

GOVERNMENT GIVES AID TO MERCHANTS

Independents Helped Through Study of Chain Store Competition.

By CALED JOHNSON.

What are the facts about the chain store situation? There is no other subject on which so much conversation is spilled, most of it highly colored, if not violent. But most of the argument is based on incomplete knowledge of the facts.

What are the facts about the chain stores? Are they dominating the retail business of the nation? Are they likely to dominate it? Is the day of the independent merchant over? Those and all the other questions which center around the chain store situation can only be answered when all the facts have been gathered.

Who is going to gather the facts? The chain store interests present one set of statements which they regard as the facts, the defenders of the independent dealers present another set which they call the facts. There is only one impartial organization which has an interest in the subject and the facilities for finding out all the facts and presenting them in their proper relation to each other.

That organization is the Federal Government, and finding out the facts about the chain store "menace" is exactly what the Government is doing through the Federal Trade Commission and the Department of Commerce.

The Federal Trade Commission is primarily concerned with unfair business practices. When it has completed its nation-wide survey, now under way, we shall know just how much the element of unfairness, price-cutting below cost and similar practices enter into the chain store situation. In the meantime, the Department of Commerce has made extensive and intensive studies of chain store methods and those of the thousands of independent merchants, and has found out many of the reasons why chain stores succeed when independents fail.

And—this is the important part of it—the Department of Commerce is not only willing but anxious to show any retailer merchant, who is threatened by chain-store competition, how he can compete with the chain store.

For the Government at Washington is definitely the friend of the independent retailer.

"He is, as a rule, an integral part of his community or neighborhood," says Dr. Julius Klein, Assistant

Secretary of Commerce, who has personally directed much of the Governmental research into the chain store situation. "He knows his patrons not only as customers but as people; he is familiar with their circumstances, their likes and dislikes, their well-grounded preferences and their capricious whims. In his store, therefore, he greets them in a spirit of old-established friendliness. So he has that intangible but invaluable quality that we may call 'the personal touch.' There is a psychological asset here that every independent retailer should realize and justly prize."

On another occasion Dr. Klein, speaking on independent merchants, said:

"They are, after all, the backbone of the American business organism. On their diligent but unpretentious activity the whole commercial structure of the nation rests. Most of them do not belong to chambers of commerce or trade associations, few of them read trade papers or attend business conventions. They are just plain business men, citizens, taxpayers. But they more than any other single element in our business community, are most constantly, regularly and intimately in contact with the great army of consumers. Even those who fail are important factors while they survive, inconspicuous though they may be as individuals. Through them the manufacturer and producer has his only contact with the consumer in almost every class and kind of merchandise."

That is the spirit in which Washington is taking up the chain store situation. And here are some of the facts they have found out already.

Only 15 percent of the retail business of the United States is done by chain stores, even when the term "chain" is used to mean two stores under one management.

Only 3 1/2 percent of the nation's retail business is done by the mail-order houses.

Only 2 percent of retail sales are made by house-to-house canvassers. Company stores and consumers' cooperative stores do 2 1/2 percent of all retailing.

The remaining 77 3/4 percent of all the retail trade of the United States is done by independent merchants dealing in general merchandise or special lines.

So far, then, the chain store has not put the independent merchant out of business. And there is a decided belief among Government officials who are looking into the matter that the chain store movement has reached its peak and that the tide is turning in the other direction.

All that the chain store offers which any independent retailer cannot offer are lower prices—for cash—and better merchandising methods. Starting from that point, the Government's researches have been in the direction of discovering why the independent merchant cannot compete on prices, and why merchandising methods which have made the chain stores generally suc-

cessful cannot be adopted by any dealer.

The answer to both questions is that the independent merchant can compete with the chain store on both points, and the Government at Washington stands ready to show him how to do it.

It is increasingly easier for the independent grocer, for example, to carry a small stock and replenish his shelves quickly, thus getting the benefit of fresh goods and quick turnover, which is one of the strong points of chain-store merchandising. Some of the largest grocery chains have established their own factories and bakeries, leaving great industries out in the cold so far as the chain-store market is concerned. This is a serious matter for many large manufacturers and packers of grocery products, and two or three of the recent mergers on a national scale in the foodstuff industry have had their genesis in this situation.

These new combinations are actively cultivating the independent grocery trade. They offer him the same facilities of prompt delivery that the competing chain store enjoys, the same or better credit, and competitive prices, with the added advantage of enabling him to sell nationally-advertised goods.

That is a purely economic development of the situation. It is spreading rapidly, and in some instances is being backed up by financial aid to the undercapitalized retailer who in other respects has the making of a successful merchant.

But capital and goods are not sufficient ammunition with which to compete with the chain store, the Government's researches have disclosed. It takes expert knowledge of market and merchandising. Those the chain store supply

through its central organization of experts. The local retailer who would compete with the chain store must arm himself with the same kind of expert knowledge, and that is precisely what the Government is prepared to furnish him.

Without attempting to go into details here, the facts which the Federal Government has collected and which it is already to place at the disposal of any merchant, cover the whole field of retail merchandising. How to determine the extent of the local market for any class of commodities, how to pick the right location for a store, select and replenish that stock to the best advantage, how to display the stock both inside the store and in the show windows, how to advertise, what sort of accounts to keep and how to keep them, how much capital should be available for a retail store of any kind in a community of any size, how that capital should be proportioned between merchandise and reserve, how much credit a business of a given volume is entitled to, how expenses should be apportioned between rent, help and other items—those and many other facts—not guesses or estimates but facts based upon actual investigation and thorough study of thousands of successful and unsuccessful retail bus-

nesses, independent and chain, in many different parts of the United States.

In other words, all the expert knowledge which makes the chain store a more efficient merchandising institution than the general run of independent retailers are, has been collected and is still being gathered at Washington, analyzed, surveyed in its proper proportions and made available to every merchant who seriously wishes to compete with the chain store, instead of merely grousing about it.

The independent retailer who wants this Government assistance can get it by merely writing to the Domestic Commerce Division, Department of Commerce, Washington, D. C. And any local business association which is in earnest in wanting to improve the local retail situation can call on the Government for an expert adviser to survey their field and tell them how to do things differently and more profitably.

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