are works of supererogation, and are as commonly saved as the big word is used. If literature is worth filing, by that I do not mean burying, but setting aside for easy reference, the articles it advertises are worth using. If they are adapted to the purpose and appeal to us, they will be used.

An architect cannot create jobs, on which to specify materials, no matter how good they are; the best he can do in most cases is to file the literature. Then when the job comes along the material in the file on the particular subject in question will be brought, in my own case, to my employer and me. We will look through it for catalogues or descriptions of the article which meet our requirements. We may find a form letter mentioning in a general way just about the thing we want, but there is nothing definite in it, nothing by which we can specify the article. "Write us for further information," and there isn't time to write. Our loss, of course, but the other man's, too, for we specify what some clear-sighted manufacturer has thoughtfully described for us in tabloid form.

The presence in our files of clear, concise literature with drawings, prices, methods of application, advantages, and a scarcity of superfluous selling talk is a most efficient salesman. When we ask a company to send a representative to talk to us, we expect him to be well informed, responsible, and able to talk business. How much advertising literature is able to talk business? It's all right to make a literary social call, to say "How do y'do?" but could the caller close a sale if the need arose?

A while ago a letter came which made me mad. I wish I had saved it now, so that I could quote from it literally. If a salesman, a total stranger to you, should come into your office and say to you in a jovial manner "Hello there, Bill, you darned old fool!" he would probably get your undivided attention, and be lucky if that was all he got. This letter started out, as nearly as I can remember, with the words "All architects are fools. There, I guess that made you sit up, didn't it?" and then it went on to talk about the product it was advertising. The rest of the letter was about as useful as the average form letter, but I thought the first line would interest my employer, so I put the letter on his desk. "Say," he said, after reading the opening sentence, "this fellow is pretty fresh, isn't he?" and he tore the letter up without reading the rest of it. I think he was kind of fresh myself.

Dignity is a valuable asset, not rhetorical dignity, but the dignity of truth, undecorated and stated without undue emphasis. There are so many articles that are perfect, most efficient, the best made, that I sometimes long for an article which its manufacturers will admit is not beyond compare. Take ventilators, for instance; the Royal ventilator is guaranteed to exhaust more air per minute than any other ventilator. The makers produce a test to prove it. The Kernchen ventilator will exhaust, so the literature says, 100 to 300 per cent. more air than any other ventilator, and its makers produce a test to prove it. If the ventilators could remove the hot air from each other's literature, or even from their own, their efficiency would be remarkable. All of which has something to do with the first sentence in this paragraph.

If companies insist on sending us reminders of the fact that they are in business, I wish they would print them on the backs of half-tone cuts of recently erected buildings. Illustrations are always welcome in the office, if they are clear photographs, taken from a good position. We always save them for future reference, and no matter how often the catalogue file is cleaned of old literature, the picture file is undisturbed. I have known advertising on a picture ten years old to get in its good work when the picture was being used.

Advertisers should remember that my curiosity is really passive rather than active; that they have to show me before I will show my employer; that, although the burden of proof lies with the advertiser, he need not prove his point several times, in divers letters and pamphlets, after he has once given me the complete information.

I want all the information the manufacturer can give me that will assist in comparing his product with others of the same kind, and enough to specify his goods intelligently, without having to write to him for details, which should have been at hand; but that is all. Let him write his "follow-up" letters and literature by means of advertisements in some good architectural publication, and he will save money and gain in sales, so far as our office is concerned.

CHAPTER XIII

TRADEMARKS AND BRANDS

TRADEMARKS derive their value from the opinion the public has of the goods on which they are placed.

The American Tobacco Company enters its brands, trademarks, good will, and patents among its assets at a valuation of $54,000,000, and other successful advertisers put a high value on these "commercial by-products" which are so important a part of their reputation with the public. A recent report of the National Biscuit Company says: "While plants inevitably depreciate, trademarks, trade names, and trade dress of packages, when sustained by quality and service, must inevitably increase in value." And the most important clause in this statement is "when sustained by quality and service." A trademarked product is like a marked man, it may be easily avoided if the public disapproves of it, and no amount of artificial stimulation of demand will alter this for long at a time.

The Quoin Club, which is made up of periodical publishers, has recently begun a series of advertisements to the consumer calling attention to some of the ways in which the purchase of merchandise identified by trademark or otherwise may be used by the consumer to his own advantage. This campaign had the following chief points:

*A series of advertisements has been prepared which began to appear in the May periodicals. Seven advertisements are now ready. They will be printed as a series by each publication, but the entire series will be printed each month in

**Advertising and Selling*, May, 1915, p. 24.

various periodicals. They will be set in one general style of type and border and each advertisement will feature at its top a familiar trademark (different trademarks in the various publications), although no reference will be made to any particular trademark in the copy, the idea being to play up the "reason why" of trademarks as a whole. The general drift of the argument will be shown by these parts of paragraphs:

"The manufacturer who brands his goods and advertises them nationally is so sure of their quality that he is willing to stand the full force of possible complaints.

"It induces manufacturers of similar trademarked goods to compete in quality and service, as that is the only way they can win—by making their trademark stand for something.

"A great factor in the cost of goods is the time it takes to move them. Advertising and trademarks, working together, are the most efficient *movers* of goods—consequently the greatest reducers of selling cost.

"There can be no monopoly in advertising, therefore to-day one manufacturer stands as good a chance as another to win favor for his trademark, so long as he backs up his advertising and his trademark with quality. And the trademark makes the consumer the deciding factor in all purchases, because it enables him to identify the goods.

"The trademark makes it as easy to avoid the unsatisfactory as to repurchase the satisfactory. Therefore, the presumption of excellence is always in favor of the trademarked, nationally advertised goods as against the unbranded article of uncertain origin.

"The purpose of national advertising is to make widely known the names and trademarks of goods upon which the manufacturer places this stamp of his responsibility—this sign of his willingness to be judged by the quality of his goods. The trademark identifies the goods—advertising makes them known. The two things work together automatically for higher standards of quality.

"It is safer and cheaper to buy the well-known advertised article put up by the manufacturer with his name and trademark on the package. Safer, because the manufacturer who puts his name on his goods puts his future into your hands. He must put quality into his goods or lose your trade, because you can always identify his goods. Cheaper, because advertising reduces the producing and selling costs of manufacturers by enormously increasing their output."

Each advertisement closes with this paragraph:

"Trademarks and national advertising are the two greatest public servants in business to-day. Their whole tendency is to raise qualities and standardize them, while reducing prices and stabilizing them."

There is material available for a consideration of many aspects of the trademark. The principles underlying the selection of a trademark have been discussed with some detail and there have been numerous articles describing the technique of trademark registry and protection. The limits of space, however, oblige us to leave these points out of consideration and to confine our attention to the developments of the past year in the trademark field which have to do with the establishment of this device as a factor in the development of modern methods of selling merchandise. These points we shall consider in two main groups: (1) The trademark and the consumer, (2) Some of the problems of competition between trademarks and private brands.

(1) TRADEMARKS AND THE CONSUMER

In Chapter I we referred to the circular of the Mayor's Committee in New York against package goods. This was a direct attack on package goods, and through it on trademarks, advertising, and the whole process by which merchandise is identified for the guidance of the consumer. We have examined some of the elements of the process of selling goods by advertising, and we have examined some of the problems connected with advertising to which the leaders in this modern method of selling are addressing themselves. We are now in a position, therefore, to understand something of the point of view of some of those friends of trademarked goods who undertook to reply to the Mayor's Committee. The following are selected from a number collected by *Printers' Ink* at the time:

THE PACKAGE SYSTEM TOO WELL ESTABLISHED TO BE OVERTHROWN

(By Norah Johnson Barbour, Johnson Educator Food Company, Boston):

*The subject of package goods has been much discussed, and the fact that they do cost more is no secret to any one, and no manufacturer for one instant pretends to say that he can produce package goods for less money than he can produce bulk goods.

The circular which New York City's official Committee on Food Supply has distributed through the schools, advising heads of families to purchase goods in bulk, may have its effect on some people. But the custom of furnishing the consumer manufactured products in a clean and sanitary condition is one of advancement, and all the circulars in creation are not going to overthrow this well-established system of conveying manufactured goods to the housewife.

In reply to that first statement, that the package looks pretty and appeals to the eye, I would say that this is no doubt true. I cannot agree, however, that it makes the food seem more appetizing, except as it assures the purchaser that the contents have not been subject to the contamination of the atmosphere of the grocery store.

In regard to the second statement, I am sure that for sanitary reasons an air-tight and dust-proof package is appreciated by thinking people, and they are willing to pay a little more. Personally I have never found in the open market cereal products in bulk that were the same quality as those which I have purchased in packages.

The plan of buying cereals in bulk and cooking them in a fireless cooker is all right for a certain class of people, but there is a class of people who cannot afford a fireless cooker. A larger majority of the people who can afford a fireless cooker are willing to pay the fractional increase on the cost of their product in order to get it clean and sanitary.

In regard to the cracker question, this is, of course, exceed-

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ingly interesting to us. In our own enterprise we offer the customer goods in packages or in bulk. There is much saving in package goods because there is nothing broken. Crackers packed directly from the oven are all selected. You pay for nothing but perfect goods in perfect condition.

Reference is made to ginger-snaps. What kind of ginger-snaps can be bought loose for ten cents? What class of people are interested in them? The people who are interested in ginger-snaps at 10 cents a pound have been buying them in bulk ever since ginger-snaps were placed on the market. All the large dealers put out these goods in boxes with glass covers.

The bacon situation is one that is intensely interesting. Personally I use the most extravagant kind of bacon because I cannot find anything to compare with it in bulk. The method of slicing bacon is such as to bring the product to you in perfect condition and there is absolutely no waste.

Cleanliness an Important Consideration

Bulk macaroni is always fly-specked and dirty. I never saw any that was clean. As for the comparison of canned fruit and dried fruit, there is no comparison. We will all admit that the dried peach and the dried apricot are good, but they do not take the place of the canned fruit. The same is true of peas and beans. Almost every household uses peas and beans of the dried variety for purées, but they do not take the place of the canned vegetables.

As to the famous Boston baked beans, which are so well known in New England, the price set by Mayor Mitchel's commission for baked beans sufficient for eight people is very low. I belong to a good New England family, and we cannot produce the raw material for a good pot of baked beans for less than 28 cents. Then there is the scientific handling, the fuel, and energy. It requires a whole day's attention to produce a good pot of New England baked beans. I am afraid Mr. Perkins himself would not be satisfied with the results of 15 cents' worth of raw materials to serve eight people.

I do not agree with him that it will pay us to "break ourselves of the package habit." I will agree that some things can be bought both in packages and in bulk of the same quality, and by careful thought on the part of the housewife living expense may be materially cut down, but it will never be done I am quite sure, by giving up absolutely all package goods.

A large majority of the mothers who will be at all stirred by this circular are already using the dusty and specked foods which are purchased in the ordinary New York grocery store in bulk. The thinking public knows that if they purchase a pound of bulk goods it has been handled at least by the man in the store, and I am sure you will agree with me that in those shops in New York where bulk goods are sold so extensively, more than one hand touches the food before it is put into the paper bag for the consumer.

In regard to dealers watching all the time to find out what the public wants, they do this as far as they can and make the most profit for themselves. The progressive grocer of to-day has adopted the package system, as it is a great saving of labor to him and he can handle much larger amounts in the same space. He does not want to go back to the bulk custom, and, if he did, all creation would not follow him. . . .

A pound of crackers in a paper bag, in my opinion, is not a desirable article of food to go into any household. Tin is the ideal container, and, as we know, tin is expensive as compared with pasteboard or paper, but we do get something for that expenditure. There is no question about it. . . .

IDENTIFICATION IMPORTANT IF CONSUMER IS TO SECURE GOOD QUALITY

(By Earnest Elmo Calkins, of Calkins & Holden, New York):

[Editorial Note.—The following letter was addressed to George W. Perkins, Chairman of Mayor Mitchel's Food Supply Committee.]

I appreciate the efforts of your committee to reduce the cost of living to the people of this city, and I feel that there is a great deal of merit in the suggestions of this circular.

It seems only right to me, however, to point out that the primary idea of putting food in packages was not to make a larger profit on them, nor was it entirely, although partly, to protect the food from contamination. A very large factor in this matter is the identification of the foods, and this identification is very important if the purchaser of food is to obtain good food for his money.

To illustrate my point I will pick out one item which you mention, as I happen to know a good deal about it. That item is vinegar.

You must know that there are a great many grades of vinegar made, and that the cheaper grades are inconceivably bad. Bulk vinegar (I am speaking now of cider vinegar) is made almost altogether from spent apples—that is, apples which have been pressed originally to produce cider. The fragments are again pressed and the product made into vinegar—not by the slow process of aging and mellowing, but by adding various chemicals and acids (frequently wood alcohol) to hasten the souring of the vinegar. This vinegar in bulk is drawn from the barrel into containers brought by the customers, or into empty whisky bottles, and sold. It is a raw, sour, unpleasant liquid and bears no more resemblance to real, pure vinegar, properly aged and mellowed, than a whisky fresh from the still bears to a whisky ripened for ten years in wood.

A manufacturer who makes a cider vinegar from the first pressing of the apples, who matures it in wood from twelve to eighteen months and does everything to enhance his product and make it an appetizing and wholesome thing, finds when he sells this vinegar in bulk—that is, by the barrel—that the dealer takes the empty barrel, fills it with an inferior and much cheaper article, and sells it under the name of the manufacturer of the good article.

This happens in every line of food manufactured. Only by selling the vinegar and other articles in containers which are filled at the factory and which go sealed and intact to the consumer can this be prevented.

The reason that such vinegar costs more than the bulk vinegar is not entirely due to the package, although, of course, the cost of the package must be considered, but it is more largely due to the fact that it is a much better vinegar and is the only vinegar fit for human consumption.

HOME PREPARATION CANNOT EQUAL FACTORY PROCESSES

(By Truman A. DeWeese, Director of Publicity, the Shredded Wheat Company, Niagara Falls, N. Y.):

To attempt to prejudice the consuming public against package foods through the medium of the public schools is certainly going beyond the legitimate prerogatives of city government. The right of Mayor Mitchel's Committee on Food Supplies to injure or destroy any legitimate industry through the medium of public schools is certainly open to question. Package foods represent a long stride in the direction of pure food and away from the unsanitary methods of other days. A food that is packed in sealed, germ-proof packages is certainly cleaner, purer, and freer from dirt and the ordinary contamination incident to transit than the old style of bulk foods which were sold from barrels and boxes, which were frequently infested by mice, and in which the store cat quite often reposed at night.

So much for the package feature which secures cleanliness and purity and sanitation. Now, as to the process of manufacture. It is not what we eat, but what we digest, that nourishes the human body. The digestibility of a food product depends largely upon the process of manufacture and how it is prepared for the human stomach. It is easy enough to tell the housewife that she can prepare cereals in her own home just as well as they can be prepared in a factory. The absurdity of this statement, however, will be quickly apparent to men who have any knowledge of the manufacturing business and who know something about the equipment that is required to prepare a cereal food in digestible form. It is not possible to equip the average kitchen with the appurtenances that will enable a housewife to prepare cereals in a sanitary and digestible form.

So far as our product is concerned, the circular does not touch us at any point. It is not possible to make Shredded Wheat Biscuit in any home. The virtue of our product is in the process, which consists of steam-cooking, shredding, and baking the whole wheat under conditions of perfect sanitation and cleanliness which do not obtain in the average kitchen. We claim that through this process the whole wheat grain, with all the rich, body-building material which it contains, is more thoroughly digestible in the human stomach and that every particle of the grain is converted into healthy tissue, bone, and brain. Two of these biscuits with a little hot milk make a complete, perfect meal, supplying all the strength-giving material that is needed for a half-day's work or study, at a total cost of not over three or four cents. Being ready-cooked and ready to serve, the housewife wastes no time and no fuel in their preparation and is not required to invest in the machinery which makes this process possible.

Of course, the movement to educate poor people on the food value of cooked cereals, vegetables, and fruits is a laudable one, and deserves encouragement and support. Instead of educating the public away from package goods, however, I think the time is coming when the public demand for cleanliness and purity will result in the enactment of laws forbidding the sale of such foods as cereals, crackers, peas, and beans in bulk. The sale of such foods in bulk with all the dirt, disease germs, and foreign material which they contain is fraught with grave danger to the public health.

PUBLIC WILL NOT GO BACK TO OLD-TIME HABITS

(From B. Fischer & Co., Importers of Tea, Coffee, Spice, Rice, New York):

We thank you for calling our attention to this circular, and, of course, we are not in accord with Mr. Perkins' or the committee's theory of the package-food situation. We, furthermore, do not believe that the public, unless a tremendous amount of pressure is brought to bear upon them, will go back to the old-time way of demanding foods in bulk in place of packages, and for that reason we do not think it is going to interfere with the sale of our goods.

Take, for instance, coffee. It is a recognized fact that in order to preserve the true flavor and freshness of coffee it should be packed in a hermetically sealed can. Of course, there is no denying the fact that an ordinary bulk coffee can be bought at lower prices, and this is a condition, we think, that will always exist.

In regard to rice, our goods, which are automatically packed, cost so little more for the covering that we honestly believe the public get a better rice, put up more attractively and conveniently, at the same price they would pay for an inferior article. However, there are many different grades of rice, and, while the retailer gets 10 cents per pound for Hotel Astor Rice, consumers will always be in a position to buy some sort of rice at 4 cents, 5 cents, or 8 cents per pound.

Some of the statements made on this circular are rather exaggerated; for instance, tapioca. "A package of tapioca contains twelve ounces and costs 10 cents." They have been too general in this respect, because we put out thousands of one-pound packages, and thus enable the retailer to deliver the consumer sixteen ounces.

We can realize that the committee is naturally going to try to help the public reduce the cost of living in certain respects, and we must admit that certain kinds of foods can always be bought cheaper in bulk than in packages, therefore we cannot hope to entirely eliminate competition of this sort.

SACRIFICING THE QUALITY OF TEA TO SAVE 20 CENTS A YEAR

(By W. A. W. Melville, Vice-President, Ridgways, Inc., New York):

The suggestion that the best quality of tea can be regularly sold by the grocery trade at 40 cents per pound is too absurd to receive serious consideration. The whole economic law of supply and demand has been cast to the winds, and a suggestion that will save the average individual about 20 cents a year is seized upon to help reduce the cost of living. It means sacrificing clean, pure tea, the quality of which is absolutely assured in the package, for bulk tea the quality of which cannot be assured at the next purchase, unless the grocer has a full knowledge of blending; not to speak of the impaired strength and damage to the bulk tea through contamination with surrounding odors.

The public have appreciated the necessity of the package to provide them continuously with tea of the same quality. The intentions of the committee are undoubtedly of the best, but when four cups of tea cost only one cent, the committee could better afford to show the public how much more money they could save by drinking the least expensive beverage—tea—in the place of other beverages. It would amount to many times the 20 cents a year represented by the present suggestion.

We do not consider that the circular will have any effect on the sale of tea in packages.

COMMITTEE'S STATEMENTS EVIDENCE OF INSUFFICIENT INVESTIGATION

(By E. Biardot, President, The Franco-American Food Company):

I have read with great astonishment the contents of the circular issued by the Committee on Food Supply of New York City, and signed by George W. Perkins, chairman.

My astonishment is caused by the seeming total ignorance on the part of Mr. Perkins of the stock of bulk goods and the usual state of that stock in the grocery store in which the people, for whom the circular is evidently intended, do their purchasing.

How a citizen of New York can make the statement that "As a matter of fact, it is possible for your grocer to keep on hand, in bulk, exactly the same foods as the packages contain, and it is also possible for him to keep them in bulk in a perfectly sanitary manner, so that dust and dirt cannot reach them," passes my comprehension.

It is to be noticed that the statement above is based on a possibility and not on the actual state of things.

No doubt bulk goods can be bought cheaper (in most cases they are of inferior quality), but when we see canned peaches compared to evaporated peaches, canned apricots compared to dry apricots, canned peas compared to dry peas, I wonder how a campaign against package goods can be based on such assertions.

Do Mr. Perkins and his committee know how canned fruit and canned vegetables are prepared in the average reputable preserving factory? Do they know how bulk dried fruits are carried and kept? They evidently do not.

I do not mean to say that dried beans, dried peas, or dried fruit cannot be advantageously used for certain purposes, but comparing them with vegetables and fruit which are cooked and preserved when fresh seems to me preposterous.

When the advocates of bulk goods make the assertion that bulk crackers can be compared with crackers put up in tin or cartons, they evidently have not studied the subject from the point of view of taste and flavor—let alone the question of sanitary reasons which cannot be denied—and they have surely not looked into the stock in the stores of a number of average quality grocers.

You ask if such a campaign is apt to injure our trade and I answer that, inasmuch as you cannot buy soup in bulk (at least I know of none which is sold that way and would be fit to eat), such a circular as the one I have read will not affect our sales. That is why I am at liberty to discuss openly the points mentioned above, without being accused of partiality.

ADVERTISING DOES NOT ADD TO COST OF PACKAGE GOODS

(By N. Musher, President, the Pompeian Company [Olive Oil], Baltimore):

[EDITORIAL NOTE.—The following letter was sent to the Mayor's Committee, and published in the New York *Journal of Commerce*.]

When foods are sold in bulk the retailer who sells the goods to the consumer is the only one back of them. He is the only one the consumer can look to for correct weight or measure, absolute purity, good quality, and fair price.

There are about 250,000 retailers in the United States, and each must be responsible to his customers for the quantity, quality, purity, and price of every commodity, while the city, State, and Federal authorities will have to retain the services of thousands of inspectors to watch the sanitary conditions, the exactness of weights and measures, the purity and quality of the products sold, and last, but not least, as to the price in each store.

Is it to be left to these retailers to buy what suits each best and sell it in bulk to the purchasing public, with no guarantee that what they sell is the best that can be had for the money?

If your committee will purchase in the open market standard foods that bear the name of the manufacturer or packer, and compare them with goods packed under the distributor's private label, you will find a marked difference. This will show you that it is of the utmost importance to purchase only goods that bear the packer's name. Regardless of the standing of the merchant under whose name these goods are packed, the packer always puts the best under his own name.

Don't be fooled by the thought that the consumer pays for advertising, nor that a food product well advertised involves a great profit for the packer to afford advertising it. Advertising reduces the cost of material, reduces the cost of the container, reduces packing charges and overhead expenses by increasing the volume of business, so that judicious advertising is not an expense, but the contrary.

Those that advertise and expect to sell goods on the strength of advertising alone find to their sorrow that advertising is only an adjunct to merchandising; the first essential is to produce or pack an article of merit to be retailed at a fair price. The advertising is to let the people know that you have succeeded. It persuades the public to try the goods once; the quality and price must make it a household article afterward.

How Olive Oil Was Standardized

When the Pompeian Company entered the olive-oil field, about seven years ago, a four-ounce bottle was called a half pint, an eight-ounce bottle a pint, and a sixteen-ounce bottle a quart. The four-ounce bottle retailed for 25 cents, the eight-ounce bottle for 50 cents, and the sixteen-ounce bottle retailed for $1. The sale of olive oil was limited to the new fancy stores who catered to the wealthy classes only. Olive oil was not within the reach of the everyday purchaser.

To-day eight ounces is a full half pint, with the contents plainly marked on every package, and retails everywhere in the United States at 25 cents. A full sixteen-ounce tin retails at 50 cents, and a thirty-two-ounce full quart tin at $1. A good many retailers who do a large volume of business sell Pompeian olive oil even at less than the prices named above because of their volume of business.

We have our prices marked on every tin, so that the retailer cannot take the advantage of charging more than the regular rate. Remember that every packer who establishes a fixed selling price plainly stated on the package is doing so for the protection of the consumer.

We have invested approximately $1,000,000 in advertising and missionary work to get the proper distribution, but not a cent of that was ever charged to the goods themselves. It is carried on our books as an investment in good will. Any one buying a package of Pompeian olive oil to-day is receiving a cent's worth for every cent parted with, the best of olive oil packed in the most convenient package at the least possible price. Our watchfulness commences at the source of production.

Food sold in bulk by the average retailer cannot be called wholly pure, as it can't reach the consumer free from dirt and filth. When sold in the original package, however, it can be delivered exact in weight, standard in quality, pure and clean from dirt and filth, and at a fair maximum price.

To sum up, the consumer deals direct with the producer when he buys original package goods. The producer is directly responsible to the consumer, while the jobber and retailer only act as the agents of producer and consumer. They are the brokers and work on a very low commission scale. They guard the interest of the consumer against unfair manufacturers of inferior commodities.

These replies to the circular of the Mayor's Committee were not introduced into this compilation immediately after the circular, because it was believed that their real weight would not be appreciated without some restatement of what actually is taking place in the advertising field. Many of the achievements which have been discussed in the intervening pages, representing the positive contributions of advertising to modern methods of selling, either were not familiar to the committee or were ignored by them. In any case, a knowledge of the fact that these developments are going on makes it clear that any attack upon advertised goods which closes its eyes to some of these larger aspects of advertising is based upon an incomplete consideration of the essential factors.

A careful reading of the replies here quoted serves to make it clear that the only convincing arguments set forth on this question are those based on real service to the consumer. Moreover, this controversy illustrates admirably one fact about advertising which advertising men are being forced to recognize. That fact is that the strongest arguments in its favor are those based on its effect upon the distribution process, which effect is, for most consumers, obscure, intricate, and uninteresting.

For example, the committee report emphasizes the cost of the package, but it makes no mention of the minimizing of this cost by volume of sale, nor does it make any compensating allowance for wastage and spoilage of bulk goods, both in transit from the factory to the store and in the home after it is bought. None of its comparative figures makes due allowance for what might be called the "cost of consuming"—that is, the cost of fuel and labor and other items in preparing these foods for final use. In places where fuel is costless and where the housekeeper's time has no appreciable value, and where other elements of the cost of consuming are negligible, the price of goods at the store may represent a fair measure of their value, but elsewhere the price, ready for final consumption, with storage, waste, and all preparation cost included, ought to be the final basis of comparison. This price it is impossible to quote. But the continued demand for trademarked goods indicates that the consuming public uses it in measuring values. The public apparently takes into account the services which have been rendered and chooses, whether consciously or not, those goods the final net cost of which to them is least, after they have given weight to the costs of final preparation.

In the case of clothing this same process of factory preparation has been at work longer. A generation ago household economists or their predecessors were urging women to buy unbleached muslin, bleach it for themselves, and make up their own underclothes. Unquestionably clothes made in this way were of good quality and represented a small money outlay. But the gentle persistence with which the "consumers" pursued white sales and neglected the unbleached muslin counter had finally made it clear that the ready-to-wear clothes were in the long run more economical for most purchasers.

The development in the case of foods has been slower for a number of reasons, chief among them being the difficulty and cost of guaranteeing satisfactory quality and conditions of sale. This has been overcome in a number of striking instances by the development of an identifying mark and a large assumption of responsibility by the producer. Even yet the importance of this change in methods of marketing is only beginning to be appreciated. The selling of goods under trademark has come to stay—the Mayor's Committee to the contrary notwithstanding—and at least in certain lines and under certain conditions this method represents a substantial advance over the methods of bulk selling of unidentified goods. Its place in the distribution system, however, probably will not be that of a sole occupant of the field.

The comparison of retail prices of goods at the store, even if we leave out of consideration the additional cost of preparing the goods for consumption, is not an altogether fair measure of the social and economic value of the trademark method of doing business. This is another place in which the obscure contributions of advertising outweigh the immediate and apparent ones. In some cases the economies in sale which have been made possible by the expansion of business through trademark exploitation have been more than enough to offset large increases in the cost of raw material. Grape juice, for example, now sells at about one half what it did in 1897, while the price of grapes has increased from $10 per ton to $40 per ton.

Some concrete cases discussing the effect of advertising on the price and quality of the goods are contained in the following symposium:

*This symposium will provide advertising men with what they have heretofore largely lacked—convincing facts and figures with which to fight the reviving delusion that "advertising is a tax on the consumer."

This accusation, hoary with medieval ignorance as it is, is nevertheless being seriously entertained in quarters that have the power to do considerable harm. For example, the Oldfield Bill, which is now having new hearings in Washington, would in its final effect put a trademarked brand at the tender mercies of price-cutters everywhere.

The Oldfield Bill is only a symptom of a vast mass of uneducated opinion behind it. Supporting it are those manufacturers who are continually claiming that they can undersell their advertising competitors "because they do not have to meet a big bill for publicity." Every advertiser has had to meet competition times without number on this slogan.

Heretofore attacks upon advertised goods have been met by general argument; but general argument, no matter how true it is, is not strictly evidence, and it was evidence *Printers' Ink* sought when it sent a letter to a number of leading advertisers. In this letter advertisers were asked:

"Can you give us some definite figures proving that since you began advertising one of these three things is true:

"1. Prices of your goods have been reduced as a result of the larger output secured through advertising.

"2. Quality or intrinsic value of goods has been increased.

"3. If neither proposition can be proven, can you show that price and quality have remained stable in face of increased cost of raw material and workmanship?"

******Printers' Ink*, **January 22, 1914, p. 3.**

A reading of the contributions from the prominent advertisers below will reveal the overwhelming nature of the evidence in favor of advertised goods. In statement after statement it is proved, without qualification, that advertising has been instrumental in increasing quality and reducing price or in increasing quality and keeping price stable despite increasing costs of manufacture. If these statements were words only they would not, of course, be deserving of the significance that must be attached to them. But the assertions made are backed by advertising appropriations which in the aggregate represent millions of dollars a year.

DIOXOGEN ADVERTISING HAS KEPT RETAIL PROFITS NORMAL

(By J. G. Timolat, President, the Oakland Chemical Company):

We cannot give you any definite information about any product except our own. There is a good deal of hearsay information on both sides of the question as to whether advertising increases the cost of goods, and we do not think that general statements will cover the question, because so much depends on the article itself that every article should be considered by itself.

In the case of Dioxogen, some two or three years ago, reduced costs of manufacture, due to larger production, induced us to increase the size of our package $33\frac{1}{3}$ per cent. each on two sizes, and 25 per cent. on the third size, without any change of prices whatever, either to jobber, retailer, or consumer.

A few years before that—I am not quite sure of the date—we had reduced the prices of one of our size packages 20 per cent. without any compensating advantage to us, so that in this particular case there have been two actual *bona fide* important reductions.

Manufacturers and advertisers carry a good deal of a load of censure. With a product like Dioxogen, where we attempt to establish a uniform price throughout the United States by prepaying freight charges, so that the wholesale or retail distributor in one part of the country buys his goods at the same price that the distributor in some other part of the country buys his, it goes without saying that a competitor located near the manufacturer's own plant, who does not maintain such a policy, can on the face of it sell his goods just so much less, and in that particular territory.

Again, a manufacturer of a proprietary article, whether it be medicinal, toilet, food, or wearing apparel, always considers during the time of introduction that his expenses of introduction are part of the capital investment; while he keeps an eye on the amount so expended, he rarely expects to get any immediate return of that expenditure.

Expenses of Introduction

Most of the widely advertised articles have more or less irregularity in the way of spending an advertising appropriation. Some firms spend a great deal of money for a certain period and then reduce that expenditure to give themselves a chance to catch up. All of these matters are questions of individual ideas and experience, and it is only after an article is well established that the proportion of advertising expenses should be really considered as one of the elements of cost.

Another point that is usually overlooked is that a product which is widely advertised and which has a high reputation to maintain spends a good deal of money in investigation, overhead charges, etc., which a product which sells only from the price standpoint does not carry.

Charges for Upkeep of Standard

In the case of Dioxogen, this expense is very heavy. We do an enormous amount of research work which is of great value to the consuming public. Our non-advertising competitor does not hesitate to seize on any of this information and appropriate it as he pleases, attributing to his goods (of a more or less similar character) all that he can with any advantage. The question of quality or standard is a very elastic one for the non-advertising, no-reputation manufacturer.

These are only a few of the considerations of this general subject. It is safe to say, however, that after all of these matters are summed up the net profit of the advertising manufacturer is not larger than the net profit of the non-advertising manufacturer, and he has to depend ultimately on the volume of business which he establishes.

The public at large does not understand or appreciate the costs of doing retail business. The public does not seem to realize that its demands on retail distributors are such that the retail distributor has got to make a relatively large profit, and retailers themselves frequently overlook this point in their criticism of the advertised article. Most advertised articles provide a proper profit for the retailer, and they get little or no credit for this consideration.

Profits of the Dealer

Without advertising, which, after all, does give the consumer a standard of value, there would be nothing to prevent individual retail distributors from demanding and receiving a perfectly abnormal profit, and in all probability, if it were possible in the drug line to average up the prices that people paid for peroxide of hydrogen before the Dioxogen advertising, and the average prices that they pay now, it would be found that the present retail prices are fully 50 per cent. lower than the prices that existed previous to Dioxogen advertising, and this without any consideration of manufacturing costs.

In other words, where the retail distributor sells an article of which the public has no knowledge of its value, the profits that he makes are excessive and much larger than he is legitimately entitled to make. If we had a few business men as law-makers it might be easier to inject a little common sense into legislation which attempts to influence business methods.

ADVERTISING HAS CUT SELLING COST IN TWO

(Statement from Hart, Schaffner & Marx, Chicago):

What you want is definite figures, which appear to us rather difficult to give. Advertising is a general charge; the only way to estimate its effects is by general results. These general facts we are able and willing to give you.

When this house began advertising the business amounted to about $1,500,000 a year; there were at that time a number of clothing concerns doing a larger business than that. To-day our gross sales amount to more than $15,000,000; we are the largest clothing manufacturers in the country.

We believe our business would have grown without advertising. We do not think it would have reached anything like its present volume, nor that the growth would have been accomplished with anything like the same speed.

Volume alone would have enabled us to decrease the cost of the goods; but advertising has undoubtedly decreased also the cost of selling, It costs to sell our goods only half as much as it cost fifteen years ago; we figure the advertising as part of the cost of selling.

As to the increase in quality or intrinsic value in the goods, we believe that has been very decided, although it is not easy to make definite comparisons. Twenty years ago we made suits that could be sold at retail for $10 and $12; to-day we make no suit that can be retailed under $18 or $20. But we are putting much greater value into the $18 or $20 suit than we could have done fifteen years ago. Twenty years ago a large part of our product was lower priced than our lowest price now; you see that comparisons are difficult.

But the advertising has not only reduced costs; it has made possible higher standards of business.

You may be able to extract from the foregoing some facts that will be of value to you; if so we shall be pleased.

KODAK'S DECREASED RETAIL PRICES

(By L. B. Jones, Advertising Manager, Eastman Kodak Company):

There can be no argument as to the benefits to the public through our increased output, which increase in output is due, in large measure, to our continuous, extensive advertising.

Largely increased output means economies in every direction, but especially in the matter of automatic machinery, which makes it possible to turn out uniform goods at greatly reduced costs. It means a reduction in overhead expenses that more than offsets the advertising expense, which is, of course, a part of such overhead.

The decreased retail prices cited below would have been impossible on the old manufacturing and marketing basis. Increased consumption, due in large measure to the fact that we have taught the people the pleasures that are to be derived from photography, has made possible the present low prices of photographic goods. As a matter of fact, the percentage of advertising cost to the total volume of business is much smaller than most people imagine.

We became national advertisers in 1888, the year in which the Kodak was first placed on the market. This first Kodak made a picture $2\frac{1}{2}$ inches in diameter, was a crude and bulky affair as compared with the cameras of to-day, and sold for $25. To-day we sell a camera made of better material throughout, capable of making better pictures, mechanically and optically superior to the old one, and taking a picture $2\frac{1}{4}$x$3\frac{1}{4}$ inches, at $10. We make another camera, selling at $2, which, so far as the picture-taking capabilities are concerned, is superior to this original $25 Kodak. This latter camera is, however, not so well finished as was the $25 instrument.

Perhaps the best comparison can be made if we take the 4x5 size. In 1892 we were selling a No. 4 Folding Kodak, which made a 4x5 picture, at $60. This camera had a rapid rectilinear lens, was equipped with a rising and sliding front, and had a very good shutter for those days, providing for both time and instantaneous exposures. It was a handsomely finished box but extremely bulky, was made of mahogany and cherry, and covered with a fine grade of leather. To-day we make a 4x5 Kodak, using a lens of the same type, but much improved. This Kodak also has a rising and sliding front and shutter vastly superior to that used on the original No. 4 Folding Kodak. This camera is made of aluminum covered with leather, will go in the pocket and loads in daylight, whereas the old one was a dark-room loader. The price is $20, as against $60 for the original camera in this size.

I can go on similarly through our whole line and show marked improvements in the goods at equally marked reductions in price to the consumer. And, by the way, in spite of these reductions in retail selling price, the discount to the dealer is larger than it was in the early days referred to.

On films the retail selling price has not been reduced, but the film itself has been vastly improved. In comparing the cartridge films of to-day with the cartridge films of twenty years ago, we find that they are not only improved in speed and quality, but they are now ortho-chromatic to a high degree and are non-curling, this latter feature requiring that the transparent base be coated on both sides, whereas originally it was coated only on the emulsion side, the gelatine backing now offsetting the curling caused by the emulsion. Instead of being put up in black papers, the present Kodak films are put up with a duplex paper which is red on one side and black on the other—a better preventive against deterioration than was the old paper. Although the retail price has not been lowered, the dealer's margin of profit is larger than heretofore.

It is my opinion that this matter of profit to the dealer, as well as the matter of price to the public, should be brought out, because the opponents of the price maintenance system are already trying to make out that under such system the retailer becomes only a rent-paying clerk.

ADVERTISING HAS MADE YEAR-ROUND MARKET

(By F. T. Joy, of E. A. Mallory & Sons):

Since starting to advertise in 1906 our sales have increased 270 per cent. This increased demand for Mallory hats which our advertising has created enables us to run our factory on full time the year round, making a great reduction in overhead charges. Formerly, in common with all manufacturers of unadvertised hats, we were able to run to full capacity just during the two hat-buying seasons of the year, with a long dull period between each season.

Since starting to advertise in 1906 we have made a saving of 17 per cent. in the total cost of selling Mallory hats. This saving, which amounts to seven cents on every hat we manufacture, more than pays our advertising appropriation. The saving in selling expenses has largely been brought about through the increasing demand for Mallory hats which our advertising has created, enabling our salesmen in many cases to sell double the amount of goods, with little or no increased travelling expenses. Formerly our salesmen could not interest dealers in every place they visited; now they sell many dealers in every town and city visited, and in quantities which are constantly increasing.

This great saving made in our manufacturing and selling expense is largely due to advertising, and the consumer is benefited by it because we can now give better values than formerly, even in the face of increased cost of raw material and workmanship.

SAYS HIS GOODS PROVE CONTENTIONS

(By W. J. Leonard, Vice-President and Treasurer, Burnham & Morrill Company):

In our opinion it can be readily proven that advertising of food products lowers the prices to consumers.

B. & M. Fish Flakes is the product which we advertise most extensively. Our price to the wholesale grocery trade is 25 per cent. less to-day that it was four years ago, advertising causing increased sales, and naturally increased production brought about this change.

The quality of this product has always been of the very best, and our natural policy, with or without advertising, is to increase quality whenever possible.

Likewise, because of advertising, even when increased costs of raw material and workmanship at different times throughout the year cause us actually to sell the finished product at a loss, it is only because of advertising that we are enabled to do this. If there had been no advertising, and if we had not by this advertising fixed in the minds of consumers a price at which the product should be purchased, when these costs of raw material and workmanship advance so considerably there would be the same general advance in our own selling price.

VOLUME OF SALES KEEPS PRICES STABLE

(By F. A. Harding, of Wm. Underwood Company):

Underwood's Deviled Ham has always been advertised to a certain extent, but up to four years ago a very small amount of money was spent for advertising, and the advertising was placed here and there without any particular regard for a systematic campaign, and with the idea of obtaining local rather than national distribution of the product.

In 1909 the appropriation was materially increased to a sum which, while comparatively small, was as large as we felt our small business would warrant, and as much space as possible has been used since then in mediums of the largest national circulation.

During the thirty years that Underwood's Deviled Ham has been on the market to any considerable extent our gross prices have remained unchanged in the face of the greatly increased cost of raw material, which is apparent to every consumer, and also in spite of the increased cost of workmanship, of which our proportion is the same as that of all manufacturers.

Little by little our trade discounts have been increased so that, while the price to the consumer is not changed, consumers have benefited by an increased distribution of the product due to a more favorable attitude among the trade toward handling the line. Furthermore, the intrinsic value of the product has been increased through improvements in our processes and the installation of modern methods, which could not have been accomplished had our sales remained stationary.

The largest increase in our sales, and also the largest increase in our trade discount, has been during the last four years, when we have spent more money for advertising. We feel absolutely confident that had it not been for the inauguration and systematic management of this advertising campaign, our business would be stationary or declining instead of gradually increasing, and that the tremendous cost of selling the product without advertising, combined with increased cost of the product, would have necessitated prices beyond the reach of a large percentage of the present consumers.

In other words, the only thing which permits us to continue business on the present basis is the increased volume obtained during the last few years.

ADVERTISING KEEPS DOWN COST OF PRODUCTION

(By V. L. Price, Chairman of Executive Committee, National Candy Company):

I do not believe the selling price is in any way affected by advertising.

It is true that advertising increases sales, and naturally an increase in sales brings about certain economies in manufacture and purchasing of materials which affects the cost of production.

It is not, however, always the case that this lower cost of production means a lower price to the consumer, for the reason that very frequently goods are placed on the market in the beginning without sufficient or legitimate profit to the manufacturer and he is obliged to take his chances of success of his selling and advertising plans, and through these bring about through the lower cost of production above mentioned a legitimate profit.

It is also in our line of business practically impossible to advance the price to the consumer with advancing raw materials. The price must be kept uniform, as the consumer, through advertising, has in his mind a distinct conviction as to the price per pound or per package of our product, and that price has no relation whatsoever to the cost of materials; therefore when materials go up our profit is less, and when they go down our profit is more, and our salvation lies in the working of the law of averages.

One great effect that advertising has upon our goods is the improvement in quality and package, and uniformity of both, as well as a decided stimulant to the liberal treatment of the trade and good service.

The habits of consumers of our products are well fixed, and it would make no difference whether we advertised our goods or not, that habit would prevent paying a higher price than is customary to pay, and would practically destroy the sale of products which were offered at a lower price than it is customary to pay.

Advertising does nothing more or less with us than to make known to the consumer our products, and, of course, in praising our products we have to be particularly careful that the product itself in quality and appearance comes up to all that we say about it.

I cannot in any way accede to the supposition that advertising increases the price to the consumer of the majority of advertised products.

The cost of advertising is in all cases equalized by a lower cost of production due to increased sales, and if advertising were not done, then in my judgment the cost of production would increase, and as a result the selling prices to the consumer would have to continue the same.

We find in our business that where unadvertised goods are substituted for advertised goods at a less price, in all cases they are goods of an inferior quality.

We have competition from goods of equal quality that are not advertised, and, of course, this competition is effective only to the extent of the personal influence of the salesman selling the goods, and naturally the advantage is in favor of the advertised goods, because of the appreciation of the majority of good dealers of advertising and its help to them in selling advertised goods.

PRICES UNCHANGED DESPITE COSTLY MATERIALS

(By Edward Freschl, President, Holeproof Hosiery Company):

I believe that your effort to collect definite and tangible facts proving that advertising does not result in the consumer paying a higher price is a laudable one, and I hope that you will be successful in collecting valuable data.

In regard to our own enterprise I have the following to report:

1. Prices of our goods have not been reduced as a result of the larger output secured through advertising; we originally placed on our goods popular prices corresponding with those which were being received for unadvertised goods that were equal or inferior in value.

2. The quality of our goods has been continually improved in a general way in the ten years in which we have been engaged in this particular business, but the improvement, as I said, has been a general one, and it is difficult to represent it in actual figures.

3. Our prices, both to the trade and to the consumer, are identically the same as they were in 1904, although the cost of raw material and workmanship have increased materially since that time. As a matter of fact, our goods that retail at 25 cents per pair cost us 20 cents per dozen more to produce to-day than they did in 1905; and it is, of course, due to the fact that we have steadily increased our volume of business by means of advertising that we are able to continue to market these goods at the same price to the consumer.

Would say, furthermore, that hosiery handled by jobbers is being sold in competition with our product, selling at the same price to the consumer without any advertising whatever; it is sold without a guarantee of any kind, whereas our product is sold under a six months' replacement guarantee; and it is sold in most cases without a brand or trademark, which, of course, is a disadvantage to the consumer as against his buying a product which carries the manufacturer's name or trademark. Some of these goods, I will admit, are more attractive in appearance than ours; but I will maintain that none of them is made with any consideration as to wearing qualities, on which feature we, of course, place the greatest emphasis. This ought to be an important item in making comparisons between advertised and unadvertised hosiery, especially at a time when the question of "high cost of living" is receiving so much attention.

There are other trademarked brands of hosiery (unadvertised) on which a large distribution and sale has been worked up; but as far as my knowledge goes it has cost just as much to effect this volume of business by means of the selling methods that were used as it would have cost if advertising to the consumer had been the means employed.

CORN FLAKES CHEAPER AND BETTER

(By R. O. Eastman, of the Kellogg Toasted Corn Flake Company):

We can give definite evidence proving both:

1. That prices of our goods have been reduced as a result of the larger output secured through advertising.

2. Quality and intrinsic value of goods have been increased.

As to No. 1, when our product, then known as Sanitas Toasted Corn Flakes, was first placed on the market the package was one third smaller and sold for 15 cents. With the increased distribution resulting from national advertising we have increased the size of the package 50 per cent. and decreased the price to the consumer $33\frac{1}{3}$ per cent., so that the consumer to-day receives more than twice as much for his money as he did of the unadvertised product.

Quality and intrinsic value have both been greatly increased. More than $50,000 a year is spent in our factory in maintaining inspection and in safeguarding devices which are scarcely in evidence to the casual observer, and which in all likelihood would not be missed by the consumer. Only raw material of the highest standard is used in making our products. For example, there is only a very small amount of sugar used in the flavoring of the flakes in a single package. The proportion of sweetening is so infinitesimal that saccharine could be used with perfect results and could only be detected by expert chemical analysis. The use of saccharine in place of granulated sugar would save our company $50,000 a year, but instead of reducing the quality even to this extent we prefer to pay the $50,000 a year additional and use the highest grade white sugar obtainable.

Another feature: This year we are spending $100,000 to place an absolutely moisture-proof seal on our packages so as to carry the goods to the consumer in identically the same condition as when they leave our ovens.

STABILITY IN A HARD-FOUGHT FIELD

(By Floyd Y. Keeler, Business Manager, I. W. Lyon & Sons):

You ask: 1. Have the prices on your goods been reduced as a result of the larger output secured through advertising?

To which we answer, No, because the popular price of a dentifrice is 25 cents, although our powder through price-cutting and through merchandising factors is sold at 20 cents or less.

2. Has the quality or intrinsic value of the goods been increased?

Yes, we have steadily and consistently improved the style, convenience, and stability of the container, taking into account and safeguarding the public welfare at every turn. These improvements and refinements have of course increased manufacturing cost.

3. If neither position can be proven, can you show that price and quality have remained stable in the face of increased cost of raw materials and workmanship?

In regard to this, we can show this without any qualification or mental reservation whatever, because, although the cost of labor and raw material have increased very much (and owing to the fact that most of our raw materials are imported, the tariff has been a large factor, and still is), and although we have been at the mercy of very grave uncertainties which would have made it very easy to change the quality of our product, using only domestic materials which could not equal our imported ones, owing to the fact that they cannot be produced in this country, yet we have made no changes, believing that it was best at all costs to keep the confidence of the public in us and in our advertising, even at the sacrifice of our personal welfare.

It seems to us that the manufacturer who advertises is a man of stability and reliability, and not just an ordinary tinkerer whose rise and fall is generally meteoric.

TWENTY YEARS' HISTORY OF THE SHAVING STICK

(Statement of J. B. Williams Company):

Perhaps it will be most enlightening, as far as our contribution is concerned, for us to take the case of one of our leading articles, say our shaving stick, and follow it briefly through a course of, say, twenty years, bearing in mind that it was during this period that the cost of living rose so greatly as to cause popular unrest and complaint.

Twenty years ago we put out Williams' Shaving Stick in a metal leatherette covered box with a slip cover, very simple and extremely inexpensive. To-day the descendant of this leatherette shaving stick is being sent out in a nickeled box with hinged cover, a container of very much greater value, convenience, and attractiveness. At the same time the net saving of the present shaving stick to the dealer is a fraction over 2 per cent. of the former leatherette covered shaving stick, and with the additional advantage to the dealer that we are paying the freight on this and other products of our manufacture, which was not true until a few years ago.

A point of perhaps important significance in the present discussion is the fact that the consumer is getting 20 per cent. more soap in the nickeled box with hinged cover to-day than he got years ago in the plainer and less expensive box, so that to sum up the situation, the dealer is buying our shaving sticks at 2 per cent. less than the former price, he is getting the freight paid on his shipments, the consumer is getting 20 per cent. more for his money, besides having it packed in a much more durable and attractive container, and all this during a period when products in general were going upward in cost.

In addition to what we have said above, it is a fact that our advertising appropriation for shaving sticks is to-day decidedly larger than it was twenty years ago.

ADVERTISING CHANGES DRUG INTO A GENERAL UTILITY

(By H. Dumont, Manager, the Pacific Coast Borax Company):

In the case of "20-Mule Team" Borax it is true that advertising has reduced the cost to the consumer through an increased output. When borax was comparatively unknown to the average consumer it was sold principally by druggists, and, being classed as a drug, sold at a rather high price, as high as 30 cents a pound. To-day, through extensive advertising, "20-Mule Team" Borax has become familiar to the consuming public, and its many household uses have taken it out of the drug class, and it is now sold largely through grocers as an article of general household utility. The retail price to-day is 15 cents a pound in one-pound packages and 10 cents a pound in five-pound packages.

The quality of the goods has not deteriorated with the reduced price, but, on the other hand, has improved, as better manufacturing facilities have been introduced.

This, I think, is a conclusive demonstration of the fact that advertising does not add to the cost of goods to the consumer, but, on the other hand, enables the manufacturer to increase his output, making it possible for him to introduce improved methods in manufacturing, with a consequently improved product, and enables him, even in the face of increased labor costs, to reduce the retail price on his goods to the consumer.

WHAT ENABLED POROSKNIT TO GIVE GUARANTEE

(By G. C. Williams, Secretary, Chalmers Knitting Company):

Prices on our goods have not been reduced as a result of the larger output secured through advertising. I might say that this is due to the fact that our merchandise is and always has been sold at what is called a popular price, namely, 50 cents. Therefore, it would not be good policy to reduce the price on our product, for the next popular price is 25 cents, or half of it, consequently it would not have quality.

To the second and third questions: the quality and intrinsic value of our goods have been increased every year for the nine years we have been in business, due to the growth of our business and additional output making this possible. To prove this to your satisfaction it would be necessary for us to show you some of our garments made in past years and those we are making to-day. The increase in value means better finish, better sateens for facings and bindings around the neck, buttons sewed on better with newer machines and more thread, better grade of button stays, cover-seaming the garments throughout with six-thread machines, and better grade of cuffs. We might add here, regarding cuffs, that we can buy machines for knitting cuffs for $700 that will knit more cuffs per hour than those we use, which cost us $1,250 per machine. We use a yarn in our fabric which is the best yarn of that number that we can buy, and costs us in the neighborhood of 2 cents per pound more than the same grade of yarn which other mills spin. We buy this yarn because we know it will wear better and give the consumer the satisfaction which we guarantee with every garment. It has been possible through our increased output to do all these things, and we have actually made such a good garment for the popular price of 50 cents that we did not hesitate two years ago (and are still doing it) to place an absolute guarantee in every one of our garments, that if the purchaser does not receive purchase price value, in his estimation, that he can return it to us in exchange for new garment or the refund of full purchase price, including postage.

QUICK TELLING OF STORY SAVED DAY

(By William H. Ingersoll, of Robt. H Ingersoll & Bro.):

In our opinion the dollar watch would have been a very questionable venture had it not been that through the agency of advertising we were able quickly to spread the intelligence as to its existence and to put forth our arguments as to its merits.

Salesmanship and the ordinary trade channels would have been too slow to give us a volume of production that would have made the goods possible at the price. It was only that we could publish to the world almost instantly our story that we were enabled to undertake our venture.

We have not revised our prices as a result of advertising, but we have done what is the equivalent, for during twenty years in which there has been a constant rise in nearly all other products we have kept our prices the same, and have at the same time made more than a dozen improvements of great advantage to the consuming public at considerable cost to ourselves.

We aim to maintain a uniform price and deliver the very utmost that we can at that price. When I call to your attention that materials have advanced from 50 to 100 per cent. in copper, brass, etc., and that our labor costs have risen on an average of over 40 per cent. you will see that no tax has been laid upon the public on account of our advertising.

As to the exact figures, it is well known that our dollar watch has always sold at that price. We have not changed our price to the public or to the trade in nineteen years. Our output has risen from a few hundred to fifteen thousand per day. Improved manufacturing facilities, inventiveness, and a constantly enlarged field cultivated by advertising which has kept people informed of our improvements have permitted us to progress in the manner I have herein described.

SIGNIFICANT PRICE—HISTORY OF GRAPE JUICE

(By E. T. Welch, Secretary and Treasurer, the Welch Grape Juice Company):

Several years ago the writer wrote an article for *Welch's Magazine*, showing that how, through the increased output of Welch's, made possible by advertising, the cost to the dealer and to the consumer had been reduced, notwithstanding very material advances in the cost of grapes. This article was quoted in *Printers' Ink*.

What we have to say now is a repetition of some of the same statements which appeared in that article, brought down to date by a reference to the recent change in our selling plan, and a mention of the extremely high prices which prevailed for grapes this last fall.

In the early days, when our output was very small, the cost to the trade on the two largest selling sizes of Welch's was $9 and $10 per case. As our output increased prices were reduced from time to time until the trade list in 1897 was $4.75 and $5 for the same two sizes. In the year 1897 we paid $10 per ton for our grapes. In 1898 we paid about $12 per ton for grapes. Our output in each of the years of 1897 and 1898 was about 50,000 gallons, and, notwithstanding the fact that the business was conducted at a small loss in 1898, we reduced the trade list 25 cents per case early in 1899.

Since 1898 our output has steadily increased each year, and the price of grapes increased so that up to and including the year 1910 we had paid $40 per ton for our grapes in each of two years and $43.50 a ton in 1910. During this period the trade list on two of the five sizes in which Welch's is bottled was reduced 25 cents per case, and larger quantity discounts were allowed on all sizes. The average cost of our grapes for a number of years preceding 1913 was about $35 per ton.

Last fall the Concord grape crop showed less than 50 per cent. of a yield, not only in the Chautauqua grape belt, but in all other sections in which Concord grapes are raised. In the early part of the season we paid $50 per ton for our grapes, and the price gradually increased until the last few days of the season, when we paid $60 per ton.

Some months ago, before we knew that the 1913 crop would be so small, and therefore were not expecting prices to be anything like the figures just mentioned, we decided to eliminate quantity discounts, reduce our trade list, making the price the same to large and small dealers. When we faced the unusual grape conditions of last fall we thought at first it would be impossible to put a one-price plan into effect, but it was necessary that we revise our selling terms. One of the most serious things connected with the unusual situation was the fact that even at the high prices paid we were unable to secure a large enough quantity of grapes to give us the increased business in 1914 that we would ordinarily expect.

After thorough consideration we decided to put the one-price plan into effect by reducing the trade list 25 cents per case and eliminating all quantity discounts, and this is the proposition which we offer to the trade for 1914. The trade prices on the two sizes that many years ago sold for $9 and $10 per case are now $4 and $4.50.

For ten years or so the usual retail price of Welch's has been 25 cents for pints and 50 cents for quarts. In deciding upon any change in our selling terms to the retail trade, we wanted to make terms that would insure the continuance of these retail prices. The plan which we decided upon makes it possible for these prices to be continued—in fact, our new terms are a reduction to all dealers who heretofore handled in five-case lots or less, and such dealers handle a very large proportion of the grape juice sold.

Grape juice, or unfermented wine, as it was first called, was unknown when Dr. Welch put up the first dozen bottles in 1869. There was no demand for the product; most temperance people opposed it, and those who favored fermented wines of course opposed it. The demand had to be created. The public had to be educated—and because of the fact that there was very little money available for advertising and salesmen, the growth was very small during the first twenty or twenty-five years. During the past fifteen years the growth in the popularity of grape juice has been quite rapid—a growth made possible by advertising. We believe that in making Welch's Grape Juice popular we have contributed to the health and the sobriety of the nation.

We have always paid a premium for first quality grapes and have accepted only first quality grapes. At $10 per ton, the price which prevailed for grapes in 1897, the farmers did not receive an adequate return, and were beginning to tear out their vineyards and replace them with profitable crops. In the few years that immediately followed the farmers did not pay very much attention to the quality of the fruit grown because of the low prices which prevailed. Our insistence on quality has led to a higher standard for all grapes grown in the Chautauqua belt, and the growers see now, as never before, the need of proper care of their vineyards if they are to produce first quality fruit. In 1912 the price which we paid for grapes was about $10 per ton higher than that paid by our competitors in this section, and Concords grown in the Chautauqua belt always bring a higher price than those grown in other sections. With an exceedingly short crop in 1913, the growers had the whip-hand, and after we set our price for selected grapes, our competitors had to pay the same price for "run of vineyard" grapes.

INCREASE IN QUALITY IN TEN YEARS

(Statement of Warner Brothers Company):

Advertising which has brought increased sales has permitted enormous increases in the intrinsic value of the goods.

We have taken for comparison figures for a dollar Warner's Rust-proof Corset in 1903 and 1913, for it was about 1903 that our advertising really began to attain the magnitude as to make it truly national. We give below the per cent. figures of increase or decrease in the various items.

The cloth used was increased 42 per cent. in quality in 1913 over 1903.

Interlinings, tapes, strips, etc., are the same value for 1913 as for 1903.

Boning wire, clasps, and metal parts have increased in value 72 per cent.

The actual value of trimmings used has decreased 21 per cent., but it must be remembered that the trimming is not so much a question of price as it is of good taste in the selection and make-up, and for this we now have special people.

The cost of labor per corset has decreased 20 per cent. in the last ten years, and this is a large saving, inasmuch as the labor is such a large percentage of the whole. This saving has been made by improved machinery. But on those operations which have remained the same during the past ten years the operators are to-day actually earning about 20 to 30 per cent. more.

In addition to the above figures we have added since 1903 minor improvements such as hooks, drawstrings, etc., and particularly hose-supporters, which item alone costs almost four times as much as the trimmings.

The total value of labor and materials in a dollar Warner Corset of 1913 is 37 per cent. greater than in 1910.

One of the chief elements in the quality of the corset is the design, and where in 1903 our designing department consisted of but three designers, to-day we have a force of twelve people, one located in Paris.

JELL-O HASN'T CHANGED PRICE IN 15 YEARS

(By W. E. Humelbaugh, of the Genesee Pure Food Company):

The letter from *Printers' Ink* arrived at the same time as one on the same subject from A. Stein & Co., of Chicago.

The Chicago firm sent us a copy of the pamphlet written by Alexander H. Meyer, of the Merchandise Reporting Company, shoppers for department stores, New York, in answer to an article on "Price Protection and the Consumer," recently printed in the *Outlook*.

This is one of Mr. Meyer's statements:

"I believe some day some statistician will prove that the high cost of living can be accounted for in a great measure by the vast sums spent for advertising."

He also says:

"Other manufacturers of advertised articles have arbitrarily raised their retail prices to such a limit the retailer cannot make a legitimate profit.

"The most advertised talcum powder costs the retailer from \$21 to \$14.40 a gross, according to the quantity bought, and is advertised for 25 cents. I verily believe its average retail price is $12\frac{1}{2}$ cents, though thousands of cans are sold for 25 cents, in spite of which price-cutting the sales of the maker are increasing wonderfully."

It is never necessary to tell an intelligent person that facts and figures can be twisted by expert manipulators into shapes that will not be recognized by any but very clear-eyed people.

In the letter to the Chicago firm we said, among other things:

"We do not understand that advertisers are asking for Government protection, but that manufacturers are endeavoring to secure recognition of their right to maintain prices. The advertising talcum-powder manufacturer asks to be allowed to fix the price of his own product, not of the substitutes made by competitors.

"If there are 10-cent powders as good as his 25-cent article, the people will be told about them by somebody in some sort of advertising, and the people can take their choice. The statement that the high cost of living is in any way the result of great expenditure for advertising is entirely baseless.

"To use our own product as an illustration: Fifteen years ago we spent a few hundred dollars a year advertising Jell-O; now we spend half a million, and all the time the price of Jell-O has remained the same, 10 cents a package, though thousands of dollars have been expended in increasing the quality of our product."

ADVERTISING HELPS MODIFY INCREASED PRICES

(By J. H. Rairson, Manager of Sales, McMenamin & Company [Crab Meats], Hampton, Va.):

The prices of our goods have neither been increased nor decreased on account of advertising. We have been compelled to increase our prices slightly, which was wholly due to the increased cost of raw material, labor, transportation, and packages.

Had we not been advertising and able to turn out goods in large quantities, our prices, in all probability, would have been materially increased.

The quality of our goods has been increased since we began advertising, due partly to advertising.

We trust this information will be helpful in convincing "non-believers in advertising" that advertising tends to increase the quality and decrease the price, rather than decrease the quality and increase the price, of advertised products.

WHY ESKAY'S HAS NOT INCREASED PRICE

(By G. H. Benhardt, of Smith, Kline & French Company):

The price and quality of Eskay's Food has remained stable, unchanged in any way as to quality, as to weight of contents in containers, as to container itself, and in any other imaginable way in the face of increased cost of raw material and workmanship. (This statement, of course, holds good only since March 1, 1901, when our present style of package was adopted.)

Our product is made according to a formula which cannot be altered. It is sold to the public at a given price and cannot be changed from time to time with varying prices. No matter, therefore, what the cost of raw material or workmanship, there has been no additional charge to the public, to the retailer, or to the jobber; but all advances have been at the expense of ourselves.

In explanation of the items of labor and ingredients: there has been a very decided advance in the cost of ingredients. The cereals, of course, vary from year to year, according to the bountifulness of the crops. But the average cost of cereals to-day is much greater than it has been during the life of our product. Government statistics will show that barley, wheat, and oats are all selling higher to-day than five, ten, or fifteen years ago. The same may be said of sugar of milk, which is the largest single item entering our product.

As to the item of labor, however, we can truly say that with the growth of our business we were able to install economies in the way of labor-saving machinery, which has reduced our cost for labor.

To sum up, therefore, advertising has built our business from nothing to sales amounting to several hundred thousand dollars per year. With the growth of this business, and by reason of handling larger quantities each year, we were able to reduce the item of labor per package, and in the face of an increase in the cost of raw material continue to give the jobber, the retailer, and the consumer the identical goods, in the same size package and at the same price every day, every month, and every year.

ADVERTISING DOESN'T FIGURE IN COST

(By Frank L. Erskine, of the W. L. Douglas Shoe Company):

When Mr. Douglas first started in business in 1876 he did no advertising. Shoes were figured at that time probably like many other lines of goods; the items including cost of leather and other materials, labor, overhead, profit, but no margin for advertising.

In 1883, when Mr. Douglas first started to advertise, the same method of figuring our product was continued and is in use to-day, no item of advertising expense being included. It is a demonstrated fact that large manufacturers in the shoe business can purchase leather and materials in large lots cheaper than smaller manufacturers can. By taking advantage of market conditions, lots of leather can frequently be purchased at a more favorable price than later in the year when the demand is heavier. We take advantage of all these opportunities. Frequently contracts for sole leather, for instance, will involve \$1,500,000.

We claim and can substantiate it that we give to the consumer all of these advantages, retaining only a small profit per pair, and are therefore enabled to produce and sell a better shoe at a standard price, \$4.50, \$4, and \$3.50, than smaller manufacturers who are unable to buy in large quantities and take advantage of market conditions.

I repeat, we do not now, nor have we ever, figured our advertising as a part of the cost of a pair of shoes.

THE CONVINCING STORY OF WATERMAN'S "IDEAL"

(By F. P. Seymour, of the L. E. Waterman Company):

The selling prices to the public of Waterman's Ideal Fountain Pens are substantially the same to-day as they were at the time of their inception thirty years ago. This in the face of the fact that both labor and component materials of manufacture have nearly doubled in cost, taxes are higher, many items of selling expense are greatly increased, and competition is keener.

The fact that we have been consistent, steady, and successful advertisers to the consuming world at large is the principal cause for the quality of merchandise that we supply and the service that we give the public at these same original and reasonable prices. The expense of advertising Waterman Ideals enters into the cost of the pens, the same as taxes and import duties which we pay to support our Government, including the salaries of Congressmen, judges, Cabinet officers, and others who would be without a livelihood if the country were not big and prosperous enough to keep them in office.

The missionary work which must be done on behalf of our company can be handled more cheaply through intelligent advertising than by the employment of salesmen who must be paid a living wage. As this is an important element in the final cost of our product, we do not hesitate to state that the users of our pens would be paying a higher price to-day if we had not been able to develop our business with the help of judicious advertising.

In the early years of this business all the Waterman Ideals were sold through the direct efforts and solicitation of the inventor and one or two assistants. The time consumed in the sale of each pen often amounted to more in its value than the cost of the complete pen. The business world would never have progressed on such a sales basis unless possibly through an enormous selling organization which could make the output sufficiently large to warrant the minimum of cost, and it is a certainty that the *per se* cost of such a selling organization would have been (and has been found to be) far in excess of the cost of the advertising method of securing distribution and demand.

ADVERTISING AND MACHINERY COMPARED

(By W. B. Morris, Advertising Manager, Northwestern Knitting Company):

In our judgment, advertising has about the same relationship to the problem of distribution that machinery has to the problem of production.

It is impossible to account for the tremendous increase in the use of advertising excepting on the ground that it is a real economy in distribution. It is just as reasonable to say that the consumer has to pay for the machinery used in the production of merchandise as it is to say that the consumer has to pay for the advertising used in giving the merchandise economical distribution.

There are, of course, unsuccessful advertisers, just as there are unsuccessful manufacturers. It would be just as fair to condemn the use of machinery in manufacturing because some machines are not efficient as it is to condemn all advertising because some advertisements are not efficient. It should be obvious to every one that if advertising did not reduce the cost of distribution it would not be generally used.

Munsingwear has been advertised since 1898. It is to-day sold by leading merchants in practically every town and city in the United States. A daily production of 25,000 garments is required to supply the demand. As the business has grown, our buying power has increased, the manufacturing organization has become more efficient, the percentage of overhead expense has been reduced, and the net result has been that it has been possible to produce better merchandise for less money. A comparison of the line as it is to-day with the merchandise turned out when the advertising started will show the greatly increased values offered to-day.

If advertising added to the cost of distribution we certainly would not continue to advertise. If the values offered were not greater than those to be found in non-advertised goods, the merchant would certainly not buy in increasing quantities each season, and certainly Munsing Union Suits would not have become the most popular union suits with the public unless they were the most satisfactory.

In other words, the manufacturer advertises because it pays him to do so, the merchant handles advertised merchandise because it pays him to do so, and the consumer buys advertised merchandise because it pays the consumer to do so. The manufacturer, the merchant, and the consumer all benefit from the advertising.

Instead of adding to the cost of distribution, it is an economy in distribution.

ADVERTISING SELLS HUGE VOLUME OF SHOES

(By Roy B. Simpson, Advertising Counsel, Roberts, Johnson & Rand):

I have your letter requesting data to prove that advertising does not result in the consumer paying a higher price for the necessities of life. I will endeavor to cover the points separately as follows:

First—The price of our shoes to the consumer has not been reduced as a result of the large output obtained through advertising. This is due to the fact that during the last five years leather has advanced in cost, until it has reached the highest point ever known. The leather cost in a pair of men's shoes has advanced about sixty cents per pair during this period. There has been a large increase in the cost of other material used in shoes, and labor is higher to-day than it was five years ago.

Let me say, however, that our increased production, resulting from advertising, has kept the price down to a lower figure than would have been the case with a production of only half of what we are now turning out. No other manufacturer in America can duplicate our shoes at our prices. We are actually selling shoes for less than it costs some manufacturers to produce shoes of the same quality. Our large volume, amounting to over fifteen million pairs per year, could not have been obtained without advertising.

Second—The quality of our shoes has been constantly improved during the last two years. Every shoe has gone up one grade. For example, our men's "Patriot" shoe, which to-day sells for $3.25, is as good a shoe as our "R. J. & R.," which sold at the same figure two years ago. The "R. J. & R." now sells at $3.75 wholesale. The retail price is $5 to $7, according to locality.

A non-advertiser who claims that advertising increases the cost to the consumer doesn't appreciate the real strength of advertising nor is he content to cling to the traditions of his fathers.

Many of the non-advertised lines are as good in quality as some of the widely known, nationally advertised articles in the same class, yet the non-advertiser is not enjoying very much in the way of big growth year after year. The constant advertiser is running ahead of him, is keeping up the quality of his merchandise, and paying bigger dividends to his stockholders.

VIEWS OF OTHERS

Several well-known advertisers, not represented in the preceding symposium, replied briefly, asserting their belief that good advertising cannot by any sane man be regarded as a tax on the consumer. The Ansco Company writes:

In response to your letter I will state that non-advertising manufacturers can only sell their goods by offering a poor quality imitation of high-grade advertised products. It is true that they sell them on the strength of the price, and the jobber winks his eye at the quality because he has no further interest in the article other than to palm it off on the public at a profit—or what he considers a profit—for if he looks closely into the expense of selling a non-advertised, cheap quality product he will find that he has actually lost money and reputation by selling something that will not give satisfaction.

The prices of our goods have been lowered since we commenced our magazine publicity a few years ago, and the quality or intrinsic value of the goods has been increased. This will be obvious to any one who compares a copy of our catalogue of three years ago with our present issue. This reduction in price and increased quality or intrinsic value of the goods has taken place in the face of the increased cost of raw materials and workmanship.

The Minute Tapioca Company of Orange, Mass., writes:

While we have nothing tangible to present, at the same time we know beyond doubt that the increased business brought about by advertising has cut our factory expenses to such an extent that although the price of raw material for two years or more has been especially high, we have been able to maintain our regular price to the consumer.

L. W. Wheelock, of Stephen F. Whitman & Son, Inc., manufacturers of chocolates, states pithily:

We might say in passing that in the last six years our output has increased fourfold, qualities have improved, prices have not been increased, despite the fact that with one exception all raw materials entering into our products have been advanced in price.

The vice-president of the Stein-Bloch Company does not think that figures are necessary, and says:

It occurs to us that figures should not be necessary to refute the contention that advertising is a tax on the consumer; a logical analysis should be sufficient. Where are the figures that prove that advertising *is* a tax on the consumer?

Charles R. Stevenson, general manager of the National Veneer Products Company, making Indestructo baggage, would not cheerfully face the new year if his advertising appropriation should be withdrawn. He says:

We are convinced that were we to discontinue our advertising, our business would fall off at least 50 per cent., which would force us to distribute our overhead over about half the production which we are now getting. This would increase our cost per trunk very much more than the saving per trunk which we would make by discontinuing our advertising would amount to.

The B. T. Babbitt Company states in a few lines the price history of its soap. Forty years ago, it says, Babbitt's Best Soap sold for 10 cents a cake; it now sells everywhere at 6 for 25 cents. And then the writer adds significantly:

In all laundry soaps it can be proved that the large output obtained through advertising has enabled the manufacturer to cut manufacturing and selling cost to the very great advantage of the consumer.

Before the system of selling goods under a trademark has assumed its final place it will be necessary to arrive at more definite conclusions than now are possible concerning a number of difficult questions. Not the least important of these is the question as to who ought to assume responsibility for quality and conditions of sale.

On this subject there are two diametrically opposed positions which have wide acceptance:

1. According to the first premise, the *distributor*, wholesale or retail, of any product (identified or not) alone is responsible to the public, in all the market he attempts to cover, for the article's quality and for the conditions under which it is sold. The producer has no substantial interest in his product (whether it be identified or not) after he delivers it at a satisfactory price to a distributor to convey to the consuming public. The various distributors may, of course, hold the producer responsible to themselves for the quality. Nevertheless, they themselves undertake a direct responsibility to meet the demands of the consuming public in this respect and to distribute the goods in a manner satisfactory to the public. Anything which hampers them in the performance of these services reduces their ability to give value for what the public pays.

The acceptance of this premise leads to an insistence on the rights of the *distributor* to be the sole judge of his selling prices.

2. According to the second premise, the *producer* of an identified product is responsible to the public, in all the market he attempts to cover, for the article's quality and for the conditions under which it is sold. When the producer identifies his product (by brand or otherwise), he thereby assumes responsibility for quality, and this responsibility is to the consumer as well as to the distributor. He also assumes an obligation to the consumer for satisfactory conditions of sale (ease of purchase, accessibility, etc.). The assumption of these obligations by the producer of this kind of products makes it necessary that he have in his control the power and the opportunity to fulfill these obligations.

The acceptance of this second premise leads logically to some forms of enforcible control by the *producer* over resale prices.

The conflict represented by these two premises is the basis of the controversy between nationally advertised trademarks and "private brands."

(2) TRADEMARKS VERSUS PRIVATE BRANDS

The issue between trademarks exploited by manufacturers and private brands is somewhat more obscure in the case of shoes than it is in some other lines, but the essential elements of the controversy as it occurs in the shoe trade are typical. Three shoe men who appeared before a congressional committee discussing various bills relative to fraud in commodities in interstates commerce, and particularly relative to bills requiring the manufacturer to put his name on his product, gave testimony presenting the points of view of successful shoe dealers.

*Andrew C. McGowan, head of the shoe department of the John Wanamaker stores in New York and Philadelphia, took the stand and gave his views in a straight-from-the-shoulder manner. He is opposed to the use of the maker's name on shoes, and as one of the right-hand men of such an extensive advertiser as John Wanamaker, Mr. McGowan's views for so doing are of interest to national advertisers.

Mr. McGowan spoke in his capacity as President of the National Shoe Retailers' Association. This organization, he explained to the sub-committee, of the Committee on Interstate and Foreign Commerce, represents the leading and some of the smaller shoe retailers in the United States. The fundamental requisite of membership, he stated, was the honest retailing of shoes, adding: "We cannot better our business by faking the public. We have spent time and money in prosecuting those who do fake in our trade. We felt the need of organization to prevent the public from being taken advantage of."

In arguing against the use of the word "adulterated" in connection with shoes not made wholly of leather, the Wanamaker manager said: "There is a principle in retailing merchandise and also in wholesaling it, either from the manufacturer or the wholesaler, to keep from raising questions of doubt. When one's mind is made up that a thing ought to be leather or ought to be steel, if you please, and some substitute is used, a doubt is raised which makes the sale harder to make; and the harder you make

Dislike Word "Adulterated"

Printers' Ink, February 5, 1914, p. 13.

it possible to dispose of goods, the greater you increase the cost of disposing of them and that cost the dear public pays; it pays all costs."

A few manufacturers would have control of the manufacture and sale of shoes, according to Mr. McGowan, if a law were to be passed compelling the placing of the manufacturer's name on each shoe produced. Continuing, he said in part: "I cannot afford to advertise for the manufacturers and have their names on the shoes. How many wearers of shoes would go back to the manufacturer in case of difficulty with the shoes? You would drive out of business some 27,000 shoe retailers in the United States and put in business the trademarked shoe men who are with us to-day and who pay their managers $15, $20, and $25—I do not know one that gets $35. And you know they contend their work is done in the factory, and such manufacturers claim to sell directly from the manufacturer to the consumer at a less price, but it costs such manufacturers just as much to dispose of their goods as it cost me, because where they sell one pair I sell twenty-five pairs."

Congressman Barkley interposed a question: "You said a moment ago that if a manufacturer's name were required to be placed on the shoes that the shoes would sell then on the reputation of the manufacturer instead of on the reputation of the retail dealer; is that right?"

Admits Maker's Name Benefits Consumer

"That would be the effect generally; yes, sir."

Pressed by the congressman for further answers as to whether individuality in shoes and the reputation of a manufacturer were not factors in making sales of shoes, the witness said: "If a man has bought a shoe with Hanan's or Nettleton's name on it—and they are delightful names to conjure with—had bought shoes that were all right, that were comfortable and pleased him in appearance, I do not believe you could get him to change, no matter whether he was in Texas or New York, But why legislate to promote the business of about 1,300 men—which would be reduced, Mr. Chairman, to about one tenth of that number of manufacturers by this legislation—why promote their business as against 27,000 classified shoe stores in America and about 120,000 retailers of shoes in the general stores."

In speaking of the promotion work on behalf of the Douglas shoe, Mr. McGowan said: "A curious fellow pasted on a postal card, at about the time postal cards came out, a picture which purported to be that of Mr. Douglas, although it does not look very much like him and never did, and that postal card went right to Brockton, Mass.; he dropped it in the post-office without any address at all on it and, as I say, it went to Brockton, Mass. And that is advertising."

The Wanamaker representative closed his statement as follows: "To our minds, compelling a manufacturer's name to be placed on an article would put in his hands a weapon that would destroy the profits of our business. I will not say anything about myself, but my first assistant draws $10,000 a year; I have men around me who draw big pay; but we do a business of two and a half million dollars at retail. That represents a tremendous number of shoes, but we can well afford to do it, even with these big salaries to meet. And we do it at a lower cost—and I think this statement will be unchallenged—than any distributor of shoes at retail in the world."

A $12,000,000 volume of business was accredited to the Brown Shoe Company of St. Louis, by John Busch, who testified before the committee as the spokesman of the Brown company and also as the representative of the St. Louis Manufacturers' Association. Incidentally he said: "We job a small proportion of our total business—I should say less than 10 per cent. now."

Manufacturers' Reasons for Wanting Name on Goods

That all shoe manufacturers are not of one mind with reference to proposed legislation along the line of the so-called "pure shoe bill" (a name denounced by some manufacturers as a mischievous and misleading misnomer) was made clear during the testimony of John W. Craddock, president of the Craddock-Terry Shoe Company, who appeared as the representative of the National Shoe Wholesalers' Association. Mr. Craddock, who opposes any such legislation, mentioned the name of the Roberts, Johnson & Rand Shoe Company, of St. Louis, in connection with the effort that has been made during the past year or two to secure the passage of bills of like purport in the legislatures of twenty-two States in the Union. Referring to the above-mentioned St. Louis corporation, the witness said: "In their advertisements from one end of this country to another they make their talk that they are advocating pure shoes and pure under-leather."

In the course of his remarks Mr. Craddock said: "Personally speaking, our company would rather like to get our name stamped on all our stock, and we do stamp it on our stock all we can. On the other hand, retailers have their own views and their own rights. Distributing merchandise is not always a question of best values. The psychology of the proposition goes a tremendous way. A woman comes into a store; she is not considering values; she wants a pair of satin slippers or suede boots and she will pay anywhere from \$5 to \$7, and she does not consider the value. Now the concern with the best organization, advertising from the factory, is willing to put \$500,000 in advertising and open stores in every city of 30,000 inhabitants all over the United States. They are crowding the small man out because he has got to put all his advertising into a single venture. They cannot distribute their merchandise and it costs them just as much. Take the popular advertised brands of shoes which are being sold in their own stores to-day. The statement which I make is not based on figures, but my opinion is it is costing those men more to retail their goods—a larger per cent. to sell their shoes—than it is the local dealers, and that being the case, they would not save anything for the consumer, but they will gradually crowd this other fellow out, and I think the ultimate effect will be higher prices and poorer service. It would result in monopoly."

City and Cross-roads Distribution Contrasted

According to this manufacturer, "the telephone and the women behind it" are largely responsible for the increased expense of selling goods. By way of illustration he contrasted the conditions that confront the average urban merchant with the case of a general storekeeper or cross-roads retailer near Lynchburg, Va., to whom his firm sells goods. Said Mr. Craddock: "That fellow owns his own farm there and owns his own storehouse and he can really sell merchandise on 10 per cent. profit. He is doing \$10,000 worth of business a year and it is not costing him over \$1,000 to do it. The man in town is paying \$3,000 in rent and has got to keep electric lights and expensive show windows and buy these shoes in widths from A to E, while the countryman just buys one width; and the city man has got to carry satin slippers and suedes and tango pumps; and a woman will phone down from a mile and a half out and ask him to send out a pair of rubbers, for which he gets 75 cents, and it will cost him 75 cents to send them out to her, maybe. All these things add to the cost of city distribution. It is legitimate and the people who make it necessary have to pay the bills, and you cannot legislate in any way to prevent it unless you take the telephones out of the houses and bring the people back again to plain, simple living."

A fraudulent advertising bill and not a "pure shoe" bill is what is needed in the opinion of A. H. Geuting, of Philadelphia, who appeared on behalf of the Shoe Dealers' Association. His contention was that the only fraud in the shoe business to-day is supplied by the piratical dealers who travel from city to city and advertise standard brands of shoes at cut prices. "Competition in the shoe trade," he said, "is so great that we are very sensitive to the opinion of a customer. I will go any length before I will let a customer go out of my store with anything but a smile." The Philadelphia merchant supplied the committee with a copy of the Pennsylvania bill against fraudulent advertising, and told at some length of how on his initiative the Market Street Business Men's Association took effective action against a firm that recently opened a store on Chestnut Street, Philadelphia, for the sale of furs at cut prices, representing that the furs were offered at low prices because they were purchased direct from trappers and manufactured in the firm's own workshops. Referring to the Pennsylvania advertising law he added: "Now if you will give us such an instrument as that, we will clean the shoe business of whatever fraud there may be in it."

"Now what is the real objection," queried the Chairman of the Congressional Committee, "to having the manufacturer put his name on?"

"I want to tell you what the real objection is," answered Mr. Geuting. "The retailer is the great factor in administering to the people of this great country. The shoe manufacturer would go backward, would retrograde, if it were not for the retailer who is constantly intervening. He has his ears and nose to the ground and knows public sentiment. He talks to the customer and knows the customer's demands. It is not the manufacturer who builds the shoes of this country, but the retailer who builds the shoes of this country. That is the truth of the matter. We put a specification in the shoes. We state what lasts we want; we state what kind of linings we want in our shoes, and as soon as we find that certain linings wear better we demand them from the manufacturer. It is not the manufacturer who really creates shoes in this country. We get our ideas from our customers; the manufacturer interprets our idea from the customer through us."

Charles J. Savage, who is described as having his "energies and sympathies enlisted on the side of trademarked advertising merchandise," presents the following problem which states clearly the issue between the advertiser and the private brand manufacturer and compares their attitude toward each other and toward the trade:

*Manufacturers of trademarked advertised goods are waging a war of pretty stiff competition among themselves these days, in their respective industries, for the patronage of the consuming public.

Problems of manufacture, of distribution, of advertising, come up, and these advertisers do not all agree with one another, by any means, as to the most economical and profitable solution of those problems; each has his own peculiar plans formulated, and each executes those plans in accordance with the results of the most thorough investigation and the most ripened judgment that he can command.

But they are all unanimous in the belief that the public is the supreme court, so far as buying is concerned. The decision of that court cannot be reversed without an amendment to the constitution of modern distribution methods—unless, but the following paragraphs tell it.

The Dealer as a Competitor

But the direct appeal of the manufacturer, in his printed word to the consumer, to ask for and to buy his goods, doesn't make up the only weapon of competition which he is up against. There is the certain class of retailer to be reckoned with: the dealer who knowingly substitutes, or attempts to substitute, another make for the one asked for, for various reasons—in nearly every case, for the selfish reason of a juicier profit on goods of unknown and, most likely, doubtful quality. *Some* competition, this substitution practice—take it from the men who have to battle with it!

And still the competition which the advertising manufacturer has to face isn't at an end. There is another form of it, and this one is a double-edged weapon which, when driven home, cuts into his distribution methods on one side and into his consumer sales on the other. It is the manufacturer of unbranded,

Printers' Ink, August 6, 1914, p. 32.

unadvertised goods who sells his product or products direct to retailers by means of his sales force and by direct advertising, and who puts his (the retailer's) own label on the goods.

The last method, it is easily seen, lessens the channels of distribution to the advertising manufacturer, and also places the consumer selling element on a strictly personal, close-touch basis, by enabling the retail merchant to capitalize for himself the confidence and good will which exist between his customers and himself.

It is that last phase of competition to which this article is given over; and it may be well to state right here that the one and only intent is to spread the facts out on the table. They tell their own story—or they don't mean anything. One or the other.

The Advertiser's Most Serious Competitor

Every one who has made a study of modern advertising knows pretty well that the manufacturer of trademarked, advertised goods has to say to the retail dealers—whether he is a manufacturer of clothing, of clocks, shoes, or speedometers. Let's see what he *does* say. Easier sales, more sales, more frequent "turnovers," bigger volume of profit, increased prestige, and er—but why not let the manufacturer tell it himself?

All right.

Alfred Decker & Cohn, makers of Society Brand Clothes, Chicago, recently sent out a large book of advertisements to their dealers. The opening page is headed, "Why Sell an Advertised Line—and Advertise It?"

The following excerpts from that talk contain the meat of the story:

Why Should Dealers Handle Advertised Brands?

"There are numerous reasons why a merchant should choose to sell a nationally advertised line, and advertise its name in connection with his, but the main one is there is more money in it . . . because the handling of this line means a larger volume of business . . . because the business is done with less time, less effort, less friction, and hence less expense. . . . In selling a so-termed advertised line he enjoys the benefit of a prestige that it has taken years to build up. His audience has been made acquainted, by the maker, with the merits of his merchandise, and unless the young men and men of his community have been informed beforehand they exercise no choice in the store from which they will buy.

"Each year the maker invests a large sum in national advertising . . . in constantly reminding them (the men of the country) to seek their dealer in their town . . . in creating in their minds a want for these very clothes. . . . The minute a manufacturer begins to advertise in such publications as the *Saturday Evening Post*, *Collier's*, etc., he has set a clothes standard from which he can never depart. . . . The manufacturer says, in effect: 'By advertising to you in this manner I show my confidence in my own product. I am not afraid to have you put my clothes to the test.' Isn't it much easier to sell a man clothes that he has seen advertised in a reputable magazine than nondescript clothes of which he knows nothing?

"This in turn reflects favorably upon the merchant handling these clothes. . . . It helps build the reputation of his store as a place where good goods can be had at reasonable prices. . . . He secures not only the trade which would be influenced by him personally, but the trade which has become convinced by the national advertising that these clothes are the clothes they want. . . . The big reason for advertising is not to get people to write to the manufacturer, but to send them into the merchant's store with minds already made up to buy. . . . It teaches people to want more things and better things. . . . It raises standards, educates buyers to choose the best. . . . If all national advertising were discontinued for a year . . . the decrease in business in every line would be sensational.

Price as Chief Appeal of Non-advertised Lines

"Non-advertised lines seldom have anything to commend them except price . . . a permanent business can be built only on quality. . . . To employ the highest-priced designer, a manufacturer must have a large volume of business, that he may supply dealers with this advantage without extra cost. . . . This is one of the reasons clothes of indisputable merit are so strongly advertised in leading publications. . . . The increased business the advertising produces makes it possible to employ a high-salaried master designer.

"Thus merchants who sell clothes of reputation and known value secure the benefit of this premier service. . . . They enjoy the increased trade which this advertising produces. . . . Their clerks use on the average less time to make a sale, because they are not called upon to argue the qualities of an unknown line; they speak with confident affirmation about goods with which the customer is already familiar. This saving in time can be traced in real money—it means more sales in the same length of time, and more sales mean more profits."

The clothing industry was not chosen as an arbitrary example, but because it is representative, in a general way, of the attitude of the manufacturers who seek an outlet through the retail merchants for their trademarked advertised goods. But since the clothing trade has been picked out, it may seem more consistent to follow it out.

Arguments of Private Branders

What do manufacturers of unbranded, unadvertised clothing say to retail merchants, through their sales organizations and through direct advertising, to induce them to buy clothing which bears their (the retailers') own label? Their attitude is interesting and provocative of serious thought—leaving aside altogether the truth or fallacy of it. It must be borne in mind, furthermore, that these manufacturers have deliberately chosen a method of distribution which they believe is best suited to their business; and, in doing everything within their power to execute this distribution policy most effectively and most profitably, they are not only well within their rights, but they are relentlessly following out what they believe to be a sound, legitimate method of marketing their merchandise. Everybody to his faith.

Let us bring the claims of the non-advertising, non-trademarked clothing manufacturer over to the light. He has a pretty long story to tell to the retail clothing merchant. He says, in effect:

"The manufacturer of a line of trademarked, nationally advertised clothing who offers you his co-operation and his free advertising matter looks like a real benefactor at first glance. But he isn't. He appears mighty unselfish—but he isn't that, either. You must look pretty carefully, even under the bottom row of logs, to find the 'nigger.' But he's there. As a general thing, he has to 'jack up' his price, because of the enormous expense of his magazine advertising. You can easily see where you step off. Your margin of profit is cut very close to the bone. And when I quote you my prices and demonstrate to you the quality, style, fit, workmanship, and wearing quality of my line you've just simply got to stop and think.

"Just as a hint, why do you suppose so many clothing manufacturers who advertise are opening up stores of their own in cities throughout the country?

"Isn't it plain to you that by tying up with nationally advertised goods you become the pawn of the manufacturer—you are his clerk in your locality—a mere distributing machine? And you aren't even pensioned, because that manufacturer can drop you like a burned-out match when you fail to satisfy him in the matter of sales. Don't play into his hands that way. You own your business. Own it, then. Be your own boss. Don't let any man come to you and make *your* influence with *your* trade subordinate to his influence just because he sells you the goods and makes a lot of fancy promises which don't square up. Analyze your own business situation and you will see the fallacy of playing the drummer and general utility man in his distribution orchestra.

"What does this national advertising of his do for you? It boosts the cost of the goods, but it doesn't increase your sales to any extent. You may sell A's clothes, let us say. They are advertised in the magazines; they are advertised by means of style books, and by local newspaper advertising and by posters in your window. Now, on the next block, or a few doors away, maybe, your competitor sells B's clothes. The advertising of one firm offsets the other; you can pull A's name out of the magazine advertising, out of the style books, out of the newspaper advertising, out of the posters, and substitute B's name. In the minds of your customers there isn't the slightest bit of difference. It's *your store* your customers care about, don't you see that? They want to deal with *you*, not with some one they never met, who is making clothes thousands of miles away from them.

Manufacturer's Co-operation Sneered at

"Now, what about this free advertising? You insert an advertisement two columns wide by seven inches deep in your newspaper. The manufacturer is generous—he gives you the electro *free*. All you have to do is to pay for the space. That's free advertising matter. And so it is. Free to the manufacturer, eight parts; free to you, two parts. Think about it. Don't you see that it is you, and the thousands of other merchants like you, who have made possible big clothing organizations *out of your own pocket*—instead of each one of you making a solid, lasting success of your own, based upon your own name and reputation?

"Furthermore, don't be deluded by this prestige bugaboo. The advertising cost is added to the cost of the clothing—you pay for it, your customers pay for it. This idea of the advertising paying for itself, by means of creating a larger volume of sales and thus decreasing manufacturing costs, sounds good from a glib tongue, but figure it out for yourself. Improved machinery and modern production economies have, of themselves, reduced manufacturing costs, and this saving, which should go to you and to your customers, is eaten up in huge advertising and selling costs.

"Don't be cajoled into handling the nationally advertised line on the argument that it is easier and less expensive to sell an advertised brand. That's only a bait. And this is why: the circulation of the magazines is greatly scattered, outside of some big cities, and it isn't possible for you to build up any such sales as the advertiser would have you believe. Sales do result, naturally, but not in any such volume or with any such profits as will make the benefit to you square up with the cost of this work.

Calls Argument a Bait

"Now, then, suppose you don't 'make good' with an advertised line. It is taken away from you. What happens? You have told the people of your town, over your own name, that you believe in, and want them to believe in, the clothing you handle, and then you have to take it all back. You don't sell that brand any more. Thus you lose the confidence not only of all the people in your town, but also of your regular customers. Another thing: your competitor may get the line that was taken away from you and, since you subscribed to that line's goodness in your local advertising, your customers may lose confidence in you and switch their trade to your competitor's store. It has happened. You are pretty well boxed up, aren't you?

"The style books which the advertiser offers you—free or at 'cost price,' according to how he can work it in each individual case—are sent out to your customers and *you pay the postage on them.* But we'll waive that—that's only a money loss. What else have you done? You have sent your list of customers to the manufacturer for whatever use he may want to put them to—names which are the very backbone of your business and which the manufacturer may have no hesitancy in supplying to your competitor, should business relations between you cease. Then the whole book is chock-full of the manufac-

Says Retailers Finance Advertisers' Promotion Work turer's advertising; and, since you pay the postage, you are permitted to have your name imprinted upon the books—imprinted not as prominently as you would like to have it, but only as large as the manufacturer sees fit.

"Your window space is worth money, isn't it? Whose clothes and posters do you advertise in your windows? Your own, as a reliable merchant? Or the manufacturer's, as his distributing clerk? That's about enough for that.

"And now, what becomes of all the money you spent in advertising a branded clothing—should the line be taken away from you? You lose it irreparably; and you lose the good will and confidence of your public with it, most likely. Money invested in advertising should be a distinct, cumulative asset to you in your own business. Is it? On the contrary, it is a loss, and more, because it turns into a chronic liability.

"Here is the milk of the whole matter—and the more you think seriously about it, the stronger you will agree to it; cut out the advertised line of clothing; be your own boss; be independent; don't lean on anybody; tie up to a good, reliable clothing manufacturer who sells a line of worthy, dependable goods; capitalize your own personality; capitalize the good will and confidence and prestige which you enjoy in your town with your customers and with others; make people feel that because *you* sell the goods they are worthy; teach people to rely upon your personal advice and judgment in matters of merchandise; develop the personal note; strengthen your own individuality and that of your store by instilling into folks' minds that you are responsible. Buy good clothing. Put your own label on it. Then advertise it, and your store and yourself persistently. That's how big successes are being made to-day—and that's how the biggest retail successes are going to be made to-morrow."

A Close Personal Appeal

If you imagine that that is putting it pretty strong, there are certain dealers who will undertake to correct your impression. Those are only some of the arguments which are being put forth by manufacturers of unbranded, unadvertised clothing, shirts, shoes, and most everything which is sold through retail stores. And it is a form of competition which will have to be fought in two ways—out in the open and in the dark.

The reader will understand that the writer's energies and sympathies are enlisted on the side of trademarked, advertised merchandise. But what is the answer?

The following article was written at that time by Richard H. Waldo, of *Good Housekeeping Magazine*, New York, and now of the New York *Tribune*, and was printed as a partial reply to these arguments.

The resourceful attack of a hypothetical private brander upon manufacturers' co-operation is amusing to one who knows how eagerly their skilled aid is sought. In every part of the country, and in every line of business, the progressive retail merchant advertises not only because he must but because he wants to.

This was not true a few years ago, but many forces have made it a vital fact of to-day. He buys space freely, but the job of filling it is a self-renewing nightmare—unless the really clever service of the great national advertisers is fully utilized. The development of this service is in its infancy, but it is simply invaluable to the local merchant now.

Thus aided, he learns how to get the turbine-wheel of his own business out into the rushing stream of national advertising—a stream that flows through every city, town, and village on this continent north of the Rio Grande. The way in which the early men in each locality make this hook-up lift their yearly profits is really wonderful.

These observations are particularly suggested in considering the well-built man of straw set up by Mr. Savage. In the latter's readable article one observes how one pretty argument against trademarked goods demolishes another. The dealer is told in a breath that the "Margin of profit is cut very close to the bone," and in the next he is warned that the "manufacturer can drop you like a burned-out match when you fail to satisfy him in the matter of sales." If the first proposition were true, wouldn't the second be covered by "I should worry?"

The essential idea of the co-operative value of national advertising to the dealer has been summed up in a few words by one of the best-known merchants in the country. When asked by *Men's Wear* (New York) why he advertises as he does, he replied:

"Three years ago I sold $700,000 annually. To-day I am selling $1,000,000. Part of this, not all of it, is due to the fact that I sell and advertise Hart, Schaffner & Marx goods.

My name on my store in my town is worth a lot more than theirs; I could sell it for $250,000. But their name on their clothes is worth a lot more than mine. My customers know I do not make clothes, and the name of Hart, Schaffner & Marx on the clothes answers every question any man might be inclined to ask. The combination of my name on my store and their name on my clothes in my town cannot be beat."

If the above does not conclusively answer the arguments of the private brander, I can show letters—additional corroborative and most convincing testimony—from successful men in the retail trade. All of them have had *experience* with private brands and all of them are now making money from advertised goods.

J. W. Yowell, grocer, of Elko, Nev., rated at $35,000, says: "We prefer the quicker turnover on advertised brands every time. It is too hard to move the unadvertised. We tried our own private label for a while but it was a failure."

Grove & Bro., who run a general store rated at $35,000 in Luray, Va., feel the same way. They write: "We find that it pays us to couple our local advertising with national advertising. Advertised goods sell much more readily with us than our private brands ever did."

J. S. Botts, Advertising Manager of the Geo. A. Ducker Company, Joliet, Ill., can answer inquiries regarding private brands as well as any man I know. He took up the advertised goods idea at my suggestion some two years ago, and he frequently makes me blush by coming in to thank me. As his house, which is rated at $200,000, does a business of over half a million annually in department-store lines, I value his testimony. He will send it to any one who asks.

E. H. Leonard, the Sales and Advertising Manager of the J. L. Hudson Company, Detroit, Mich., has just put on a wonderful two weeks' exposition of nationally advertised goods. Here is the most elaborate and far-reaching piece of co-operative work that has ever come to my attention. With his own experience in handling private brands, Mr. Leonard couples that of his house, which is rated at "over $1,000,000." Their combined judgment as to the future course of merchandising can hardly fail to be impressive—even to those manufacturers who cling desperately to private branding because they see in it their last forlorn hope for survival without advertising.

The Michigan *Tradesman* covers the situation admirably in a letter from a druggist, who writes:

A Druggist's Testimony

"I had a man here from Philadelphia the other day with a line of fine goods to be sold under my own name, swell packages and up to the class I would have to handle or lose my trade. He talked profits and the strength of having my own name on the labels. True, I can sell, and do sell, a lot of my own brands, but to get down to prices, the chap with the Philadelphia lines has but a small margin better than many of the most heavily advertised goods."

This druggist then goes on record as favoring a large number of sales at a small profit, and that is the keynote of the entire situation. It is not possible to ignore popular demand, with the cost of doing business given even casual attention. Showing exactly what this cost is, the volume of sales that each clerk must make is beautifully brought out in a letter from C. F. Adams, of Gardner & Adams, Salt Lake City, recently printed in *Men's Wear*. Of these sales Mr. Adams said:

"If you get no other revenue from a salesman than just from his sales, and his salary is $10 per week, in order to earn 5 per cent., he must sell $13,000 per year; to earn $15 per week he must sell $19,500; $18, $23,400; $20, $26,000; $30, $39,000; $35, $45,500. The salesman does not in modern business trade on the generosity of his employer; by his individual efforts he raises his own salary."

Clerks Must Sell Volume

With the necessity of making such a volume of sales staring him in the face, is it any wonder that live-wire clerks are pushing advertised goods, and urging their bosses to drop private brands? Time is a tremendously important factor in retailing. A large corset manufacturer lately brought out a booklet quoted by the *Corset and Underwear Review* (New York), showing that the buyer who handles $1,000 worth of trademarked corsets, turning her stock six times a year, makes $315 more than if she featured a special brand exclusively.

Women have been so well educated by advertising nowadays, and attach so much importance to the maker's and the magazine's guarantee, that the battle may be said to be fairly won for the advertiser as against the private brand; and the sooner the remaining stores see this the sooner they will get the big figures on the right side of the ledger.

Even in the grocery line, where private brands have flourished like the green bay tree, a clearer view is being taken of the matter. *The New England Grocer and Tradesman*, the pioneer trade paper to systematically urge retail merchants, for their own sake, to push nationally advertised merchandise, tells us that, "taking the trade as a whole, the profits are better on nationally advertised goods, and when the grocer considers the volume of these goods which he can sell and the ease with which the sales are made, he must admit that they are money-makers of the best description."

From another angle, O. E. Carman, in *Hardware Trade* (Minneapolis), relates cases proving that merchants cannot afford to neglect the opportunities which are given them by national advertising.

"I have in mind the case of a retail paint store in an Eastern city. This store was doing only a fair business—nothing like what it should, considering its location. The store was persuaded to buy an advertised line and to push it. The results were surprising. Sales were large on this 'new line.' The store was fully won over to advertised goods.

"To-day the store is probably the largest of its kind in a city of that size in the world.

"I know of a dealer who threw out an advertised line he had carried for years. He fancied the company was not treating him right. Within a couple of months he found that his customers, no longer able to get that advertised article from him, were going across several miles to buy it in another town. Then he appreciated what a good thing he had had. He wasn't long in getting it back."

Protective Feature of Branded Goods

The editors of *Good Storekeeping*, in reading hundreds of trade papers to make excerpts, are compelled to notice that these papers, in growing measure, recognize the solid merits of trademarked, advertised goods from the conservative merchant's standpoint, while some errors of judgment on the part of advertising manufacturers which have alienated dealers are spoken of largely as mistakes of the past. Thus says the *National Jeweler and Optician* (Chicago):

"Manufacturers generally have come to realize, on the one hand, that false values, although backed by much advertising and a trademark, open wide the door of competition and substitution; and, on the other, that they cannot expect to gain the interest and co-operation of the retailer in their business unless they are willing to make it worth his while. With these essentials generally understood alike by manufacturer and dealer, no 'trademark problem' need present itself. Other things being equal, the retailer stands to profit by handling trademarked goods, and in his own interest and the interest of the public he serves he should insist upon the assurance and protection that the trademark of a manufacturer affords."

Aptly summarizing, the *Retailers Men's Apparel Magazine* says:

"The retailer who ignores the powerful influence of advertising is completely out of tune. That advertising has brought about a stable condition in buying and selling is apparent at every turn. Your newspapers and magazines offer ample evidence. Whether it be an incubator, a thresher, a breakfast food, a collar, or a cigar—people want to buy and duplicate by name. They don't want nameless unknowns.

"Retailing of advertised goods is frictionless. The advertised brands are called for by name—there's no dickering, no uncertainty to buyer or seller; the sale is closed quickly. The popularity of advertised goods and the desire of consumers to know where the goods are on sale has led a large number of retailers to place in their windows a bulletin of the brands they carry.

"Additional profit in advertised goods lies in the time saved waiting on customers, and the possibility of still greater profit lies in the fact that you can carry a wide variety of makes, a small stock of each, and thereby be in a position to serve a greater number of men of varied tastes.

"Every sale means a profit—at the beginning or the end of a season—and there's no need of retailers stocking heavily with advertised goods. Manufacturers and jobbers are ready to promptly supply retailers in such quantities as suit their needs."

There is milk in that cocoanut. The fact that small stocks of advertised goods can be and very generally are carried has much to do with the fact that we are going through a "psychological depression" instead of a panic. A writer in the New York *Tribune* almost grasped this truth when he said: "All reports point to the conclusion that we are passing through the dullest times in business that we have experienced in years. That there is no glaring evidence of this is due to the fact that we have come to this condition gradually and not by the usual step of panic. Instead of falling over the precipice, as we generally do in America, as the result of an explosion, we have climbed gradually down the side of the cliff. Stocks of goods have been reduced little by little to a point where much danger has been taken out of the situation, producing a conservation of credit which keeps such tremendous breaks as the Claflin failure from paralyzing the situation with fear, which is the forerunner of panic.

In conclusion, let me give the results of an investigation that a dealers' service organization recently made. I still had a lurking respect for private-label competition until these figures were placed before me.

Significant Census of Dealers The opinions of 1,463 well-rated retail merchants throughout the United States were obtained—264 hardware, 459 drug, 311 grocery, 175 jewelry, 222 drygoods, 32 music.

	FAVOR PRIVATE BRANDS	FAVOR ADVERTISED GOODS
Hardware	4%	96%
Drugs	9%	91%
Grocers	7%	93%
Jewelry	2%	98%
Drygoods and General Store	5%	95%
Music	7%	93%
Averages all opinions	6%	94%

The following phrases summarized the reasons for selling advertised goods:

"Saves time of salesman."

"Much easier sold."

"Better quality assured."

"Fresher stock."

"People *ask* for them."

"Customers have confidence in advertised goods."

"Show bigger profits at end of year."

"Rapid turnover."

As aptly expressed by one grocer: "Some grocers *think* they get a bigger profit on private brands."

One simple undeniable fact standing out in this investigation like a sore thumb is this: The dealers who are still "for" private brands are practically all small fry and from the high-grass towns. The live stores in the larger cities working on a straight turnover basis have seen the light and are headed for it.

You may say that you hear nothing of this. Quite so. Why should a man announce that he has stopped beating his wife, even though it's true?

CHAPTER XIV

ADVERTISING STANDARDS

THERE is no better evidence that those who are engaged in the various branches of advertising appreciate the responsibility which modern conditions have put upon them than is to be found in the efforts being made to raise advertising standards. These efforts are in part individual, being made both by advertisers and by sellers of space, and in part they represent association, or club activities. The most conspicuous among the latter are the efforts of local clubs to raise standards locally, and of the Associated Advertising Clubs of the World to raise standards in two directions: first, by attacking fraudulent advertising through its Vigilance Committee, and, second, by raising the tone of honest advertising through the constructive efforts of its National Commission.

Growing out of these national efforts there has come a codification of standards of practice for different lines of advertising efforts which represent one of the most impressive cases on record of attempts to put down in words a code of ethics to serve as a guide to those who are anxious to keep a business on the highest possible plane.

In addition to all of these voluntary efforts to raise advertising standards, there has been some progress made in expressing in the form of law the desire to protect public interests. These laws are directed against those who attempt to abuse the power over demand which they may be able to develop by advertising.

Within the limits of this volume it will be impossible to discuss adequately the individual efforts which are being put forth to raise the standards of advertising practice. There are numerous cases in which we find individual advertisers taking the position that the only safe, as well as the only moral, method to pursue is for them to adopt and scrupulously observe standards of truth and sincerity which are unimpeachable. At the same time, a number of publishers have come to the belief that they assume a moral, if not a legal, responsibility for the material which appears in their advertising columns, and we have such instances as the *Farm Journal* of Philadelphia, and the publications of the Curtis Publishing Company, and many others which exercise a strict censorship over the copy going into advertisements which they print. In connection with such activities as this, some effort is made to raise the ideas of the public as to what it ought to expect from an advertiser or his advertisement. The work which William Freeman conducted for the New York *Evening Mail*, and the work which Samuel Hopkins Adams is now carrying on in the "Ad-visor" columns of the New York *Tribune* are examples of this sort of activity which deserves more space than can be given to it here. It would be valuable, if space permitted, to go somewhat more fully into the nature and methods of these efforts. It will be necessary, however, to confine our attention in this chapter to (1) the activities of associations and clubs leading to the adoption of standards of practice by the associated clubs; and (2) the progress which has been shown in the development of legislation for the purpose of regulating advertising.

(1) ASSOCIATED EFFORT

One of the most active local clubs in the matter of attempting to raise local advertising standards is the Minneapolis Advertising Forum. This organization, early in 1915, received a report from its Bureau of Fair Competition, from which the following excerpts are taken:

*[EDITORIAL NOTE.—The real purpose of vigilance work is brought out very clearly in the following report, viz., to lessen the suspicion against all adver-

Printers' Ink, April 8, 1915, p. 43.

tising by eliminating that element which tends to cast a doubt on the integrity of a whole industry. It was the vigorous work of the Minneapolis Advertising Forum along these lines that won for it the Baltimore Truth Trophy.—Ed. *Printers' Ink.*]

After more than two years of volunteer work this permanent bureau was established in February, 1914. (The Vigilance Bureau of the Minneapolis Advertising Forum.)

Its object is to *reduce* the *burden* of *unjustified suspicion* which, through association with careless or dishonest advertisers, seems to rest on all advertisers.

Subscribers to the bureau are expected to request investigations of all advertisements which they suspect contain statements that are "untrue, deceptive, or misleading," and it is the duty of the secretary to ascertain the facts in the case and, if the suspicion is found to be justified, to obtain the positive assurance of the advertiser that the offence will not occur again or to report the evidence to the proper authorities.

How great is the burden of unjustified suspicion carried by each advertiser is hard to estimate. But some idea of this encumbrance which advertising has been carrying may be gained by a study of the facts revealed in the records of investigations made by this bureau at the request of subscribers during the past year.

Since subscribers do not request investigations unless their knowledge of merchandise leads them to suspect that statements are untrue, the cases in which careful investigations show the advertisements to be truthful may be considered indicative of unjustified suspicion. The proportion of the total cases investigated but found truthful should, therefore, represent the burden of suspicion.

The efficiency of this bureau can be judged most clearly by these percentages of unjustified suspicion.

First quarter, March 1 to June 1, 1914, 65 per cent.; second quarter, June 1 to September 1, 1914, 50 per cent.; third quarter, September 1 to December 1, 1914, 19 per cent.; fourth quarter, December 1, 1914, to March 1, 1915, 17 per cent.

Number of Cases Investigated

If the above figures indicate the unjustified suspicion in the minds of subscribers themselves, who are familiar with merchandise and prices, it is interesting to speculate on what this burden must be in the minds of the purchasing public, who cannot be expected to discriminate clearly, but may simply suspect advertisements and turn away from them.

During the year the bureau investigated 192 cases distributed amongst various classes of business as follows:

Auctions	2
Clothing Stores (men's)	20
Clothing Stores (women's)	3
Dairies	1
Decorators	2
Department Stores	23
Florists	2
Furniture Stores	14
Furriers	6
Fortune Tellers	3
Grocers	3
Hardware Stores	1
Horse Dealers	1
Help Wanted Ads	2
Jewelers	13
Medicine Companies	34
Magazine Agencies	1
Music Dealers	5
Meat Markets	3
Mail-order Houses	5
Opticians	2
Piano Dealers	10
Publishers	3
Public Service Companies	3
Rug Dealers	2
Schools	8
Shoe Stores	13
Sporting Goods Stores	1
Tailors	5
Theatres	1
Wholesalers	1

It will be seen from the above that hardly any class of retail business has escaped suspicion.

Of these 192 cases, 64 investigations show the advertiser to be correct in the statement suspected, making the average annual burden of suspicion $33\frac{1}{3}$ per cent.

Of the remaining 128 cases, in 68, or over half of them, the bureau secured immediate co-operation in the correction of the faulty statements—an interesting demonstration of the inadvisability of rushing into the courts before every other means is exhausted.

In 22 other cases favorable progress was made. In 11 cases no definite results were obtainable, although it is felt that the moral effect of the investigations served to make the advertisers more careful and probably prevented further misstatements. In three cases untruthful and deceptive advertising was prevented before the copy was published.

Five prosecutions have been necessary, and the following results have been obtained:

Prosecution

1. A horse dealer was convicted and fined $50.

2. A warrant was issued for the arrest of a special sales agent and he fled the city before the warrant could be served. The sale was discontinued.

3. A salesman of bottled ink was arrested on the charge of fraudulent advertising, but escaped conviction through a legal technicality.

4. The proprietor of a men's clothing store pleaded guilty to the charge of untruthful advertising and was fined.

5. Another men's clothing company has been arrested and the case has been set for 2 P. M., April 2nd, before Judge E. A. Montgomery. This corporation is said to be planning to attack the constitutionality of the law. The bureau has placed the case in the hands of Brooks & Jamieson, attorneys, of Minneapolis, and is being supported financially by the National Vigilance Committee of the Associated Advertising Clubs of the World. The National Committee has retained as advisory counsel Harry D. Nims, of New York City, author of "Unfair Competition" and of the Minnesota law to prevent fraudulent advertising.

Co-operation with the Retailers' Association

The bureau has assisted the Minneapolis Retailers' Association to get evidence of violations of the Transient Merchant Act and other matters which might be considered as unfair competition. Two itinerants, arrested on information which the bureau helped to secure, "jumped bail" and fled the city before being tried.

Evidence obtained by the bureau led to the arrest of 15 merchants in the Bridge Square and Washington Avenue district on the charge of soliciting business on the sidewalk, commonly called "roping in." The constitutionality of the city ordinance prohibiting this practice was attacked. The ordinance was sustained by the Municipal Court and the defendants have carried their case to the Supreme Court.

Chambers of Commerce as well as Advertising Clubs have from time to time undertaken vigilance work, and the following account of the work done by the Vigilance Committee of the Advertising Division of the Chamber of Commerce of Indianapolis, as reported by Carl Hunt, editor of *Associated Advertising*, illustrates what an organization of this kind has been able to achieve:

*Before I attempt to describe a series of advertisements which the Vigilance Committee of the Advertising Division of the Chamber of Commerce at Indianapolis has been publishing with the hope of creating a desire for better things in local advertising, it would be well to mention briefly the policies of the Indianapolis committee.

In Indianapolis the method of operation has been called the "Indianapolis plan." In a large measure the committee has assumed a judicial attitude, holding itself ready and willing to investigate matters brought to its attention. It has seldom taken the initiative absolutely, though in a few cases this has been done.

Complaints have come chiefly from competitors of the advertisers, whose methods have been complained of and some of the complaints have come from representatives of mediums.

Early in its existence the committee issued a folder to Indianapolis advertisers generally—taking its mailing list from the ledger of one of the newspapers. This folder set forth the general purposes of the committee and asked advertisers for their financial co-operation, inviting them to subscribe upon the basis that their advertising would pay them better in proportion to whatever general improvement in advertising could be accomplished. A paragraph from this circular was as follows:

"You, like all other advertisers, will, we believe, want to do all you can to help us clean up, for you no doubt know that something like 80 per cent. of the people still say, when they read any kind of advertisement, 'Oh, it's only an advertisement!' In other words, only 20 per cent. read advertisements with the proper respect for advertising. Yet, even in the face of this great loss of prestige, advertising pays."

The committee is just now ready to send out a second appeal for funds based upon what it has done, and through the interest which has been manifested in the committee's work it seems that there will surely be no difficulty in financing it.

******Printers' Ink*, **December 31, 1914, p. 47.**

Probably the most remarkable indication of all has been the willingness of the newspapers of Indianapolis to co-operate by giving the committee advertising space for the purpose of exploiting the value of truth in advertising. This seems remarkable to me from the fact that the appearance of the advertisements is of itself an admission on its face that some advertising is untrue—and where was there a newspaper ten years ago which had the courage to make such an admission? Certainly this is a good indication.

Newspapers Co-operate

This co-operation of newspapers has been willingly given in spite of the further fact that the operations of the committee have in several cases temporarily reduced the space which advertisers contemplated using.

All of the advertisements the committee has used in the Indianapolis newspapers have contained the following statements, in effect:

"The Vigilance Committee of the Chamber of Commerce, whose aim is to foster truthfulness and stamp out misrepresentation in advertising, meets each Monday noon—12:15—at the Chamber of Commerce, to hear complaints against untruthful or misleading advertisements."

I am going to quote from some of the advertisements as they have appeared. One, under the heading of "Poetic Justice," was:

"Oftener than otherwise 'poetic justice' is visited upon an advertiser who attempts to misrepresent or mislead. He may fool some of the people for a little while, but he cannot fool enough people long enough to make it pay. Sooner or later—usually sooner—he finds that justice has been done—that he has brought himself troubles in proportion to the deceit which he has attempted. He finds his truthful competitors growing and prospering while he is standing still or going backward. Truth pays."

Another, somewhat similar, but a little more cheerful perhaps, was:

"Most advertising is true, because the advertiser who survives is the advertiser who does tell the truth, and those who would 'put something over' on the people do not usually last long or prosper. Truthful advertising, properly persisted in, and backed up with consistently good service, pays large dividends. The truthful advertiser grows and prospers. He is happy."

Still another along the same general line was:

"The customer who comes as the result of a proper, truthful advertisement, and finds the things or service which are offered for sale to be equal to their description, will come again and again. Such a customer will recommend the advertiser to his or her friends. Such advertising counts—it builds business."

Some of the copy, particularly at times when the newspapers have published accounts of prosecutions, has had the idea of encouraging people to believe advertising. This copy was used for the benefit of the newspapers and of the square advertisers whose co-operation the committee has had. One such advertisement was:

"Except for the fact most advertising is true, the untruthful advertiser would have no ground upon which to stand. If all advertising was untruthful, nobody would believe any of it. The advertiser who has formulated a strict code for his own guidance and lives up to it heartily is the man whose advertising pays best both at the beginning and in the long run."

Two of the advertisements have appealed particularly to the caution of advertisers who might be inclined to get "off the track." One of them was:

"An advertiser who attempts to fool the public may well expect his employees to do likewise. The custom will grow. Sooner or later his employees will fool him. Most advertising is straight. It all should be."

Good Policy to Tell the Truth

The other was:

"Habits of dishonesty grow. The advertiser who allows himself to depart from the truth in any degree is on dangerous ground. Most advertisers, knowing this, adhere strictly to the truth."

In another the convenience of truthfulness was argued in an interesting way. It read as follows:

"The reason why a man who writes an untruthful advertisement is almost always caught by the customer is that when a man tells a lie he has two things to remember—the state of facts as they really exist and the state of things as he pretends they are. The advertiser who tells the truth only has one thing to remember—the fact as it is. Truthfulness in advertising breeds confidence. Confidence on the part of the customer means prosperity to the advertiser."

The self-interest of the advertiser was a strong feature in another piece of copy, which was as follows:

"The untruthful advertiser is operating under a tremendous disadvantage. It is only when customers come again and again that advertising can *really* pay. Most advertisers know this."

Following the first successful prosecution of an offender, a simple, straightforward announcement concerning the case and its results was published in display space, but on another occasion—that of the second successful prosecution—the same copy was made to carry the thought that most advertising is true. In part, this second advertisement was:

"The Vigilance Committee of the Publicity Division of the Chamber of Commerce has in the last few months persuaded many overzealous advertisers to eliminate false and misleading statements from their announcements. It has successfully prosecuted in police court two firms that refused to 'clean up.' There is now probably less faking in advertising in Indianapolis than in any city of its size in the country."

It is not now and probably never will be possible to trace direct results to these advertisements. It has been the thought of the committee, however, that, persisted in, they could not possibly help from doing good, not only through their influence upon advertisers, but also on account of their influence upon mediums, too.

It has been the thought of the committee that a newspaper which is frequently publishing advertisements exploiting the benefits of truthfulness in advertising is a good deal less likely to accept off-color copy.

These benefits are, of course, more or less incidental because the prime purpose, so far as the hope for immediate results is concerned, was to get people who have complaints interested in the work of the committee. The advertisements have undoubtedly done this.

The Vigilance Committee of the Associated Advertising Clubs of the World, through its chairman, Merle Sidener, made a report at the Chicago convention on June 21, 1915. Mr. Sidener, in the course of that report, predicted that the time was near when a paid staff would be necessary to handle the increasing complexities of the work of the committee, and that for two reasons:

"In the first place, there is the growing demand for educational material on the part of the individual clubs, and in the second place it is becoming increasingly difficult to reach offenders against the truth.

"The time has come for more action and less talk," said Mr. Sidener. "The time has come when some central body shall place itself in position to speak with authority concerning the truth or untruth of specific advertisements. The time has come when the publications have a right to look for guidance from those who assume to tell them they are headed in the wrong direction. The publications are entitled to the facts about advertising which is criticised, rather than opinions and suggestions. The time has come when the advertisers themselves have a right to demand that those who advocate truth in advertising shall point out the individual offenders and not merely include a class under generalities. The time has come when this organization can no longer depend on unofficial sources for information concerning frauds and fakes."

*The report further speaks with appreciation of the better understanding among business men as to what the vigilance movement really stands for, and mentions particularly the action of the Proprietary Association of America in endorsing the *Printers' Ink* Model Statute.

The work of the past year has naturally fallen under the heads of education and correction. The educational work has been concentrated upon the development of individual vigilance committees in the clubs and securing the co-operation of publications and other advertising mediums. The original series of articles in *Printers' Ink*, in which the vigilance movement was suggested, were reprinted by permission, and given wide circulation among the clubs. A special pamphlet was also printed for those clubs which were endeavoring to secure the passage of the *Printers' Ink* Model Statute.

The policy of using moral suasion wherever possible, rather than resorting to the law, has proved its soundness. Out of 869 investigations reported by thirty-five individual clubs, only eleven prosecutions were necessary. "Such cases were becoming fewer each year," says the report. "Usually one court action in a community has the effect of keeping the would-be crooked advertiser in the straight and narrow path." The committee has had the services of a national detective agency in making

**Printers' Ink*, June 24, 1915, p. 96.

investigations, and has co-operated closely with the Post-office Department.

"The foundation has been laid for a 'Rogues Gallery' of fraudulent advertisers which in time will render a great service to the mediums which seek honestly to shut out the fakers," said Mr. Sidener. "For several months a clerk has been engaged in gathering data for this record, and more or less information has now been filed concerning about 700 different advertisers. The committee has been compelled to deny an erroneous report which has been persistently circulated, to the effect that a 'directory of frauds' would be 'published' by the committee. Nothing is further from the truth. This record of the transgressions of advertisers will be for reference only, and confidential information will be furnished to those who are interested.

The constructive side of the Associated Advertising Clubs' work in attempting to raise advertising standards has taken two definite forms: the creation of the National Commission and the adoption of the Standards of Practice.

The National Commission was authorized by the new Constitution and By-laws adopted by the Clubs at the meeting in Toronto, in June 25, 1914. The articles of the Constitution which bear on the creation and work of this Commission are as follows:

ARTICLE IV

MEMBERSHIP

Section 1. This Association shall consist of:
(*a*) Duly organized advertising clubs.
(*b*) Departmental advertising organizations.

Section 2. Any advertising club may make application for membership to this Association, and may become affiliated by the Executive Committee.

Section 3. Departmental organizations representing specific interests of advertising may, upon the recommendation of the National Commission, be affiliated with this Association, but only one such department representing an identical interest shall be affiliated.

ARTICLE VII

NATIONAL COMMISSION

Section 1. There shall be a National Commission composed of three delegates elected annually by ballot from each affiliated departmental organization, said election to be held at the time of the annual meeting of the Association.

Section 2. Until the members of the National Commission shall have been duly elected in the manner herein provided, the organization created at the 1913 annual meeting of this Association, held at Baltimore, known as the "Conference of Committees," and composed of thirty-nine representatives, three from each of the thirteen departments of advertising there represented, shall be substituted for the National Commission, and shall have all the duties and authority thereof. Upon the organization and affiliation of any departmental organization represented in the Conference of Committees and the election of delegates to the National Commission therefrom, these delegates so elected shall immediately supersede the members of the Conference of Committees repredesignate, except as herein otherwise provided.

ARTICLE XIII

FUNCTIONS AND DUTIES OF DEPARTMENTAL ORGANIZATIONS

Section 1. The functions and duties of the departmental organizations may be such as their constitution and by-laws designate, except as therein otherwise provided.

ARTICLE XIV

FUNCTIONS AND DUTIES OF THE NATIONAL COMMISSION

Section 1. The National Commission shall be a congress representing the allied interests of the departmental organizations and may assume such duties and exercise such authority as will not conflict with the duties and authority of the Executive Committee or the purpose of the Association.

Section 2. It shall elect by ballot from its membership at the time of each annual meeting of the Association, and for a term of one year each, five members of the Executive Committee.

The creation of the National Commission was the outgrowth of an attempt at reorganization of the work of the Associated Clubs on a more satisfactory basis, determined upon at the Baltimore convention of the Associated Clubs in June, 1913. The Reorganization Committee, as a result of whose report the National Commission was formed, was created for the purpose of giving effect to the declaration of principles adopted at Baltimore. The following is a copy of the report of the Reorganization Committee rendered at the Toronto convention, June 21, 1914:

This committee recommends, then, that the National Association shall encourage these Departmentals to become affiliated with the Association.

We urgently recommend that these departmental organizations be left unhampered in the conduct of their own respective interests, their affiliation being chiefly for the purpose of strengthening our Association and of providing a method through which these Departmentals may efficiently care for their own respective special interests.

These departmental organizations will adequately provide for the respective individual class interests, but it is essential also that the Conference of Committees introduced at Baltimore, or some commission of like character, be given permanent form, so that a method may be provided for the consideration and determination of those problems which relate to two or more of these class interests.

We recommend, therefore, that a commission be formed to be called the National Commission, to supersede the Baltimore Conference of Committees and to be composed of three delegates elected annually from each affiliated departmental organization, and that this commission be authorized to assume such duties and exercise such authority as will not conflict with the duties and authority of the Executive Committee.

This National Commission will bring together into one body the strongest men from every department of advertising; to consider the relations between the different interests of advertising; to formulate united expressions on advertising problems which relate to the various special interests of the business; and to report its findings, with suggestions for action, to the National Association and to the Executive Committee.

It is the hope of this committee that this National Commission will thus be of great permanent value to our organization in the inception of ideas and plans which will have for their purpose the betterment of class advertising conditions and relations, and we believe that it should have proper representation on the Executive Committee.

We recommend, therefore, that this National Commission shall have authority to elect annually from its own membership five members of the National Executive Committee, so that the Departmentals may be thus adequately and directly represented in the councils and activities of the Association.

We recommend, also, that this National Commission shall have authority over eligibility qualifications in the Departmentals, because this Commission, composed of representatives from each Departmental, can each standardize as far as practicable these membership qualifications, and because these Departmentals will have a greater respect for each other and co-operate in greater harmony if the basis of membership in each is adjusted satisfactorily to all.

We further recommend that this National Commission shall have authority to determine what interests or classes of advertising may be organized into Departmentals.

It is our suggestion that the qualifications for membership in these Departmentals be set high, so high, in fact, that no one may become a member of any of these Departmentals who is not conducting his particular business or advertising in harmony with whatever code or declaration of principles and ethics the National Commission may establish as a test of membership eligibility.

This plan will result in gathering together for the first time in these Departmentals for concerted action those men who are actually conducting advertising on the moral plane to which it is the purpose of our Association to raise all advertising interests. A membership in the Departmentals under the plan suggested by our committee will at once become something of a distinction and honor.

The declaration of principles adopted at the Baltimore convention marks an epoch in the attempts on the part of Associated

Advertising Clubs to raise standards, and is the starting-point not only for the creation of the National Commission, but for the development of the Standards of Practice which were the most conspicuous feature of the Toronto meeting.

The declaration of principles, as they were adopted at Baltimore, is as follows:

THE DECLARATION OF PRINCIPLES

At the first joint Committee meeting in the history of the Associated Advertising Clubs of America, of representatives from each of the departments in advertising, viz.: Advertising Agents, Agricultural Publications, Directories, General Advertisers, Magazines, Newspapers, Outdoor Advertising, Printing and Engraving, Religious Press, Retail Advertisers, Technical Publications, Trade Press and Specialty Advertising, the outstanding feature was the sincere and determined purpose of each department to work jointly for the promotion of efficient advertising, in harmony with all the other departments and interests concerned in promoting the common good of advertising, and, where abuses occur, to deal fearlessly for their correction, realizing that only by this united effort no loophole will be left through which the unfair practitioner may escape.

To this end the Committee believes that the time has now come when this great body—the Associated Advertising Clubs of America—should establish a permanent authenticated Commission, composed of the constituent elements represented in the present Committee, and such other elements as may be added, which Commission should deal in detail with the problem existent in our fields.

We recommend that each of these constituent elements, the Advertising Agents, Agricultural Publications, Directories, General Advertisers, Magazines, Newspapers, Outdoor Advertising, Printing and Engraving, Religious Press, Retail Advertisers, Technical Publications, Trade Press, Specialty Advertising, and such other elements as may be added, be formed as sub-organizations to the Associated Advertising Clubs of America, and that into these departmental organizations be admitted as members only those who can meet the qualifications established by the duly authorized Commission or investigating body.

We believe in truth, the corner-stone of all honorable and successful business, and we pledge ourselves each to one and one to all, to make this the foundation of our dealings, to the end that our mutual relations may become still more harmonious and efficient.

We believe in truth not only in the printed word, but in every phase of business connected with the creation, publication, and dissemination of advertising.

We believe there should be no double standard of morality involving buyer and seller of advertising or advertising material. Governmental agencies insist on "full weight" packages, and "full weight" circulation figures. They should also insist on "full weight" delivery in every commercial transaction involved in advertising. We believe that agents and advertisers should not issue copy containing manifestly exaggerated statements, slurs, or offensive matter of any kind, and that no such statements should be given publicity.

We believe that the present chaotic multiplicity of methods of arriving at verification of circulation statements are not only confusing but inadequate.

and that the time for radical revision of these methods and for standardization of statements is the present, and the opportunity for constructive work along these lines is given by the assemblage at this Convention for the first time, of representatives of all the different interests concerned in this vital matter.

We believe in co-operation with other agencies now at work on this problem. especially in the plan of the Central Bureau of Verification which has already been initiated by some of the organizations represented in this Commission, and request the Executive Committee to proceed therewith.

We indorse the work of the National Vigilance Committee, and believe in the continued and persistent education of the press and public regarding fraudulent advertising, and recommend that the Commission, with the co-operation of the National Vigilance Committee, should pass upon problems raised and conduct campaigns of education on these lines. We believe it to be the duty of every advertising interest to submit problems regarding questionable advertising to this Commission and to the National Vigilance Committee.

We believe that the elimination of sharp practice on the part of both buyer and seller of advertising and advertising material will result from the closer relationship that is being established, and that in place of minor antagonisms will come personal co-operation to the increased benefit of all concerned, and the uplifting of the great and growing business of advertising.

We believe in upholding the hands worthy to be upheld, and we believe that each and every member owes a duty to this Association of enforcing the Code of Morals based on Truth in Advertising, and Truth and Integrity in all the functions pertaining thereto.

[*Signed*]

Advertising Agents: W. C. D'Arcy, chairman; Wm. H. Johns, Stanley Clague.

Agricultural Publications: T. W. Le Quatte, chairman; Arthur Capper.

Directories: W. H. Lee, chairman; G. D. W. Marcy, R. H. Donnelley.

General Advertisers: Wm. H. Ingersoll, chairman; E. St. Elmo Lewis, O. C. Harn.

Magazines: R. G. Cholmeley-Jones, chairman; A. C. G. Hammesfahr, Joseph A. Ford.

Newspapers: A. G. Newmeyer, chairman; James Keeley, Howard Davis.

Outdoor Advertising: O. J. Gude, chairman; Chas. T. Kindt, E. Allen Frost.

Printing and Engraving: H. H. Cooke, chairman; H. A. Gatchel, Marquis Regan.

Religious Press: W. J. McIndoe, chairman; Wm. Shaw, J. F. Jacobs.

Retail Advertisers: M. M. Gillam, chairman; Wm. C. Freeman, Walter S. Hamburger.

Technical Publications: H. M. Swetland, chairman; Mason Britton, John Clyde Oswald.

Trade Press: Charles G. Phillips, chairman; W. H. Ukers, Roy F. Soule.

Specialty Advertising: Lewellyn E. Pratt, chairman; Theodore R. Gerlach, Henry B. Hardenburg.

For purposes of reference and record, the Standards of Practice adopted by the Toronto convention are reprinted in full in an appendix to this volume.

(2) DEVELOPMENT OF LEGISLATION TO REGULATE ADVERTISING

The following is a summarized list of State laws on fraudulent advertising as they stood in the early part of 1914:

*The importance to advertising men of familiarity with the various State laws regulating advertising needs no emphasis. The following list has been compiled from the text of the various statutes as furnished by the Secretaries of State of the several States. It is not presented as a complete digest of *all* laws affecting advertisements, for no attempt has been made to include the laws against specific types of medical copy which describe symptoms of disease or the multitude of local ordinances. The former have little or no interest for readers of *Printers' Ink*, and the only effect of reproducing them would be a slimy trail across the page, and to collect and classify the different local ordinances would tax the capacity of a well-equipped legal information bureau. There are, in addition, various laws regulating specific forms of advertisements, such as bankrupt stocks, divorce notices, real estate sales, prize offers for the solution of puzzles, and a sizable list of "blue-sky" laws regulating the advertisement of securities. These are referred to only when they form part of statutes regulating fraudulent advertising in general.

Of the general laws forbidding fraudulent advertising there are three classes: The *Printers' Ink* Model Statute, the Model Statute amended, and the Massachusetts form. To put it briefly, the *Printers' Ink* Model Statute forbids *false statements of fact by the man who has the goods for sale.* It does not penalize statements of mere opinion, does not include the publisher or the agent unless the advertisement refers to commodities or services actually offered by them, and does not make it necessary to prove *intent to deceive.* In some States the Model Statute has been amended (and emasculated) by the addition of the word "knowingly," or by some phrase which makes it necessary for the prosecution to prove what was in the advertiser's mind when the advertisement was written. Thus the publication of a false statement is no crime unless it be shown that the advertiser *knew* it was false, or intended to deceive somebody with it.

**Printers' Ink*, April 2, 1914, p. 26.

The third class includes laws like that of Massachusetts, which contain the word "knowingly," and attempt to define the kinds of false statements which shall be penalized. Instead of flatly declaring that false statements of any sort are forbidden, these laws declare that false statements "concerning the quantity, the quality, the origin," etc., of merchandise shall constitute a misdemeanor.

The complete text of the following statutes is on file in the offices of *Printers' Ink.* It can be obtained by any one by addressing the proper Secretaries of State.

Summary of State Laws Against Fraudulent Advertising

CONNECTICUT.—Chapter 65, Acts of 1913. Penalizes false statements concerning the "nature, quality, method of production or manufacture, or cost of any goods." Contains the word "knowingly." Penalty, $10 to $500.

INDIANA.—Section 347, Acts of 1913. Same text as the Massachusetts law.

IOWA.—Chapter 309, Laws of Thirty-fifth General Assembly (1913). The *Printers' Ink* Model Statute, *amended by an added clause which reads, "with intent to defraud directly or indirectly."* Special exemption is provided for publishers and agents who accept or place advertising in good faith. No special penalty is specified.

MARYLAND.—Bill now pending in legislature—similar to the Massachusetts law.

MASSACHUSETTS.—Chapter 489, Acts of 1912, amending Chapter 397, Acts of 1902. Penalizes false statements of fact concerning the "quantity, quality, method of production or manufacture, cost of production, cost to the advertiser, the present or former price, or the reason for the price." Also penalizes false statements concerning "the manner or source of purchase, or the possession of prizes, awards or distinctions." Contains the word "knowingly." The employee who makes the false statement is specifically included in addition to the employer. The penalty is $10 to $500 for each offense.

MINNESOTA.—Chapter 51, Acts of 1913. The *Printers' Ink* Model Statute. Penalty, that fixed by statute for misdemeanor.

MICHIGAN.—Act 276, Public Acts of 1913. The *Printers' Ink* Model Statute *amended by adding the word "knowingly."* Clause specifically exempts publishers who receive copy from others without knowledge of its falsity. Penalty, $25 to $200, or imprisonment in the county jail for 90 days, or both.

Nebraska.—Senate File, 188, Acts of 1913. The *Printers' Ink* Model Statute. Penalty, $25 to $100.

New Jersey.—Assembly Bill 734, 1913. The *Printers' Ink* Model Statute. Penalty, $1,000, or one year or both.

New York.—Section 421 of the Penal Code, amended by Chapter 590, Acts of 1913. Same as Massachusetts law, with the exception of the clause relating to separate responsibility of employees, which does not appear. Clauses are added regulating the sale of real estate by means of prizes offered for the solution of puzzles, etc. Penalty, as provided for misdemeanor.

North Dakota.—Chapter 3, Acts of 1913. The *Printers' Ink* Model Statute. A section is added specifying that it shall be the duty of the State's attorneys, sheriffs, police officers, health officers, and food commissioners to enforce the statute. A second added section extends the statute to cover any person "who aids another to violate the same." Penalty: first offense, $10 to $100; subsequent offenses, $100 or 60 days in jail, or both.

Ohio.—House Bill 104 (1913 Session). The *Printers' Ink* Model Statute. Penalty, $10 to $100, or imprisonment in the county jail 20 days, or both.

Oregon.—Section 2230, Lord's Oregon Law. Penalizes false statements concerning the "quantity, quality, value, price, method of producing or manufacture of merchandise or professional work, the manner or source of purchase of merchandise, or the motive or purpose of any sale." Contains the word "knowingly." Penalty, $10 to $50, or imprisonment 20 days, or both.

Pennsylvania.—Act No. 8, 1913 General Assembly. Penalizes false statements concerning the "quantity, quality, value, merit, use, present or former price, cost, reason for the price, motive or purpose of a sale, method of cost or production, possession of rewards, prizes, or distinctions, or the manner or source of purchase." Contains the word "knowingly." Penalty, a fine not to exceed $1,000, or imprisonment not to exceed 60 days, or both.

Rhode Island.—Bill now pending in legislature. The *Printers' Ink* Model Statute. *Amended by adding the word "knowingly."*

South Dakota.—Chapter 15, Acts of 1913. Same text as Massachusetts law. Penalty, $10 to $100 for each offense.

Utah.—Chapter 22, Acts of 1913. Any person who, on his own behalf or as agent, employee, or representative, "shall knowingly produce, publish, print, use, circulate, display, or transport any false, fraudulent, or misleading advertisement," or shall cause any of those things to be done, is declared to be guilty of a misdemeanor. Section 2 defines an advertisement as "any notice or announcement made by a handbill, placard, sign, newspaper, magazine, or other public print, or by an oral proclamation." Section 3 declares "objectionable and pernicious within the meaning of this Act: Advertisements of sales of 'damaged goods,' of 'fire sales,' of 'bankrupt sales,' of 'wreck sales' and the like, where merchandise not a part of such stock represented in the advertisement is sold, *and all other advertisements wilfully designed or calculated to deceive or mislead the persons to whom they are directed.*" No specific penalty provided.

WASHINGTON.—Chapter 34, Acts of 1913. The *Printers' Ink* Model Statute. An added clause specifically exempts owners, publishers, agents, and employees of newspapers who accept advertising in good faith. Penalty, as provided for "misdemeanor."

WISCONSIN.—Chapter 510, Laws of 1913. The *Printers' Ink* Model Statute *amended by the addition of a clause reading, "for the purpose of defrauding the public."* This is equivalent to the insertion of the word "knowingly." A clause exempts publishers who accept copy in good faith. Penalty, $10 to $200, or imprisonment not more than 90 days, or both.

Following is the complete text of the *Printers' Ink* "Model Statute" which is law in six States, as indicated above.

Any person, firm, corporation, or association who, with intent to sell or in any wise dispose of merchandise, securities, service, or anything offered by such person, firm, corporation, or association, directly or indirectly, to the public for sale or distribution, or with intent to increase the consumption thereof, or to induce the public in any manner to enter into any obligations relating thereto, or to acquire title thereto, or an interest therein, makes, publishes, disseminates, circulates, or places before the public, or causes, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in this State, in a newspaper or other publication, or in the form of a book, notice, hand-bill, poster, bill, circular, pamphlet, or letter, or in any other way, an advertisement of any sort regarding merchandise, securities, service, or anything so offered to the public, which advertisement contains any assertion, representation, or statement of fact which is untrue, deceptive, or misleading, shall be guilty of a misdemeanor.

In the early part of 1915 the editors of *Printers' Ink* issued the following summary of the progress of the campaign against fraudulent advertising from the legal side, as it stood at that time. This summary brings up one year farther the record of advance made in the foregoing article:

*The constantly increasing number of letters received by *Printers' Ink*, bearing on some phase of the campaign against fraudulent advertising, testify to the great interest in the movement in all parts of the country. Most of the letters are requests for information on some point which affects pending legislation, and the same questions are coming up again and again, wherever the *Printers' Ink* Model Statute is introduced. It is timely, therefore, to put our answers to those questions on record: to outline once more the arguments in favor of the legal remedy for dishonest advertising, and to reply to those who oppose, for one reason or another, the campaign to place all advertising on a foundation of the truth.

In November, 1911, *Printers' Ink* made two specific recommendations. First, that adequate legislation be secured in all States, based on a Model Statute drafted after an exhaustive investigation of all the laws against fraudulent representation then existing. Second, that the clubs affiliated with the Associated Advertising Clubs should organize Vigilance Committees empowered to investigate cases of questionable advertising, and to co-operate with the local prosecuting officers in securing convictions under the law when such action should be necessary.

What resulted may be briefly summarized as follows: The *Printers' Ink* Model Statute has been enacted in eight States; it has been passed in an amended form in three States; and six States had passed laws based on a less effective statute. Three States already had laws of this latter form in 1911. Vigilance Committees have been organized in practically every ad club located in a State where the law prohibits dishonest advertising, and in many clubs located in other States. The Associated Advertising Clubs have a National Vigilance Committee, with headquarters at 920 Hume-Mansur Building, Indianapolis. Numerous Boards of Trade and other commercial bodies, not directly affiliated with the Associated Advertising Clubs, have also organized Vigilance Committees along similar lines. At the present writing the *Printers' Ink* Statute is pending in the

**Printers' Ink*, March, 4, 1915, p. 66.

legislatures of seven States, and plans are being made for its introduction in at least three others.

Why a Remedy Is Needed

Before taking up in detail the arguments for and against the specific remedy proposed, it is well to review the reasons for applying any remedy at all. Honest advertisers demand a law against dishonest advertising because it is continually depreciating the value of all advertising. Every lying advertisement that is published makes it a little bit harder for the honest advertiser to get the public to believe what he says. As the burnt child dreads fire, the man or woman who has been victimized through a fraudulent advertisement thenceforward regards all advertising with suspicion. The honest merchant, whose goods have the quality he claims for them, finds the public the more reluctant to believe him if his next-door neighbor is conducting a campaign of misrepresentation. Many concerns will not advertise at all or refuse to advertise in certain mediums, because it is such hard work to get people to believe what they say. The lying advertiser is obstructing a part of the profits which rightfully belong to his honest contemporary, just as surely as if he robbed the latter's safe. It is quite true that the dishonest advertiser doesn't get those obstructed profits. *Nobody gets them. They are lost.*

If it were not for the fact that fraudulent advertising thus reacts upon the honest advertiser, the former could be left to work out its own destruction. The dishonest advertiser ultimately winds up in the bankruptcy court, if indeed he escapes a criminal prosecution. But in the meantime he is injuring every decent advertiser, to say nothing about the harm he is doing to those who put their trust in his lying claims. The annual report of the Postmaster General for the fiscal year ending June 30, 1914, states that 364,000 cases of fraud had been disposed of during the year, and that the promoters of those fraudulent schemes received approximately $68,000,000. The only thing that will stop that sort of injury is the strong arm of the law. Preaching will not stop it, and philosophizing will not heal the hurt. We might as well go up and down the land announcing burglary, and moralizing upon the certain ultimate fate of those who break into other people's houses. We could get 99 per cent. of the public to agree with us perfectly, but in the meantime the other 1 per cent. would be breaking into our houses and walking off with the solid silver—that is, *unless there* *is a law making burglary a crime, and a police force that will enforce the law.*

Those are the fundamental premises which underlie the recommendations originally made by *Printers' Ink.*

The Model Statute, when reduced to its simple terms, provides that, "The person who is responsible for the publication of an advertisement for goods which he himself offers for sale shall be guilty of a misdemeanor if that advertisement contains any statement as to fact which is untrue, deceptive, or misleading." . . .

It is highly important to understand the various provisions of the law, and the reasons for their inclusion in the exact form in which they are stated.

1. In the first place, it must be appreciated that the advertiser himself is the one individual who can properly be held responsible for the truth or falsity of any statement contained in an advertisement. If any one can be presumed to know whether a statement is true or not, the advertiser is that man. The advertisement is published in his interest, and for his benefit. Whatever profit arises from its publication is *his* profit. Therefore the Model Statute was so drawn as to place the responsibility for dishonest statements directly upon the advertiser—upon the man who *utters* the advertisement, and whose money pays for its circulation. The penalty is imposed upon the individual—whether natural or corporate—who lies about the thing which *he himself offers for sale.* This qualification is to be found in the words "or anything offered by such person, firm, corporation, or association."

The Publisher's Responsibility Is Limited

Thus it is evident that the publisher who accepts an advertisement, whether or not he regards it as above suspicion, is not subject to the penalty imposed by the law. Unless he publishes false statements of fact regarding something which he himself is offering for sale, such as an untrue statement of his circulation, for example, he cannot be held liable. That provision is only just, because publishers should not be placed under the responsibility of advertising the truth of every statement which is contained in copy which is submitted to them. It is not fair to subject a publisher to the risk of a prosecution for misdemeanor if he fails to verify every advertisement he prints, when, as a matter of fact, he frequently has neither the time nor the means of verifying them. If he accepts copy which he knows is fraudulent he is guilty of moral delinquency no doubt, but it is a form of delinquency which the law cannot recognize without working injustice to many innocent publishers.

The same reasoning applies to the advertising agent, the advertising manager, and other agents and employees of the advertiser. Their status as agents or employees places upon their principal (the advertiser) the responsibility for their acts performed in his service. It is his duty to give them accurate information in the first place, and to exercise due vigilance to see that the copy they prepare is in accord with the facts. The authority to decide what shall or shall not be printed rests with the advertiser, and the responsibility for what *is* printed must rest there also.

2. The law contemplates the regulation of statements *of fact*, and says nothing about statements *of opinion*. That qualification is also important, for the reason that the issues upon which an advertiser is brought to trial must be susceptible of proof. Furthermore, the courts have recognized for many years the right of a merchant to indulge in what is known as "puffing"—the extolling of the goods which he has for sale as the "best in the world," "absolutely unequalled," and so on. Such superlative praise is merely an expression of more or less ingenuous opinion, and deceives nobody. Whether it is good advertising practice or not is open to question, but it is seldom taken seriously, even by the advertiser himself, and should not be declared illegal.

But a statement *of fact* is either true or false. The patent-medicine manufacturer who advertises that his product "contains no habit-forming drug" can prove that the statement is true, or the Vigilance Committee can prove that it is false. The declaration by a stock-promoter that the company he represents "owns" certain properties can be verified. There is no room for differences of opinion in the presence of the facts.

Why "Misleading" Statements Are Specified

3. The statements of fact which are penalized are those which are (a) untrue, (b) deceptive, (c) misleading. Concerning untrue statements, little need be said. A simple, straight-out-and-out lie will find few defenders. Nobody is compelled to advertise his goods; if the truth will not serve him he can always keep silent. But there are, unfortunately, fraudulent advertisements which do not contain a single statement of fact which is wholly untrue. They do contain *deceptive* statements,

and *misleading* statements, but none which can be proved *untrue*.

Take, for example, the "gyp" operators which are sometimes met with in the piano and furniture trade. The "gyp" rents a vacant house in a good neighborhood, furnishes it more or less completely, and inserts want ads in the daily papers which state that "A gentleman who is obliged to leave town will sacrifice his fine piano and furniture, etc." Of course, the whole scheme is fraudulent. The furniture and the piano are next to worthless, and if he is not interfered with the operator will restock the house again and again. But when any one tries to prove that a statement of fact *in the advertising* is *untrue*, he has his work cut out for him. The statements are, however, *deceptive* and *misleading*.

Again, there are a number of trade terms which are understood in their proper meaning by certain individuals, but which give an entirely erroneous impression when used in advertising to the general public. For example, a certain New York department store, which has since discontinued business, advertised a sale of "Arctic Seal Coats" at a price which was declared to represent a great reduction. Upon prosecution under the New York law, the store called several witnesses to prove that "Arctic Seal" was a term well understood in the fur trade as referring to dyed rabbit fur. The fur *was* "Arctic Seal," and the store claimed the right to call it by its name. The fact that the purchaser was misled, and believed that she was buying some grade of sealskin was, of course, unfortunate, but the store could not be held responsible for her misunderstanding of a plain trade term. The presence of the word *misleading* in the New York law against fraudulent advertising, however, secured the conviction of the store, which was later affirmed by the Appellate Division of the Supreme Court.

Thus it is important to include in the scope of the law those statements which are *deceptive* and *misleading*. The statute which omits either of those words is not an adequate law, for it cannot reach the advertiser who makes statements with a double meaning, and it frequently will be found inadequate to check the dishonest use of trade terms and other words which mean entirely different things to different groups of people.

So much for the direct provisions of the law itself, and the arguments in favor of its adoption in its suggested form. Unfortunately it will not stop all forms of dishonesty in advertising, but no law can be drawn, in our opinion, which will do that without at the same time working injustice to a great many honest men. Dishonest statements *of opinion* cannot be prevented by law until some method is discovered whereby men may be made honest by legislative enactment.

Let us turn now to the arguments which are made by the opponents of the law. Those arguments ordinarily fall into two classes: those which maintain that a law is not the proper remedy, and those that are aimed at the particular form of law suggested.

1. From the very start of the movement there have been a few who declared that the best method of combating fraudulent advertising was through the process of educating publishers to refuse questionable copy. It is a fact that publishers are examining their advertising columns more carefully than ever before, and that the obviously dishonest advertiser is finding the list of mediums which are open to him growing smaller every year. The importance of that development should by no means be depreciated, but for two very good reasons it cannot be regarded as a sufficient remedy. In the first place, every piece of dishonest copy is not obviously fraudulent, and the publisher has neither the time nor the opportunity to investigate every claim which is made. Furthermore, a given piece of copy may be entirely unobjectionable, and the follow-up may be fraudulent in the extreme. Even the most conscientious publishers are sometimes imposed upon in this way.

And, in the second place, even if *every* publication in existence should raise the bar against fraudulent advertising (which is a consummation not likely to come to pass in this generation, the United States mails are still open to the faker. He can buy plenty of names from "sucker lists" at one to ten cents apiece and can circularize them to his heart's content. Of course, he runs the risk of being stopped by a fraud order if his activity grows too conspicuous, but he can operate for a long time and swindle thousands of people without attracting the attention of the Post Office if he is reasonably careful.

Every person who has ever answered a patent-medicine advertisement, or applied for a stock-selling prospectus, or responded to an "agents wanted" appeal, or written name and address on a postal card requesting "further information" about any one of a thousand different schemes, becomes sooner or later an asset of some name broker. The original recipient of the inquiry exhausts his wiles in the endeavor to get the prospect's money, and then sells the prospect's name and address to a concern which deals in "sucker lists," properly classified. Hundreds of thousands of names can be bought from these concerns, of people who are known to be responsive to all sorts of fraudulent appeals. Some of the most notorious swindlers do not advertise in publications at all, but depend largely upon purchased names. A certain Chicago stockbroker who is now under indictment for using the mails to defraud used publication advertising only as a means of getting subscribers for a financial magazine which he published. Promises made in his publication advertising were kept, though the same could hardly be said with regard to the follow-up letters with which prospects were deluged. If every publisher would purge his columns of the frauds and the near-frauds it would be an undisguised blessing, but it would not put an end to fraudulent advertising.

The Real Penalty Is Publicity

2. It has been sometimes urged that a law against dishonest advertising would crowd the court calendars with a lot of petty suits, and would furnish a means for unscrupulous merchants to harass their competitors. Experience has shown, however, that no such results need be anticipated. In any of the States where the law has been passed convictions have been few because it is seldom necessary to invoke the law. The law was suggested in the first place, *not* as a means of obtaining convictions, but as a fulcrum for the lever of moral suasion. The chief duty of a vigilance committee is not to prosecute offenders, but to induce offenders to reform. Two or three convictions in any given locality are all that is necessary, as a rule, to set up a very general sentiment that lying is dangerous. The real penalty imposed is not the nominal fine or short imprisonment specified in the statute, but the fear of publicity. No advertiser cares to face a public demonstration of the fact that his announcements cannot be believed.

3. By far the most general argument against the statute, and the argument which is most plausible, is the declaration that the provisions of the law are unjust because they do not include *only* those misstatements which are made "knowingly," or "with intent to defraud." It is contended that the law is too wide a departure from the usual type of criminal statutes,

in that it does not regard either fraudulent intent or actual injury to any one as elements of the crime which it creates. Public policy does not require, these objectors claim, that business men should be subjected to criminal prosecution for acts which the most careful and honest man might sometimes commit without harm to any one. No advertiser should be penalized for his "innocent mistakes." Unless it can be shown that the advertiser intended to swindle somebody, or that somebody was actually swindled, his acts cannot be regarded as criminal.

What Does the Advertiser "Know?"

The protagonists of this view generally declare that they would be quite satisfied with the law if amended so as to penalize advertisers who "knowingly" make false statements. Frequently they introduce a substitute bill, containing the word "knowingly" or some equivalent phrase, and specifically mentioning the *kind* of misstatements which are to be penalized. These bills declare that false statements regarding "the quantity, the quality, the price, the value," etc., shall constitute the misdemeanor. The animus of the opposition to any measure can generally be judged by the character of those who are back of it. Legislators and others interested in the repression of dishonest advertising will do well to scrutinize pretty carefully the credentials of those who come in support of these amendments and substitutes. Their motives are usually quite painfully evident.

Putting that aside, however, and with regard to the validity of the arguments—it is claimed that the *intent* is the crime. That is true, but the intent is a state of mind. The addition of the word "knowingly" to the text simply imposes upon the prosecution the burden of proving what was in the advertiser's mind when the advertisement was written. If he lies carelessly, or ignorantly—no matter how black the lie, or how bitterly it betrays the confidence of those who trust it—he is not responsible. Only when it can be proved that he *knew* he was lying can he be brought to book. Every person concerned in the case, from the judge down, may be willing to stake his liberty upon the fact that the advertiser is a conscienceless scoundrel—but when it comes to legally admissible proof that he "knew" the falsity of any given statement it is quite a different story.

Judge Aldrich, of Boston, in writing an opinion for the Circuit Court of Appeals in the case of Estes & Son v. Ford (100 C. C. A. 258), recently said: "The whole trend of modern decision is in the direction of making it clear, whether in respect to food, drugs, or wearing apparel, that the placing of adulterations or imitations upon the market, with the purpose of deceiving the members of the public, who buy, as they do oftentimes, upon casual inspection, into buying something for what it is not, is a business which is not countenanced by law. That is the principle which has called into being such statutes as the Pure Food Law, and under it the doctrine of unfair competition has grown up. The food inspector who finds a bottle of catsup doped with illegal preservatives does not stop to inquire as to whether the manufacturer "knew" the dope was there. The inspector knows he knew, and so does the court. When a manufacturer, with all the rest of the world to choose from, picks out a trademark almost identical with that of a successful competitor, the court does not stop to inquire as to whether he "knew" of the similarity, or if he "intended" to deceive anybody. It is only reasonable to suppose that he didn't stumble upon it accidentally, and if it should so happen that he did, the public is entitled to protection from such egregious carelessness.

Should "Know" the Truth About Own Business

The case of the advertiser is not wholly dissimilar. When, with the whole vast range of truthful statements to choose from, he permits a lie to issue over his name, why should it be necessary to prove, legally and formally, that he "knew" it was a lie? Even though he did not lie deliberately and with malice, is not the public entitled to protection from the consequences of his carelessness? Indeed, if he is so neglectful of his own business as not to "know" the truth about it, he is a fit subject for a lunacy commission, and his creditors would be justified in applying for a receivership without delay.

Such, in outline, are the chief arguments in opposition to the proposed remedy. As a general rule they will be discredited in advance merely by an investigation of the source from which they spring. If the dishonest advertiser injured no one by it, he might be permitted to lie in undisturbed tranquillity. But his fraudulent pretences not only do injury to his innocent victims, but to every honest advertiser as well. The courts will protect the good will of a manufacturer or a merchant from injury through the imitation of his trademarks, labels, etc., thus demonstrating the fact that good will is a form of property. Why should not that property be protected from the injuries inflicted by the fraudulent advertiser? *Printers' Ink* believes that it should be protected, and that the best way to do it is by the Vigilance Committee, supported by the Model Statute.

The legislature of the State of California, in June, 1915, passed a Fraudulent Advertising Law which was in effect the *Printers' Ink* Model Statute, amended by the insertion of a clause which reads: "Which is known, or which by the exercise of reasonable care should be known, to be false or untrue, deceptive or misleading, by the person making, publishing, disseminating, or circulating or placing before the public said advertisment." There is an additional clause exempting publishers who in good faith accept advertisements without knowledge of their misleading character.

CONCLUSION

Honesty may be enforced by law. Honor usually is in advance of legal requirements and helps to shape them.

The phrase "truth in advertising" has assumed a much wider meaning than mere enforcement of legal honesty. Under this motto, honesty is being enforced, and it is to be enforced by the associated clubs.

But the Standards of Practice which have been based upon this phrase are a codification of advertising honor. They are proving to be much more vital than mere resolutions. In them, if they are lived up to, lies the answer to most of the attacks which have been made upon this new aid to merchandised distribution.

No one who is familiar with the real substance of present-day advertising can fail to be impressed with the power for good or for evil which inheres in attempts artificially to stimulate demand. Those who are profiting honestly by advertising do not like to consider its power for ill, but it is this feature which is most conspicuous to the general public. The fact that the public sees most vividly this side of advertising imposes a heavy responsibility upon all to whom the future of advertising is a serious matter.

It is difficult for an advertising man to believe that there is anybody still living who does not approve of advertising as a factor in modern business. Advertising men, however, are few in number compared with those who are ignorant of more than the bare externals of advertising. The great mass of people who have no means of knowing what advertising is or how it operates either believe, or may be led to believe, that any attempt to influence demand involves a needless cost. They argue, therefore, that advertising necessarily imposes an extra burden upon the process of getting merchandise from the large-scale producer to the small-scale consumer.

This compilation of articles describing advertising methods has been made with the hope that it might help to convey a clearer idea of what is meant when it is declared that advertising is not necessarily an added burden on distribution, but that it is an integral part of the distribution process in many lines of commerce. An attempt has also been made to present a few details serving to show that advertising methods are in process of constant betterment. Untruth is being attacked remorselessly; every effort is being made to eliminate waste; and there is a continuous endeavor to make advertising more nearly what it should be—the most valuable of aids to the reduction of selling costs.

APPENDIX

Officers, National Commission and Departmental Organizations of the Associated Advertising Clubs of the World for 1915–1916; and the Standards of Practice adopted by the various Departmental Organizations.

OFFICERS

Herbert S. Houston	Lafayette Young, Jr.	P. S. Florea
President	Vice-President	Secretary-Treasurer

National Headquarters, Merchants Bank Building, Indianapolis, Ind.

Executive Committee

WILLIAM WOODHEAD	WILSON H. LEE	A. E. CHAMBERLAIN
WALTER B. CHERRY	A. M. BRIGGS	FRANK A. BLACK
W. C. D'ARCY	WILLIAM H. JOHNS	FRANK H. ROWE
WILLIAM H. INGERSOLL	J. CLYDE OSWALD	W. W. CLOUD
	E. T. MEREDITH	

National Educational Committee

L. E. PRATT, Chairman (Candler Bldg., Times Square) New York City.

National Vigilance Committee

MERLE SIDENER, Chairman (1206 Merchants Bank Bldg.) Indianapolis, Ind.

National Exhibit Committee

I. F. PASCHALL, Chairman (Care Farm Journal, Washington Square) Philadelphia, Pa.

THE NATIONAL COMMISSION

William H. Ingersoll, Chairman (Robt. H. Ingersoll & Bro.) New York.

O. C. Harn, Vice-Chairman (National Lead Co.) New York.

Advertising Agents

Stanley Clague (Taylor-Critchfield-Clague Co.) Chicago.
William H. Johns (George Batten Company) New York.
William C. D'Arcy (D'Arcy Advertising Company) St. Louis.

Agricultural Publications

E. T. Meredith (Successful Farming) Des Moines.
Thomas A. Barrett (Orange Judd Company) New York.
H. C. Klein (Webb Publishing Company) St. Paul.

Association of American Directory Publishers

Wilson H. Lee (Price & Lee) New Haven.
G. D'W. Marcy (Sampson & Murdock) Boston.
R. H. Donnelley (731 Plymouth Court) Chicago.

General Advertisers

William H. Ingersoll (Robt. H. Ingersoll & Bro.) New York.
O. C. Harn (National Lead Company) New York.
G. B. Sharpe (DeLaval Separator Company) New York.

Magazines

C. Henry Hathaway (Good Housekeeping) New York.
Charles D. Spalding (The McCall Company) New York.
Don M. Parker (The Century Company) New York.

Newspapers

H. L. Rogers (Chicago Daily News) Chicago.
Louis Wiley (New York Times) New York.
W. F. Jones (Minneapolis Journal) Minneapolis.

Poster Advertising

Kerwin H. Fulton (Van Beuren and N. Y. Bill Poster Co.) New York.
E. Allen Frost (29 S. La Salle St.) Chicago.
John E. Shoemaker (Washington Bill Posting Company) Washington, D. C.

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Outdoor Advertising

Thomas Cusack (Thomas Cusack Company) Chicago.
Samuel Pratt (Fifth Avenue Bldg.) New York.
Charles F. Bryan (2120 East 19th St., Cleveland.

Printing and Engraving

H. A. Gatchel (Gatchel & Manning) Philadelphia.
H. H. Cooke (William Green, Inc.) New York.

Religious Press

Walter J. McIndoe (The Continent) New York.
J. F. Jacobs (Jacobs & Company) Clinton, S. C.
Thos. A. Daly (Catholic Standard and Times) Philadelphia.

Retail Advertisers

Frank A. Black (Wm. Filene's Son's Company) Boston.
A. G. Chaney (Titche-Goettinger Company) Dallas.
Paul T. Irish (Thorsen-Seelye Company) Detroit.

Business Press

John Clyde Oswald (American Printer) New York.
William H. Ukers (Tea and Coffee Journal) New York.
A. A. Gray (Electrical Review and Western Electrician) Chicago.

Specialty Advertising

Lewellyn E. Pratt (Candler Bldg., Times Square) New York.
Theo. R. Gerlach (Gerlach-Barklow Company) Joliet, Ill.
H. B. Hardenburg (H. B. Hardenburg Company) Brooklyn.

DEPARTMENTAL ORGANIZATIONS

Affiliated Associations of Advertising Agents

Pres., Stanley Clague, care Taylor-Critchfield-Clague Co., Chicago, Ill.
Sec., G. C. Sherman, care Sherman & Bryan, New York City.

Agricultural Publishers' Ass'n.

Pres., B. D. Butler, 538 S. Clark St., Chicago, Ill.
Sec., Frank E. Long, 537 S. Dearborn St., Chicago, Ill.

Association American Directory Publishers

Pres., Wm. G. Torchiana, 208 S. 4th St., Philadelphia, Pa.
Sec., Theo. F. Smith, 4th floor Endicott Bldg., St. Paul, Minn.

Association National Advertisers

Pres., Harry Tipper, Fifth Ave. Bldg., 200 Fifth Ave., New York City.
Sec., C. W. Patman, Fifth Ave. Bldg., 200 Fifth Ave., New York City.

Associated Retail Advertisers

Pres., Frank A. Black, care Wm. Filene's Son's, Boston, Mass.
Sec., P. T. Irish, care Thorsen-Seelye Co., Inc., Detroit, Mich.

Direct Mail Advertising Association

Pres., Homer J. Buckley, care Buckley, Dement Co., 605 S. Clark St., Chicago, Ill.
Sec., Kenneth MacNichol, Eytinge Service, 44 Bromfield St., Boston, Mass.

Federation of Trade Press Associations

Pres., A. A. Gray, Electrical Review, 608 South Dearborn St., Chicago, Ill.
Sec., Chas. Allen Clark, American Oil & Paint Dealer, 411 N. 10th St.

Financial Advertisers' Association

Pres., John Ring, Jr., care Mercantile Trust Co., St. Louis.
Sec., H. C. Swartz, care Cleveland Trust Co., Cleveland, O.

Graphic Arts Association

Chairman, H. H. Cooke, 625 W. 43d St., New York City.

National Association Advertising Specialty Manufacturers

Pres., Theo. Gerlach, Joliet, Ill.
Sec., E. White, R. 1001 Advertising Bldg.

Outdoor Advertising Association

Pres., Charles F. Bryan, care Chas. F Bryan Co., Cleveland, O.
Sec., Geo. L. Johnson, care Thomas Cusack Co., Chicago, Ill.

Poster Advertising Association, Inc.

Pres., E. L. Ruddy, care E. L. Ruddy Co., Toronto, Ont., Canada.
Sec., John H. Logeman, 1620 Steger Bldg., Chicago, Ill.

Magazine Department

Pres., C. Henry Hathaway, care Good Housekeeping, New York City.
Sec., Edgar G. Criswell, 5th Ave. Bldg., New York City.

Religious Press Association

Pres., John D. Emrich, 223 W. Jackson Blvd., Chicago, Ill.
Sec., J. W. Clinger, care Christian Endeavor World, Boston, Mass.

Newspaper Departmental

Pres., Lafayette Young, Jr., care Des Moines Daily Capital, Des Moines, Ia.
Sec., H. E. Crall, 225 Fifth Ave. Bldg., New York City, N. Y.

APPENDIX

STANDARDS OF ADVERTISING PRACTICE

On this and the following pages are given the standards of practice adopted by the Associated Advertising Clubs at the Toronto Convention, June, 1914, for the several departmental branches of advertising:

PREAMBLE

Realizing that advertising has come to mean *service to mankind*, and that Reciprocity is the greatest force in promoting the cause of human brotherhood and the world's progress, and

Believing that the new humanism in business demands recognition of the fact that all men are interdependent and have international responsibilities which can be best conserved by setting up ideals of conduct, and

Wishing to secure to society a code of advertising ethics by means of which the members of each department of advertising can gauge their own conduct and also that of their fellows;

Now, therefore, we, the members of the Associated Advertising Clubs of the World, in Tenth Annual Convention assembled, at Toronto, June 25, 1914, do acclaim and publish the following Standards of Practice for the various departments represented at this meeting, and do individually pledge ourselves to co-operate one with another in living up to them as the best standards of right action now attainable for all those engaged in the business of advertising.

Committee:

William H. Ukers,
New York.

Manley M. Gillam,
New York.

AGRICULTURAL PUBLICATIONS

Believing that the growth of farm publications, both in a business way and in their usefulness to the farm reader, depends upon certain fundamental practices, the wisdom of which the agricultural publishers generally recognize, we set forth the following as an exposition of those practices:

1. To consider the interests of the subscriber first in both editorial and advertising columns.

2. To conduct our editorial columns with truth in a fearless, forceful manner, and in the interests of better farming conditions and better farm home conditions.

3. To keep them clean and independent of advertising considerations and to measure all reading matter by its worth to the subscriber.

4. To decline all advertising which is misleading, which does not conform to business integrity, or is unsuited to the farm field.

5. To pledge ourselves to work with fellow publishers in the interests of all advertising and the ultimate success of the advertiser.

6. To accept cash only in payment for advertising and to maintain the same rates and discounts to all.

7. To allow agent's commission to recognized advertising agents only, and under no circumstances extend the concession to the advertiser direct.

8. To make editorial merit of our publications the basis of circulation effort.

9. To supply advertisers and advertising agents with full information regarding the character and extent of circulation, including detailed circulation statements subject to proper and authentic verification.

10. To avoid unfair competition and confine our statements regarding other publications to verified facts.

11. To determine what is the highest and largest function of the field which we serve, and then to strive in every legitimate way to promote that function.

T. W. LeQuatte, Des Moines, Ia.	*Frank W. Lovejoy,* Racine, Wis.

BUSINESS PAPERS

The publisher of a business paper should dedicate his best efforts to the cause of Business and Social Service, and to this end should pledge himself:

1. To consider, first, the interest of the subscriber.

2. To subscribe to and work for truth and honesty in all departments.

3. To eliminate, in so far as possible, his personal opinions from his news columns, but to be a leader of thought in his editorial columns, and to make his criticisms constructive.

4. To refuse to publish "puffs," free reading notices, or paid "write-ups"; to keep his reading columns independent of advertising considerations, and to measure all news by this standard: "Is it real news?"

5. To decline any advertisement which has a tendency to mislead or which does not conform to business integrity.

6. To solicit subscriptions and advertising solely upon the merits of the publication.

7. To supply advertisers with full information regarding character and extent of circulation, including detailed circulation statements subject to proper and authentic verification.

8. To co-operate with all organizations and individuals engaged in creative advertising work.

9. To avoid unfair competition.

10. To determine what is the highest and largest function of the field which he serves, and then to strive in every legitimate way to promote that function.

W. H. Ukers, New York.	*A. C. Pearson,* New York.
F. D. Porter, Chicago.	*A. A. Gray,* Chicago.

DIRECT ADVERTISING

Every advertising manager or business executive in charge of merchandising establishments, also every advertising councillor in dealing with his clients, should dedicate his best efforts to making truthful direct advertising an efficient aid to business, and should pledge himself:

1. To study carefully his proposition and his field to find out what kind of advertising applies. The reason for every advertising failure is that the right kind of advertising and its proper application for the particular product and

market were not used. The only forms of advertising which are best for any purpose are those which produce the most profit.

2. To bring direct advertising to the attention of concerns who have never realized its possibilities. Many concerns do not advertise because they do not know that advertising can be started at small expense. They confuse advertising with expensive campaigns, and hesitate to compete with others already doing general publicity.

3. To determine the different ways in which direct advertising can be used to effectively supplement other forms of advertising and to so study the other forms used that the direct advertising may become a component part of the entire publicity plan.

4. To study the special advantages of Direct Advertising such as individuality, privacy of plan, facility for accompanying with the advertisement, samples, postals, return envelopes, inquiry or order blanks, ability to reach special groups or places, personal control of advertising up to the minute of mailing, and other recognized advantages.

5. To strengthen the bond between manufacturer and dealer by encouraging the manufacturer to prepare direct advertising matter for the dealer, so well printed, with his name, address, and business card as to make him glad to distribute it, providing always the cost of special imprinting is in proportion to the benefits to be derived.

6. To take advantage of the opportunity to test out letters and literature on a portion of a list before sending them out to the entire list. Wherever it is possible for an advertiser to approximate in advance his returns from his advertising he has made his advertising more efficient. Direct advertising makes this possible. Testing out direct advertising campaigns in advance does much to remove the element of chance.

7. To consider inquiries as valuable only as they can be turned into sales. An inquiry is a means to an end—not an end in itself. The disposition to consider cost per inquiry instead of cost per sale has led many a firm to false analysis.

8. To give the mailing list its proper importance. Many advertisers use poorly prepared mailing lists, which are compiled in a careless, haphazard manner, and never take the trouble to check them up or expend them. Mailing lists should be constantly revised. Poor lists and old lists cost money in two ways—one by missing good prospects, and thereby losing sales, and the other by money spent on useless names.

9. To encourage the use of direct advertising as an educational factor within their organizations with sales forces and dealers. Many concerns have raised their standards of efficiency through the use of letters, house-organs, bulletins, mailing cards, folders, etc.

10. To champion direct advertising in the right way. General publicity and direct advertising are two servants of business, and each has its place and its work to do. No form of advertising should ever attack another form of advertising as much.

Homer J. Buckley,
Chicago, Ill.

O. H. Chamberlain,
Chicago, Ill.

DIRECTORIES

The publisher of a directory should dedicate his best efforts to the cause of business uplift and social service, and to this end should pledge himself:

1. To consider, first, the interest of the user of the book.

2. To subscribe to and work for Truth, Honesty, and Accuracy in all departments.

3. To avoid confusing duplications of listings, endeavoring to classify every concern under the one heading that best describes it, and to treat additional listings as advertising, to be charged for at regular rates.

4. To increase public knowledge of what directories contain; to study public needs and make directories to supply them; to revise and standardize methods and classifications, so that what is wanted may be most easily found, and the directory be made to serve its fullest use as a business and social reference book and director of buyer to seller.

5. To decline any advertisement which has a tendency to mislead, or which does not conform to business integrity.

6. To solicit subscriptions and advertising solely upon the merits of the publications.

7. To avoid misrepresentations by statement or inference regarding circulation, placing the test of reference publicity upon its accessibility to seekers, rather than on the number of copies sold.

8. To co-operate with approved organizations and individuals engaged in creative advertising work.

9. To avoid unfair competition.

10. To determine what is the highest and largest function of directories in public service, and then to strive in every legitimate way to promote that function.

Wilson H. Lee,
New Haven.

G. De W. Marcy,
Boston.

GENERAL ADVERTISERS

Realizing our obligation and responsibility to the public, to the seller of advertising service, the advertising agent and our own organization, we, as general advertisers, pledge ourselves as follows:

1. To consider the interests of the public foremost, and particularly that portion thereof which we serve.

2. To claim no more, but if anything a little less, in our advertising than we can deliver.

3. To refrain from statements in our advertising which, through actual misrepresentation, through ambiguity or through incompleteness, are likely to be misleading to the public, or unjust to competitors.

4. To use every possible means not only in our own individual advertising, but by association and co-operation, to increase the public's confidence in advertised statements.

5. To refrain from attacking competitors in our advertising.

6. To refrain from imposing upon the seller of advertising service unjust, unreasonable, and unnecessarily irksome requirements.

7. To furnish to publishers, when requested, technical information which will help them keep reading pages and advertising columns free from misstatements.

8. To refrain from and discourage deceptive or coercive methods in securing free advertising, and to do everything possible to aid the publisher to keep his columns free and independent.

9. To require standards for ourselves equal to those we set for others.

O. C. Harn,
New York.

Harry Tipper,
New York.

MAGAZINES

We believe the magazine publisher is a trustee of the millions of homes whose entertainment and cultivation he strives to promote, and we therefore set up the following standards in the light and obligation of his trusteeship:

1. We commit ourselves, without reservation, to the Truth emblem of the A. A. C. of W.

2. We commit ourselves to ceaseless vigilance to see that every advertisement we publish shall measure up to that Truth emblem.

3. We commit ourselves to stand at all time for clean and wholesome editorial and text matter and free from advertising influence.

4. We commit ourselves to our advertisers and agents to maintain an absolute uniformity of advertising rates.

5. We commit ourselves to definite statements and to independent audits, showing the quantity and distribution of our circulation.

6. We commit ourselves to maintaining the highest standards of character and capacity in appointing advertising agents.

7. We commit ourselves to continued opposition to free press bureaus and other agents for free publicity.

8. We commit ourselves to consider all matter for the publication of which we accept payment as advertising matter, and to so mark it that it will be known as such.

9. We commit ourselves to continue to give our constant attention to the physical presentation of advertising, in the way of paper, press work, and general typographical excellence to the end that advertising may secure its highest possible efficiency.

10. We commit ourselves to fair and friendly competition both toward our fellow periodical publishers and toward all other competitors selling legitimate advertising of whatever form.

11. We commit ourselves to work always with increasing zeal to do everything in our power to advance the cause of advertising as the great modern servant of the business world and of the general public.

Lee W. Maxwell,
New York.

H. R. Reed,
New York.

GENERAL ADVERTISING AGENTS

Realizing the increased responsibilities of the general advertising agent, due to the enlarged scope and requirements of modern agency service, every agent should use his best efforts to raise the general standards of practice, and should pledge himself:

1. To first recognize the fact that advertising, to be efficient, must deserve the full confidence and respect of the public, and, therefore, to decline to give service to any advertiser whose publicity would bring discredit on the printed word.

2. To recognize that it is bad practice to unwarrantably disturb the relations between a client and an agent who is faithfully and efficiently serving such client.

3. To permit no lowering of maximum service through accepting any new client whose business is in direct competition with that of a present client without the full knowledge of both parties.

4. To avoid unfair competition, resolve to carry into practice the equitable basis of "one-price-for-all" and determine that the *minimum* charge for service be the full commission allowed to recognized agencies, and that no rebates, discounts, or variations of any kind be made, except those regularly allowed for cash payments, and such special discounts as may be generally announced and available to all.

5. To conserve advertising expenditures by making investigation in advance of all conditions surrounding a contemplated campaign, by counselling delay where preliminary work must first be accomplished, and by using every effort to establish the right relation and co-operation between advertising and selling forces.

6. To avoid, in the preparation of copy, exaggerated statements, and to discontinue any wilful misrepresentation of either merchandise or values.

7. To recommend to all advertising mediums the maintenance of equable and uniform rates to all advertisers alike, and the maintenance of uniform rates, terms, and discounts to all recognized agents alike.

8. To require information as to the volume of circulation of any medium used and specific detail as to the distribution of this circulation, both territorially and as to class of readers. In figuring the value of a medium to regard information as to the method of obtaining this circulation and the care in auditing this circulation as an essential consideration in estimating its worth.

9. To discountenance the issuance of agency house-organs soliciting or containing paid advertising from owners of space.

10. To ensure continued progress toward better professional standards, through the appointment of a standard of Agency Practise Committee, to whom all suggestions shall be referred during the coming year, and who shall report their recommendations at the next annual convention.

11. To co-operate heartily with each division of advertising in its effort to establish better standards of practice.

W. H. Johns,
New York City.

O. H. Blackman,
New York City.

HOUSE–ORGANS

In order that the house-organ shall have a clear field for its development along lines of efficient and practical service in the advertising field, the following standards of Practice for House Organs is respectfully recommended:

1. To refuse to give or receive advertisements as favors or concessions, but only for a valuable consideration.

2. To charge, at a fair and profitable rate, for all circulation which does not tend toward directly carrying out the objects and purposes for which the house-organ is issued.

3. To decline any advertisement which has a tendency to mislead, or which is not otherwise in accord with good business practices.

4. To exchange circulation with other house-organ publishers, with the idea and purpose of increasing the effectiveness of house-organs generally.

5. To give full credit to those to whom credit is justly due for all subject matter taken from other publications.

6. To promote originality in the make-up and reading matter of the individual house-organ.

7. To publish nothing but the truth.

8. To promote the spirit of optimism, thereby making the house-organ always a message of good cheer and encouragement.

9. To avoid derogatory references to all competitors.

10. To have it understood and declared that the house-organ publisher recognizes the rights and purposes of the respective trade publications, and that the house-organ is not to supplant, but to supplement, the trade papers.

George Walker,
St. Louis.

Clifton D. Jackson,
Mount Clemens, Mich.

NEWSPAPERS

It is the duty of the newspaper:

1. To protect the honest advertiser and the general newspaper reader as far as possible from deceptive or offensive advertising.

2. To sell advertising as a commodity on the basis of proven circulation and the service the paper will render the manufacturer or the merchant; and to provide the fullest information as to the character of such circulation and how procured.

3. To maintain uniform rates, according to classifications, and to present those rates, as far as possible, in a uniform card.

4. To accept no advertising which is antagonistic to the public welfare.

5. To effect the largest possible co-operation with other newspapers in the same field for the establishment and maintenance of these standards.

Allen D. Albert, Minneapolis, Minn.
Lafayette Young, Des Moines, Iowa.
Robt. J. Virtue, Chicago, Ill.
Edward Bode, Chicago, Ill.
Louis Wiley, New York, N. Y.
P. M. Walker, Fort Smith, Ark.
John T. Imrie, Toronto, Ontario.

OUTDOOR ADVERTISERS

1. Every outdoor advertising plant must continue to refuse all misleading, indecent, and illegitimate advertising.

2. Every outdoor advertising plant should refuse all advertising which savors of personal animosity, as ours is strictly an advertising medium.

3. All advertising contracts should be started on date contracted for.

4. Every client should be furnished promptly upon completion of his display with a list showing all locations, and plant owners should at all times assist clients to check displays.

5. Every outdoor advertising plant should be maintained in the best condition possible, both from the standpoint of appearance and stability.

6. All locations for outdoor display should be selected where the traffic is such that it ensures the best circulations for the article advertised.

7. Care should be exercised by every plant owner in the selection of locations so as not to cause friction either with the municipal authorities or the people of the neighborhood.

8. A rule of one-rate-to-all and one high-grade class of service to every advertiser must be rigidly maintained.

9. Every effort should be made to constantly raise outdoor advertising copy to the maximum efficiency in policy, ideas, and execution.

10. Recognizing the great power of our medium, we should use it for the general good by devoting space to matters of general happiness and welfare.

11. We believe in close association among members of our own branch of advertising to the end that greater efficiency be attained through the interchange of ideas.

12. We believe in hearty co-operation between the outdoor advertising interests and all other legitimate branches of publicity.

13. We believe in the solicitation of business on the basis of respect for the value of all other good media.

14. We believe in dissuading the would-be advertiser from starting a campaign, when, in our judgment, his product, his facilities, his available funds, or some other factor, makes his success doubtful.

O. J. Gude,
New York.

E. L. Ruddy,
Toronto.

PHOTO-ENGRAVERS

The photo-engraver, realizing the importance of his calling and the influence his products wield upon humanity at large and business in particular, voluntarily sets up the following standards to serve as a guide in his relations with the public and pledges himself to observe them faithfully:

1. Being the interpreter of art and the manufacturer of a sales-producing medium, he commits himself unqualifiedly to truth.

2. To co-operate with all organizations and individuals engaged in uplifting advertising in all its branches.

3. To remove all mystery and misrepresentations surrounding his craft and his products, and to at all times welcome an opportunity to explain its intricacies to any one interested.

4. To study the requirements of his customer and to give the latter the benefit of his expert experience and advice, so that the buyer of engravings may consider them a sound investment instead of an expense, and profit by their use.

5. To serve the public to the best of his knowledge and ability for a fair remuneration.

6. To know his costs, and to maintain at all times a standard of charges that will honestly cover all costs of service rendered both in the preliminary preparation of work and in its execution, and to prohibit all gratuitous service or delivery of value without full compensation.

7. To stand upon the fact that the cost for making photo-engravings is the same for one buyer as for another, and that he who buys to sell again should charge his customer a fee for the value of the service which he individually renders.

8. To avoid the making of false promises and the disappointments and losses connected therewith, and to undertake to do no more than the plant is equipped to handle efficiently.

9. To educate the buyer of engravings in the technical knowledge necessary for him to buy them intelligently, to bring him up to an appreciation of "Quality" in engravings.

10. To stand ready at all times to do his share toward improving not only his own product, but to disseminate knowledge concerning its proper use, to raise the standard of advertising from the purely materialistic to the artistic, and to add to its sales efficiency by all means within his power.

Louis Flader,
Chicago.

George Bridgen,
Toronto.

PRINTING

The members of the Department of Printing and Engraving of the Associated Advertising Clubs of the World dedicate their best efforts to business uplift and social service and to this end pledge themselves:

1. To give full value for every dollar received.
2. To charge fair prices, viz., known cost plus a reasonable profit.
3. To subscribe to and work for truth and honesty in business; to avoid substitution, broken promises, unbusinesslike methods.
4. To co-operate in establishing and maintaining approved business ethics.
5. To be original producers and creators, not copyists.
6. To be promotive, looking to the needs of the customer, analyzing his requirements and devising new and effective means for promoting and extending his business.
7. To place emphasis upon quality rather than price, service to the customer being the first consideration.
8. To merit the support of buyers of their produce by living up to the spirit as well as the letter of these standards.
9. To develop, by co-operation with other departments of the Associated Advertising Clubs, an ever-strengthening bond of union to the end that the service rendered to advertising by the graphic arts may achieve its highest efficiency.
10. To aid in securing just and harmonious relations between employer and employed by establishing honorable conditions of employment.

Henry D. Porter, Boston. *T. E. Donnelly*, Chicago.

RELIGIOUS PUBLICATIONS

Standards of practice apply equally to all classes of publishers, whether they issue religious or secular journals; but they apply in a very peculiar sense to those who publish religious papers and who should stand for the highest possible ethics; therefore:

1. We believe in truth in the printed word.
2. We believe that religion is the most vital force in the world and that the religious publications should conduct their affairs with a scrupulous desire to measure up to the standards which religion prescribes.
3. We believe that the religious paper should be faithful to its conviction and not allow business expediency to swerve it from its purpose.
4. We believe that religious publications should be kept up-to-date, editorially and typographically, and sold on their merits.
5. We believe in eliminating personal opinions in the news columns; in being a leader of thought in the editorial columns, that criticism should be constructive.
6. We believe that unreliable or questionable advertising has no place in religious publications.
7. We believe advertisers and advertising agents should be furnished with a verifiable statement of circulation.
8. We believe in discouraging the "Me too" form of advertising solicitation; every publication should stand on its own merits.
9. We believe in lending a hand with all other organizations and individuals engaged in the movement of business integrity.

10. We believe in service—service to God, service to mankind—and that the religious publication is under obligation to encourage all movements for a better mutual understanding among men.

Walter J. McIndoe, New York. *Charles Stelzle*, New York.
Samuel Reis, Boston.

RETAIL ADVERTISERS

Each head of a retail enterprise should dedicate his best efforts to the cause of business uplift and to this end should pledge himself:

1. To consider, first, the interests of his customers.
2. To insist on the courteous treatment of every visitor.
3. To permit no misrepresentation.
4. To discourage careless, slurring, or offensive statements on the part of salespeople.
5. To avoid misrepresentation or careless indifference in advertising.
6. To see that comparison values in printed announcements are with prices previously prevailing in his store, unless otherwise distinctly stated.
7. To avoid the use of such expressions as "Were $10," "Value $10," "Elsewhere $10," "Made to Sell at $10," "The $10 Kind," etc., where their use would give a misleading impression to the reader.
8. To resent strenuously—to the point of withdrawal, if necessary—the "make-up" of his advertising in a newspaper next or near announcements offensive to good taste or of a debasing nature.
9. To demand of each newspaper evidence of the approximate number of its readers (based on copies actually sold), their general location and character, and a statement as to how they were secured—by voluntary subscription, by solicitation, by premium or gifts.
10. To urge on newspapers that the same care should be shown in admitting advertising to their columns that would be shown in admitting news matter to their columns or in expressing editorial opinion there; that the newspaper should feel itself as responsible for the verity and propriety of advertising and news in its columns as for its editorials—always giving assurance that he will welcome just criticism of his own advertising.

Manly M. Gillam, New York. *F. A. Black*, Boston.

SPECIALTY ADVERTISING MANUFACTURERS

The members of the Specialty Advertising Department of the Associated Advertising Clubs of the World, recognizing the sense of personal responsibility and co-operation as to the spirit of the times, subscribe, in the following standards of practice, to their obligations to each other, to the people in their employ, to the advertiser who uses their goods, and to the great consuming public:

1. We recognize that with the rapid advance being made in the appraisal of the value of the advertising mediums, that the interests of the user and the maker of specialties are identical. It is, therefore, our aim to so study the needs of the advertiser that we shall not simply make goods for him, but shall render him a valuable service.
2. We each pledge ourselves at all times to avoid effort to secure from buyer

or seller a contract for either merchandise or service that shall invalidate a similar contract then in force.

3. We pledge ourselves to carefully observe the rights of each other in original ideas, models, and sketches, proposed for specialties, whether these rights are safeguarded by law or not.

4. We pledge ourselves to reject all copies submitted for use on specialties which offends truth, decency, or propriety, so that when an advertiser is justly barred from the use of other mediums he cannot so advertise by means of our product.

5. Inasmuch as most advertising specialties are made to order, we pledge ourselves to employ salesmen only who adhere to truth and moderation in presenting claims for our goods, thus avoiding any suspicion of misrepresentation, and, furthermore, we shall insist that every order shall be made in the factory to conform exactly to sample both in material and workmanship.

6. We pledge ourselves, in the interest of both the salesman and buyer, of advertising to promote in every way possible the conviction that common interest of all concerned rests upon uniform prices and quality, and upon rendering the same service under similar conditions to all users of specialties.

7. We pledge ourselves to maintain proper factory conditions, and to consider and conserve the physical and moral welfare of our employees. It is our desire not simply to follow in this work, but to place each factory devoted to the making of advertising specialties in the front rank of enlightened progress.

8. We, each, pledge ourselves to the adoption as soon as may be possible of a comprehensive factory and sales cost system to the end that capricious and senseless variations and changes in price may be eliminated in the interest of fair trade and the protection of the advertiser.

9. Finally, we pledge ourselves to hearty co-operation with all other responsible mediums, with every organization and every movement, of whatever kind, looking to the real betterment of the advertising business, because it is only by broad co-operation and understanding that the best service can be rendered to the consuming public by whom we are supported, and for whose benefit the business of advertising exists.

Charles Q. Peterson,
Chicago.
Lewellyn E. Pratt,
New York City.
Theodore R. Gerlach,
Joliet, Ill.
Henry B. Hardenburg,
Brooklyn.

SPECIAL STANDARDS OF PRACTICE FOR RETAIL ADVERTISERS WHO USE THE "TRUTH" EMBLEM OF THE A. A. C. OF W.

Adopted by the Executive Committee of the A. A. C. of W., Chicago, December 10, 1914, as the pledge to be subscribed to by retail advertisers seeking license to use the "Truth" emblem.*

Each head of a retail business should dedicate his best efforts to the cause of Business and social service, and in his advertising should pledge himself:

1. To tell the truth, simply.
2. To avoid the use of language which has a tendency to mislead.
3. To avoid making claims or statements that are extravagant, or carelessly indifferent.

*Applications from retail merchants wishing to use the "Truth" Emblem must be made to the Chairman of the National Vigilance Committee, Mr. Merle Sidener, 920 Hume-Mansur Building, Indianapolis, Ind.

4. To guard against any form of advertising that does not conform to the highest standards of business integrity.

5. To see that comparison values in printed announcements are with prices previously prevailing in his business, unless otherwise distinctly stated.

6. To avoid the use of such expressions as "Were $10," "Value $10," "Elsewhere $10," "Made to sell at $10," "The $10 Kind," etc., where their use would give a misleading impression to the reader.

7. To give careful consideration to complaints from customers and to be ready to make good any faults in advertised articles or to refund the purchase price when the purchaser's dissatisfaction cannot be otherwise remedied.

8. To show a right spirit toward competitors by avoiding unfair advertising competition or disparaging references to them in his advertising, either directly or by innuendo.

9. To resent strenuously the "make-up" of his advertising in a newspaper next or near announcements offensive to good taste or of a debasing nature.

10. To subscribe to and work for truth and honesty in all departments of advertising to the end that his own advertising be given the stamp of greater reliability.

STANDARDS OF PRACTICE FOR LOCAL CLUBS

Some of the local ad clubs have adopted standards of Practice to which those who apply for membership are expected to subscribe, and for the sake of bringing into one declaration the experiences of many clubs, the Association has adopted the following, which some clubs print on the reverse side of membership application blanks, including in the application a statement by the prospective member that he subscribes to the principles set forth:

We pledge ourselves to remember that advertising is and should be, first of all, an exponent of the square deal, and that it is only when business men put the interest of the buying public first that they take the best advantage of their opportunities.

We will not, at any time knowingly, do anything which will injuriously affect advertising, nor will we carelessly speak ill of any advertising medium.

We will work together to the end of making all advertising more truthful, knowing it will then be more effective and of greater benefit to the buying public.

We will exercise care, individually, at all times, to see that every advertisement with which we have anything to do shall measure up to the plain, simple truth. We stand firmly for constructive advertising and condemn, without reserve, all forms of destructive advertising.

To each other we pledge patient service toward the upbuilding of advertising in this community.

To all business men of this community we pledge co-operation toward the advancement of the community's business along sane and proper lines.

To the public, whom we as a club serve primarily, we pledge our best efforts to make advertising the servant of the people in the truest sense.

THE END

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THE COUNTRY LIFE PRESS, GARDEN CITY, NEW YORK