

## MAIL ORDER HOUSE SCARE AGAIN FELT IN NORTHWEST

Writer Points to Buncombe Contained in Mail Order Catalogues.

In foregoing installments, comprising article 1, the writer of this interesting serial on mail order houses, set out how one community banished mail order business, and how in another, women were made to see the futility of buying anywhere but at home. Appended is the third installment of the four-article series.—Editor.

(Publication rights for this series is hereby granted to the La Grande Merchants Association. — David Powell.)

(Article II.)

In a small city of western Nebraska the incoming flood of catalogues and the outflow of money orders had reached such proportions that the merchants became convinced that their commercial extinction was near at hand; they saw their city dwindling in population and degenerating in appearance; they saw the young men of the town striking out for the larger cities; and they felt that the spirit of local pride was broken and that the breath of the local enterprise had departed.

Very fortunately however for the future welfare of that community there was one man among them who still retained a spark of hope in his heart. He organized the business interest of the city into a "get together" Club for the purpose of fanning the dying embers of home feeling into a living flame. It was out for everything that promised to help the home

town. But the man who had brought the organization together could think of nothing that would help the old town so much as to get back some of the trade it had lost to the mail-order houses.

He did not believe the fight was hopeless, and he refused to admit, even to himself, that, as a matter of dollars and cents the mail-order house could supply that community with its necessities of luxuries more cheaply, in the long run, than could its local merchants. Consequently he looked around for a man who had a natural gift of figures; who could take a price apart and show what made it go; who could meet farmers on their own ground and talk to them straight from the shoulder without giving offense.

The man selected for this work had for many years been a factory cost expert and after giving the matter a great deal of thoughtful consideration he concluded that the most effective way to convince the consumer of the wisdom of patronizing home merchants would be to put before them in a plain and convincing manner the basic and generally little understood principles of merchandising; the object in view being to make clear the fact that it costs approximately the same to market an article by any of the different methods of modern merchandising—whether from the shelves of the home merchant or from the

highly centralized catalogue houses of the large cities. This man's experience had fitted him to handle the subject in an exceptionally intelligent manner and the subsequent success of the undertaking proved the soundness of his theories in the literature sent out by the club, he begins with the manufacture of an article and follows it step by step to the hands of the ultimate consumer through both the mail-order and regular channels of trade.

In proving the fact that the large catalogue concerns have no advantages over other merchants in buying their goods he says:—"The modern factory, manufacturing staple products, enjoys keener competition, if possible, than any other line of business. It must sell its produce to the retailer at a price that will return the smallest profit possible that will permit a reasonable return on the money investment. Such a factory put a price on its product that would return to its stockholders more than a fair rate of interest, either its competitor would undersell it, or new capital, of which there is always an abundance seeking investment, would enter the field and it would eventually bring the price of the article down to the point that would return to the stockholders a rate of interest satisfactory to investors in industrial securities. In industrial conditions the selling price of a manufactured article is determined by its cost of production.

Every modern factory now has a cost system which shows to the fraction of a cent the cost of their product when it leaves the shipping room. It must be sold at a certain figure to pay a certain percentage of profit. It costs no more per case to manufacture the ten cases for lit-

tle John Smith than it does per case the thousand for the larger buyer and if both offer the same terms of payment they will be charged exactly the same price. The little John Smiths scattered over the country are the takers of the bulk of the manufactured products of the country and they are the ones the manufacturer has in mind when he puts the lowest possible price on his product. If in quoting John Smith his regular price—a price kept down by keen competition, he is making only a minimum profit; how can he by any possibility quote a lower one without seriously affecting his dividends? You know dividends are what factories are run to make."

"Many catalog houses lay great stress on their ability to sell an article at a low price because they "own their own factory." Is there any good reason for us to believe that their factory can manufacture an article cheaper than any other factory simply because they own it? Catalog houses owning factories and factories using the tempting phrase, "We sell direct to the consumer," in reality have no advantage over the independent retailer in so far as price is concerned, because their product, when it leaves the manufacturing department, must be charged to the selling department at exactly the same price it would be charged to an independent retailer were they themselves not in the retail business. So you see that the great stress laid on the factory-owning feature by the larger catalog houses in pure, plain, unadulterated buncombe with a capital "B."

In explaining how such houses

(Continued on Page Three.)

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