FACTORY COST EXPERT SHEDS LIGHT ON PRINCIPLES OF MERCHANDISING

Generally Little Understood by Average Person—Large Buyer Shown to Have But Little Advantage—

By David Powell
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In a small city of western Kansas, the incoming flood of catalogues and the outgoing flood of money orders had reached such proportions that the merchants became convinced that their commercial death was fast approaching; they saw their city dwindling in population and degenerating in appearance; they saw the young men of the town daily striking out for the larger cities; and they felt that the spirit of local pride was broken and that the vital bonds of community welfare were being slowly dissolved by the corroding acids of ignorance and greed.

Organized Welfare Club

Very fortunately, however, for the future welfare of that little town it contained one man who still retained a spark of hope in his heart. He organized the business interests of the city into a Community Welfare Club for the purpose of fanning the dying embers of home patriotism into a living flame. The club was out for everything that promised to help the community but they could think of nothing that would help so much, as for the old town to get back some of the business it had lost to the mail-order houses.

After thoroughly canvassing the situation they become convinced that as a matter of dollars and cents the mail order houses could not supply the community with its necessities and luxuries more cheaply, in the long run, than could their local merchants. Consequently they determined to place the matter in the hands of a specialist, a man who could analyze a price and clearly demonstrate the true values upon which it was based; a man who could meet the consumer on his own ground and shoot facts at him straight from the shoulder without giving offense.

Cost Expert Secured

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 catalogus houses of the large cities.

This man's experience had fitted him to handle the subject in an exceptionally inteligent 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 customer through both the mail-order and regular channels of trade.

Keenest of Competition

In proving the fact that the large catalogue concerns have but little advantage 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 products to the retailer at a price that will return the smallest profit possible that will permit a reasonable return on the money invested. Should a factory put a price on its products that would return to its stockholders more than a fair rate of interest, either its competitors would undersell it, or new capital, of which there is always an abundance seeking investment, would enter the field and 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 such securities. In dwelling on this, the purpose is to show that under the present industrial conditions the selling price of a manufactured article is determined solely by its cost of production.

Cost System Essential

'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 little 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 approximately 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.

To Sell at Low Price

"Many catalogue 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 to believe that their factory can manufacture an article cheaper than any other factory simply because they own it? Catalogue houses owning factories, and factories using the tempting phrase, 'We sell direct to the consumer,' in reality have but little advantage over the independent retailer insofar 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 catalogue houses is pure plain, unadulterated buncombe with a capital B."

Purchase of Job Lots

In explaining how such houses are able to occasionally quote low prices on standard goods of well known makes he has to say: "Catalogue houses as well as other merchants, often have opportunities to purchase at reduced prices, what is known to the trade as 'job lots.' A factory may discontinue the manufacture of a certain style, and having a large stock of that particular pattern on hand, will offer the entire lot at cost, or even less. While of course such merchandise is of standard quality, it naturally must have lost its desirability in the eyes of the critical consumer, otherwise there would be no reason for discontinuing the manufacture of it. With this exception, and the occasional opportunity they have of purchasing bankrupt factory stocks, the arguments and facts as presented are incontrovertible."

In addition to gathering the data contained in the literature and circulating it, this man also went out amongst the farmers as a "home trade" missionary. Though he was strong for home sentiment he always went stronght to the point of the farmer's pocketbook, and stood ready to show the customer of the mail order house that, month in and month out, he was actually losing money by not trading with the home merchants.

Mail Order Trade Declines

In his figures he left nothing out of his calculations—not a postage stamp or an express toll escaped his eye. He was up on brands and qualities of merchandise. He took samples of foodstuffs from the local store and made side-by-side comparisons of them in the farm kitchen with the foods bought from the mail-order concern.

The club was made a social center for the entire community, especially for the farmers and their families. Gradually a testing laboratory of a crude sort was built up in the club, and here many an argument as to quality of goods was settled. The consumer and the storekeeper were both taught to be better judges of quality in all lines of goods.

Today the mail-order rtade in that community is steadily declining, business and residence real estate in the city is slowly advancing in price; the old town looks good to the growing young folks and they are not so eager as were some of their immediate predecessors to shake the dust of the town from their feet.

AUSTRIA HOPEFUL OF WAR'S SUCCESS

WASHINGTON, Jan. 4.—The Austro-Hungarian minister for foreign affairs sent the following dispatch to the embassy here today:

"The whole press, in taking a retrospective view of the five months war, expresses a firm conviction that the Austro-Hungarian monarchy, united with Germany, is adequate to brave every storm. The successes up to now on land and sea, the financial stability of the country, the courage and perservance of the troops, have given the country imperturable confidence in the victory of our army. The people united in making the greatest sacrifices in this just cause to determine their belief in final victory, in the struggle which has been forced on them."

RAISED 116 TONS OF SUGAR BEETS ON THREE ACRES

Mr. Lucas of this city furnishes the following clipping from the Grand Junction (Colo.) Sentinel concerning the record production of sugar beets:

"How Perry Stevenson raised 116 tons of sugar beets on three acres is told by the Clifton ranchman in a letter to the Sentinel. This is the record production for this part of the state so far as is known, and Mr. Stevenson's story of his cultivation methods will be read with interest. This is particularly true since he has been growing beets for fourteen years and has always made a good record on ordinary land.

"His letter to the Sentinel follows:

"'Clifton, Colo., Dec. 20, 1914.

"'To the Sentinel, Grand Junction, Colo.:

"'For the benefit of beet growers I want to make some suggestions which I have learned for myself during the past few seasons. This year I raised thirty-eight tons of beets to the acre on the John D. Secor ranch, near Clifton.

"'The first thing of all is deep plowing. Ten to fourteen inches is about right, working the soil down to a fine seed bed. This gives a drainage for seep water or on alkali land if you have a good drainage ditch every fifteen to twenty rods, running crosswise of the beet rows.

"'Don't allow water to stand on beets more than twenty to twenty-four hours, and keep the ground stirred up once every ten days till the beet tops come together. Then ditch them out and don't allow the beets to get so dry that the tops will lay flat on the ground in the heat of the day. Do not plow any rough trash under, for it will cause a mold to collect on the fiber of the beets and check their growth. This mold will occur in any ground if it gets too dry and the tops are not big enough to cover the ground.

"'By all means avoid deep cultivating, as it breaks off the fibers of the beets and stops their growth.

"'I space my beets out to eight and ten inches, always leaving the strongest plant. I raised 116 tons of beets on three acres this season on land that had a crop of beets last year. There was no fertilizer used. I have had fourteen years' practical experience in the beet business, and following the above advice will succeed.

"'Respectfully yours,

"'PERRY STEVENSON.'

"Accompanying the above letter, Mr. Stevenson sent a picture showing his ranch and himself and Mr. Secor. The picture shows something of the production of the land. He makes the following comment:

"'This is the third crop of beets grown in succession on virgin soil. The beets were spaced twenty inches in rows and thinned down to from twelve to fourteen inches deep and worked down to a perfect seed bed. Planting was done on April 28. I cultivated and thinned on June 2 to 6, and then cultivated over three times after thinning before any water was put on them. The water was kept on the beets until they were thoroughly soaked and then the cultivator was started as soon as the ground would hold the horses up. I used nothing but the weeding knives and 'duck feet' until the leaves covered the ground. I did this in order to keep a fine moisture-holding mulch on the surface. Then I ditched them out and kept the ground wet until the hot weather was over. I only took the water off long enough to let the ground crack open a little and let the air in, and then I turned water back in the ditches again.

"'By so doing I got a better growth of beets, as the last thirty and sixty days of irrigating is what counts the most. I managed to turn the water off about eight to ten days before we began to pull the beets.

"'PERRY STEVENSON.'"

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PAST YEAR ONE OF PROGRESS FOR TABLE ROCK REGION

The community known as Table Rock is located in the west central part of Jackson county, about ten miles north of Medford, and has a population of 150 practically all American born.

This little valley which comprises all of school district No. 44, lays in a little nook all itself. On the south and east it is separated from other communities by Rogue river and on the north and west by the two table rocks.

In this district there are 2500 acres of tillable land, 656 acres being set to fruit trees, mostly apples and pears, the remainder of the cultivated land being used for the growing of garden truck in fact any crop grown in the Rogue river valley can be successfully grown here.

Some exceptionally good yields have been recorded here, among them a field of potatoes that produced 190 sacks to the acre of marketable potatoes, 21 acres of corn that averaged better than 60 bushels to the acre, onions making more than 400 sacks to the acre, and one-half acre of carrots that yielded 22½ tons.

Yields of wheat have been recorded from 38 to 50 bushels, while oats have frequently produced from 70 to 100 bushels and other crops have records in proportion.

On account of our peculiar location our climate can not be excelled any where being protected in the north and west by the two table rocks nearly all rain or snow storms coming from those directions and carried by high winds pass over us or heat themselves to pieces on the rugged sides of these grim sentinels.

Damaging hail storms and cloud bursts are unknown here and in the summer time the thermometer seldom goes to the hundred mark and when it is the hottest the nights are always cool, the river so near at hand seems to create a coolness.

As an example of what our winters are we might add that stock has been kept in pastures all the year around except for about two weeks in January when we can expect snow or freezing.

Tennis games for the last two years have been played out in the open on Christmas day.

A large portion of the land in this district is irrigated from what is known as the Table Rock ditch which taps Rogue river about three miles above the Rysee bridge.

The main line of the California-Oregon Power company passes through here thus affording the modern convenience of light and power to Table Rock homes.

Among our other advantages are a daily mail service from Central Point and as the carrier's route takes him from here around the upper table rock and back again, an answer to a letter received in the morning's mail can be sent out the same day.

A modern telephone system connects the different homes and also keeps us in touch with the world.

An up-to-date store that carries about everything likely to be needed by our citizens enjoys a splendid trade here and from the adjoining districts.

Table Rock has a school that is second to none anywhere in a district its size, which is closely supervised by an efficient school board and housed in a modern two room building constructed in 1910 at a cost of $3000.

This school is modern in all respects, having all the necessary apperature and conveniences, even to electric lights and playground equipment is now being installed that will be second to none in the state.

A well attended Sunday school meets at the school house every Sunday which was organized some ten years ago by the Congregational people and has the distinction of being the only school organized at that time in a country district that has survived. In connection with the Sunday school we have church services once a month.

An up-to-date literary society meets every two weeks, when an interesting program is rendered and the debating teams thrash out the latest issues of interest to the public. This society, by giving entertainments, plays, etc., has raised money enough to fit up a hall for meeting purposes.

In regard to our sports we might say that our base ball team, after playing games with many different teams last season, was only defeated by two teams in the county, and our tennis teams were victors over all their rivals.

An organization known as the Table Rock Improvement Association was formed in March, 1914, its object being as its name would imply. It has 60 members in good standing who meet subject to the call of its president, when many knotty problems are worked out that otherwise would be hard to solve by an individual.

A blight campaign was launched last spring which was carried on with such vigor that now our orchards are among the cleanest in the county.

In the homes of this community can be found the daily papers of the county, many of the best magazines and periodicals of the country.

In the pastures and barns are well bred stock, and at work in the fields can be found thousands of dollars worth of the latest improved farm machinery.

The work is so arranged that during rainy weather there is always work to be done under cover and consequently no time is lost.

The people in this district are industrious and thrifty, so busy are they that they do not have time to gossip, thus they are at peace with one another.

They do not spend their money foolishly consequently there are no poverty stricken people here, and are probably affected less by the flurries of Wall Street than any community in the United States.

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Lots of It in Medford But Daily Growing Less

The kidneys often cry for help.

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"There are no Liniments that equal Sloan's. My husband has neuralgia very often, he rubs Sloan's on his face and that is the last of it."—Mrs. V. J. Brown, Route 1, Box 121, Halls, Tenn.

"I have used Sloan's Liniment for family use for years and would not be without it. We have raised a family of ten children and have used it for croup and all lung trouble; also, as an antiseptic for wounds, of which children have a great many, it can't be beat. My wife sprained her ankle last summer and it was in bad shape. Sloan's Liniment applied enabled her to be as good as ever in a week. I have used it several times for sprains and rheumatism."—John Newcomb, R. R. No. 2, Keokuk, Iowa.

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