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What makes turnover and what it means*

BY WILLIAM S. GROOM
Cincinnati Office

THE three great factors in merchandising success are: Capital, Experience and Sound Business Judgment.

Of these, capital may be borrowed or secured from the investment of others.

Experience—itself not a matter of years so much as ears, eyes and brains, can be acquired, often learned quickly of others.

Business judgment alone of the three must come from development within.

Capital is the raw material that the merchant works with; experience is the tool he applies in his effort to increase that capital and make it yield a dividend; sound business judgment is the motive power that drives that tool.

Success depends not so much upon the amount of capital as it does upon the yield, return or increase upon the capital in a given time. Thus a merchant whose total investment is $10,000 and who earns upon that capital a net annual return of $5,000 is more successful than his competitor who earns a profit of $250,000 annually upon an investment of $1,000,000.

In other words, the true index of success or failure is turnover and the secret of success which the merchant must learn and apply today is found only in the answer

**Extract from a talk given at the Sales Convention of the Gruen Watch Company.*

to the question: "What increases turnover and what retards it?"

All life is motion. Where there is no motion there is death. A shop or store whose stock of goods does not move is dead. What makes merchandise sell and what prevents it from selling, is just another way of asking: "What makes turnover and what retards it?"

Obviously, the location of any store places a certain limitation upon its sales volume. Likewise, there is a definite limitation on the volume of business that can be done with limited capital. But the location of a store has nothing to do with its turnover and it is a well-known fact that one merchant may make a profit of $5,000 out of $5,000 investment in his store while another may earn only one-fourth or one-half of this profit on the same investment.

Assuming that the merchant has a fair location, a reasonable investment in his business and that he employs sales methods of the average courtesy and efficiency, he is doing everything possible to sell the merchandise which he carries.

The answer to the problem of turnover therefore lies in the merchandise itself. If the right stock of merchandise is not bought and placed on display in the store, a burden is placed on the clerk or salesman that absolutely prevents him from closing hundreds of sales, no matter how courteous or efficient he may be in his selling methods. Capital tied up in merchandise which does not move not only fails to earn a reasonable profit on the investment in it, but often results in a net loss of a part of the very capital itself. The most important duty of the retail merchant therefore is the duty of buying the right kind of merchandise.

But what is the right kind of merchandise?

What should the buyer look for in the merchandise which he expects his clerks and sales people to sell?

Quality, you say? Certainly.

Price? To be sure, the price must be right.

Every buyer is constantly on the lookout for quality and price, but if he does not go beyond these factors, he will not buy the kind of merchandise that sells. Here is where the judgment of many buyers falls down. The buyer is an expert, usually of long experience, in the kind of merchandise which he buys.

He sees quality and recognizes values in the merchandise which is offered to him. What he overlooks is the fact that his customers are not as expert and experienced as he is and that they do not possess the ability to see in his merchandise the values which he sees. The only way that the public knows of judging values on most merchandise is based upon a knowledge of brands, names and reputations.

Take a watch for example. A merchant who buys watches is usually a man of long experience and knowledge of watch merchandise—often he is a watch maker. When a manufacturer or jobber offers him a line of watches, the buyer examines them and recognizes at once the quality of materials and the workmanship that have been put into those watches. He knows instinctively whether or not they are a value at the price offered and frequently he buys his watch stocks upon his own individual judgment of values and upon his own taste in design, forgetting entirely that his customers have no means whatever of determining between quality and cheapness in materials and workmanship and forgetting also that his taste in design represents the taste of only one individual, whereas there are many different designs which may appeal to his customers.

The watch is an excellent example of the type of merchandise which the public buys entirely on confidence and upon individual taste. The only way the average man or woman has of judging watch values is by the name and reputation of the watch, plus the cleverness of the manufacturer in sensing the particular designs that will appeal to the largest number of individual purchasers.

The kind of merchandise which sells is the kind of merchandise which the public knows and in which the public has confidence. Many merchants already realize this—they are the merchants who are making the most progress in increasing turnover.

In a recent investigation conducted by the Chicago Tribune, several thousands of retail merchants in different lines were called upon and asked what they looked for first in the purchasing of their stocks of merchandise. A good many said quality; others said price; but far more than 50 per cent. of the dealers called upon said that the first question they asked themselves before they bought any piece of merchandise was: "Will it sell?" Here is the very center of the problem of turnover. If the merchant can choose unerringly the kind of merchandise that will sell, his turnover problem will automatically answer itself.

But how is he to know what merchandise will sell and what will not?

Years ago, there was no method of knowing in advance and a merchant had to choose his stocks entirely on his own judgment and upon a knowledge of his own ability to sell that merchandise unaided by any effort of the manufacturer who made it. In those days, the proverb that governed buying methods was: "Goods well bought are half sold." In other words, price and quality which could be seen in the merchandise itself were the sole and only determining factors in the purchase of goods.

But since that time we have entered the era of advertising and some manufacturers of merchandise have recognized that the dealer is not a buyer but a salesman. These manufacturers have spent a part of their profits in preparing the dealer's market to more readily receive the merchandise which he sells. The advertising of these manufacturers has created a public interest in the merchandise bearing their names. It has created a reputation—a standard of value in the minds of millions of people who know and recognize that brand and look upon it with confidence. In some instances this has resulted in an overwhelming demand for one or more particular brands so that the merchant is obliged to carry stocks of that brand in order to supply the demand. On other kinds of merchandise, the advertising has created a public acceptance so that the brand is favored or chosen whenever it is offered for sale. The old proverb: "Goods well bought are half sold," is no longer true. In order to meet the changed condition we must turn the proverb around to read: "Goods half sold are well bought."

Thousands of merchants already know this to be true and it would be difficult, if not impossible today, to find a merchant who did not carry advertised brands in his stock. Insofar as the merchant does carry the brands which are most readily accepted he contributes to a more rapid turnover of his capital, but the trouble with most merchants is that they do not go far enough in concentrating upon those lines of merchandise which move the easiest. The average stock of merchandise throughout the country will usually contain a certain percentage of lines that sell easily and turn over several times each year. But many merchants' stocks are still cluttered up with an even greater percentage of merchandise obtained from many manufacturers and much of it bearing no name or brand which the public knows and recognizes as a standard of value. The answer to more rapid turnover therefore lies in a greater concentration of investment in those lines which do sell and this kind of merchandise is always the brand which the public knows through advertising.

There seems, however, to be a certain amount of confusion in the minds of some merchants as to what constitutes real advertising, with the result that many merchants have been induced at times to buy stocks of goods on the statement that the goods are advertised. Perhaps a proof or a portfolio of advertising may be shown to convince the merchant of the good faith of the manufacturer. Just as one swallow does not make a summer, one advertisement does not create a wide acceptance or demand for merchandise. There are a hundred million people in America. They are all very busy and their memories are very short. The only kind of merchandise that is known to a large number of them is the kind that has been advertised widely, frequently and in big space over a long period of time.

Therefore, the merchant who would successfully answer the question "What merchandise will sell?" must first ask himself the following questions:

How long has the product been advertised?

How widely has it been advertised?

How frequently and continuously has it been advertised?

If he can satisfy himself that the merchandise has been advertised in publications which reach not a few, but millions of people—that it has been advertised not once a year, but every month in the year—not only for one year, but many years—that it does not promise reputation and salability in the future, but that its reputation and salability are already here and already well established—then he can know positively in advance that this is the kind of merchandise that will sell. This is the kind of merchandise that will make rapid turnover in his store if he concentrates his selling effort in a big way behind it.

In addition to the increased turnover which he will obtain by concentrating upon such a line, the merchant will find that he can now easily eliminate parallel lines which had only a small and sporadic sale. He will find that it now becomes easy to determine the minimum investment necessary to achieve a maximum volume of sales. He will find that the risk of guessing what particular pieces or designs will sell and what will not is reduced to a minimum.

The manufacturer of a line which is advertised as described above, can, from his own records, advise the dealer which items or pieces have the greatest sale and the fastest turnover in all parts of the country.

This record, to which the manufacturer alone has access, determines the judgments and tastes of a large number of people rather than of an individual buyer.

The forward-looking manufacturer today is trying honestly and earnestly to help his dealers towards larger volume and greater prosperity. His advice must of necessity be honest advice, else he ruins his chance of future business with his dealers.

Today, the most successful merchants are those who are solving the problem of turnover, and they are finding the solution in the buying end of their business. More and more, merchants are coming to realize the truth of this principle and to adopt the practice of concentrating on well-advertised and fast-moving lines.

C. M. Olmstead joins the staff

THE J. Walter Thompson Company announces the addition of Mr. C. M. Olmstead to its staff.

Upon leaving college in 1913 Mr. Olmsead went into the Northwestern National Bank of Portland, Oregon, which, according to a list compiled by the "Financial Age," leads all national banks in the United States for growth; its deposits increased 612.5 per cent. and its depositors over 1,000 per cent. in the seven-year period from 1913 to 1920.

Mr. Olmstead's work with the bank consisted of the planning and executing of advertising, together with business extension, or field work as the traveling representative of the bank throughout the northwest states.

The broad experience gained in this way afforded him an excellent opportunity for studying the manufacturing and marketing problems of the industries of the Northwest. As a result of this he later organized an agency, known as the C. M. Olmstead Advertising Service, which covered the entire commercial field rather than a restricted financial one.

New evidence on brand consciousness

A MOST interesting and valuable book, from the standpoint of anyone interested in or connected with advertising, is "The Leadership of Advertised Brands." Its co-authors are George Burton Hotchkiss and Richard B. Franken, both of New York University. It was published for the Associated Advertising Clubs of the World by Doubleday, Page & Company.

Chapters are devoted to "The Importance of Being Well Known," "The Association Method of Testing Brand Familiarity," "Familiarity with Names and Brands," "Mental Dominance of Names and Brands," and the "Advertising History of Leading Names."

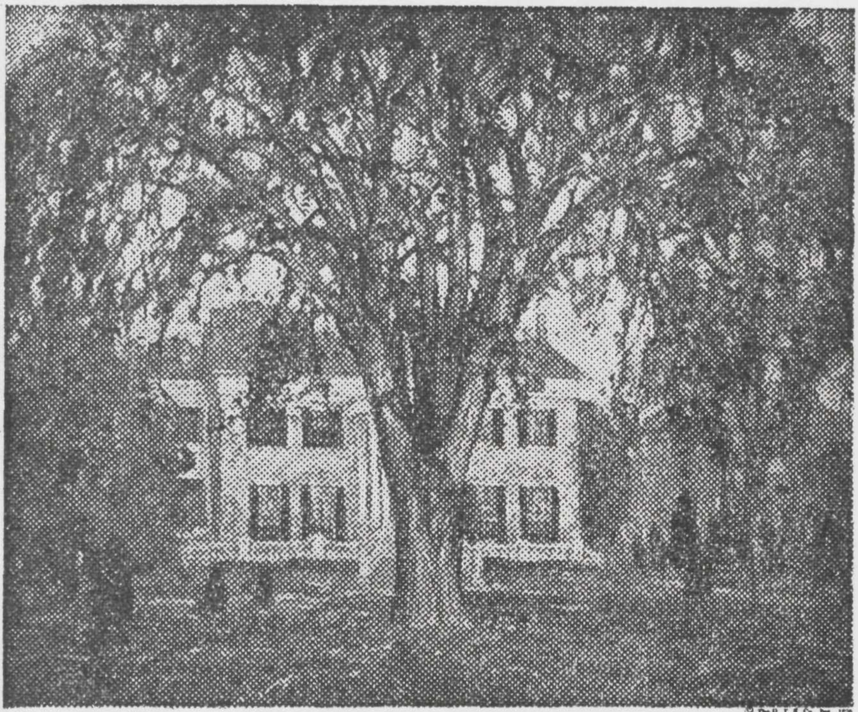
Possibly the most illuminating part of the work is the appendix of tables and indices. The headings of a few of these indicate the nature of the statistics given: Commodities showing high, and below average degrees of brand familiarity; Commodities in which women show greater brand familiarity than men, and vice versa; Brands that have mental dominance, and those that have leadership; and finally, Detailed analyses of brand leadership by commodities.

Davey Tree Surgeons exhibit at the tenth annual International Flower Show

WHAT has been generally proclaimed as the most beautiful flower show to date was held at the Grand Central Palace, New York City, March 12th to 17th.

Among the exhibits which attracted unusual interest was that of the Davey Tree Surgeons, one of whose advertisements is reproduced on the opposite page.

By the very nature of their work no adequate life-size examples of Davey workmanship could be shown. but by means of excellent photographs and small displays an unusually interesting demonstration was given.



© The D T E Co., Inc 1923

Reproduction from a painting in oil, by Frank Swift Chase of the home of Dr Henry Van Dyke Princeton N J.

A decaying tree cannot save itself

FEW living things are as utterly helpless, as defenseless in themselves, as the tree when it is attacked by internal decay It can only wait to die—unless saved by human skill.

The inside of a tree is largely dormant or semi-dormant. The active growth and life are in and immediately under the bark. The wood-cells inside of a tree cannot protect themselves from disease and decay The bark is Nature's protection. Every wound in the bark, from whatever cause, exposes the wood-cells to disease—and decay, ceaseless and progressive decay, is almost inevitable. Like the tooth, when decay once starts, nothing but human skill can save it.

That is why the service of Davey Tree Surgeons is essential to the health, and perhaps the life, of your trees. Let the nearest Davey representative examine your trees without cost or obligation. He will advise you reliably and frankly whether they do or do not need attention. But, above all, don't let a tree "cobbler" or anyone of unproven skill experiment on your priceless trees.

What does Davey Tree Surgery cost? That depends entirely on the amount of work required and what portion of it the client wishes to have done. In 1922 the Davey organization served 3581 clients. 75 per cent of these paid less than two hundred dollars each—that is, from two hundred down to very small amounts. You can buy as much or as little as you want.

Davey Tree Surgeons are near you—if you live between Boston and Kansas City or in California. Write or wire nearest office for examination of your trees without cost or obligation.

THE DAVEY TREE EXPERT CO , Inc , 000 Elm Street, Kent, Ohio

Branch offices with telephone connections New York, Astor Trust Building, Fifth Avenue and 42nd Street, Boston, Massachusetts Trust Building, Philadelphia, Land Title Building, Baltimore, American Building, Pittsburgh, 331 Fourth Avenue, Buffalo, 110 Franklin Street, Cleveland, Hippodrome Building, Detroit, General Motors Building, Cincinnati, Mercantile Library Building, Chicago, Westminster Building, St Louis, Arcade Building, Kansas City, Scarritt Building, Los Angeles, Garland Building, Montreal, 252 Lagauchetiere West

I open the window and make salute:
"God bless thy branches and feed thy roots!
Thou hast lived before, live after me,
Thou ancient, friendly, faithful tree."
—Dr Henry Van Dyke

Among prominent persons and institutions served by Davey Tree Surgeons are the following

ROY A RAINEY
W C MARMON
MRS F A CONSTABLE
MRS ZENAS CRANE
EDWIN FARNHAM GREENE
ILLINOIS WATCH COMPANY
UNIVERSITY OF CINCINNATI
MUTUAL BENEFIT LIFE INSURANCE COMPANY
DOMINION PARK CO., LTD
SISTERS OF CHARITY OF ST VINCENT DE PAUL

JOHN DAVEY
Father of Tree Surgery

DAVEY TREE SURGEONS

Every real Davey Tree Surgeon is in the employ of The Davey Tree Expert Co., Inc., and the public is cautioned against those falsely representing themselves. An agreement made with the Davey Company and not with an individual is certain evidence of genuineness. Protect yourself from impostors. If anyone solicits the care of your trees who is not directly in our employ, and claims to be a Davey man, write headquarters for his record. Save yourself from loss and your trees from harm

The competition of Canadian and American magazines in Canada

A RECENT meeting of the Canadian House of Commons attempted to put Canadian magazines into a firmer position as national media by a criticism of American magazines. A prohibitory tariff on the American publications was proposed, but failed.

Canada's desire is to retain her own cultural and colloquial identity in her publications, by eliminating foreign competition. But apparently, large circulations cannot be built up on an appeal, local in character. Canadian magazines now do not seem to have the same general reader interest that American magazines enjoy.

Although Canadian magazines have been making strenuous efforts to build up larger circulation, American magazines have a much larger circulation in Canada than the Canadian ones. What circulation the Canadian magazines have been able to secure is mainly in the smaller cities where the American magazines do not circulate in large quantities.

Generally speaking newspapers should be considered the primary Canadian medium. There are twelve cities in the Dominion of Canada each having a population of more than 40,000, and these twelve represent about 25 per cent. of the total Canadian population. In advertising any product of general consumption, newspapers should certainly be used in the four largest cities, Montreal, Toronto, Winnipeg and Vancouver.

Canada's fear of cultural extinction, due to a neighbor speaking the same language, can be set at rest by a study of several European countries such as Holland, Belgium and Switzerland, who have successfully faced the same problems.

The emotional quality in advertisements

BY EDITH LEWIS
New York Office

WE ARE in the habit of speaking of emotional advertisements as if they were a particular type of advertisement—as if some advertisements were emotional and others were not.

This is a misconception. All good advertisements are emotional. One could almost say that they are good according to the degree of emotional quality they possess.

Writing is nothing when it has not emotional quality behind it. It is what gives writing its color, its life, its power to awaken the imagination. And this emotional quality does not depend in the least on the material that the writer is handling; it simply depends on the writer's ability to feel strongly about that material.

There is more emotional quality in Gibbon's "Decline and Fall of the Roman Empire" than in most magazine fiction. It is emotional quality that warms and colors all that mass of facts and dates and statistics that Gibbon gathered together, and fuses them into great imaginative pictures of the past. Strip writing altogether of emotional quality and you have something like the World's Almanac—a mere catalog of names and figures.

In advertising writing it is especially necessary to have this emotional quality, because in advertising you must not only interest your reader—you must induce him to act on the strength of the interest and sympathy you can arouse. The thing that distinguishes different types of advertisements is largely a matter of where you place the emotional emphasis. Sometimes you can put this emotional emphasis on the product itself.

For instance, food, furniture, clothes, vacation trips have in themselves a strong emotional appeal. It is possible in these cases to dramatize the product itself—to describe it with so much feeling, make it seem in itself so attractive and desirable, that nothing more is needed. This can even be done with such commonplace and simple articles as rubber boots, kitchen utensils or household tools.

The Plumb Hatchet advertisements in the Saturday Evening Post are examples in which the product itself is successfully dramatized, is presented with a high degree of emotional quality. The advertisements of the Savage Rifles are splendid examples of this type of advertising.

But there is a very large class of products which it would be difficult or even impossible to present in such a way as to make, in themselves, any appeal to the imagination.

Take, for instance, a cake of soap. The soap itself may look like, smell like, feel like dozens of other soaps except for differences which, however real, are so intangible, that it would be impossible to impress anyone with their importance. In a case like this, one cannot dramatize the product itself—one has to get emotional response by appealing to the uses, by making the reader feel what wonderful things it will do for her.

Dress patterns fall into this class. There is nothing attractive or desirable about a pattern in itself—it is all in what it will do for one. Of that a very dramatic and thrilling picture can be made.

Where the resistance to a product is great, or where it has to meet strong competition, one sometimes has to draw on outside sources in order to reinforce the emotional quality. One has to invent a situation or create an interest outside the product itself or its use, in order to awaken an emotional response. For instance, half a dozen competitors may have presented the product or its uses so often and in so many ways that the reader has become dulled to them. Then one has to go outside the product for fresh emotional reinforcement.

This has been done in the advertising for Woodbury's Facial Soap. While the uses of this soap have always been the backbone of the advertising, it has been necessary to reinforce the emotional appeal by going outside these uses; by creating situations that bring strongly before the reader's imagination the social disadvantages of a bad complexion, the social incentives for a good one.

The Alexander Hamilton Institute advertising is a case where the product itself—hard work in one's spare time—is so repellent, that it has been necessary to bring in the strongest possible emotional reinforcement, to use situations far removed from the product itself, such as fear of old age and poverty, a man's pride in his career, his affection for his wife and children, and so on.

The Woman's Institute advertising is another example of the same thing. The product itself (learning how to sew) is not attractive. It has to be put over by creating a strong emotional appeal outside the subject.

The Simmons Bed advertising is a wonderfully successful example of how a subject, rather commonplace and uninteresting in itself, has been given an almost poetic appeal by surrounding it with emotional associations.

It is this third type of advertising—where the emotional emphasis is not placed on the product itself or on its use, but on some outside situation—that is generally thought of as "emotional." But one cannot afford to confine emotional quality to any one type of advertisement; to say that it shall be used here and not used there. It is the same as saying that one will make some advertisements interesting, and others not.

It is a mistake too, to imagine that "emotion" means a man and a woman, or a mother and a child.

Soup can produce emotion; you can write as emotionally about ham as about Christianity. Emotion can be called forth from a great many sources—fear, appetite, humor, interest, love of luxury, and so forth. By limiting one's idea of an emotional situation to a situation between a man and a woman, one is apt to lose many opportunities for freshness and spontaneity of treatment.

Just one word about "yellow" writing, which is so often thought of as emotional writing. It is generally the opposite. "Yellow" writing is really an attempt to put over fake feeling—counterfeit feeling. Emotional quality has to be real—it cannot be counterfeited; the public, regardless of class, is very sensitive to counterfeits, quick on the whole to detect and resent them.

Selling the hospital field

AS a market for intensive cultivation, the hospital field deserves the consideration of many advertisers.

There are today approximately 7,750 hospitals in the United States, with an average daily resident population of more than one million persons—patients, doctors, nurses and staffs. The ratio of patients to employees is about two to one. Every year more than 8,000,000 persons become patients in hospitals, with an average residence of from seventeen to eighteen days.

It is interesting to note that, in addition to the more obvious needs, hospitals are large buyers of motion picture, library, garden and farm equipment.

When figuring the hospital field as a potential market for foodstuffs, dry goods, articles of frequent replacement, it should be borne in mind that about 1,450 of the 7,750 hospitals are under government, state, county or municipal ownership. In these latter, purchases are made primarily on the basis of price—the lowest bid getting the order.

Size of the market for heating specialties little appreciated

IN the February News Bulletin some figures were given on building volume. The same investigation conducted by the Research Department of the Chicago Office supplies the following interesting figures on the heating specialty business.

The total volume of business (manufacturer's price) on heating specialties and temperature control is estimated to be approximately $21,700,000 annually.

This estimated $21,700,000 is distributed by type of product as follows:

Temperature Control	$7,000,000	(32%)
Heating Specialties	14,700,000	(68%)
Traps	$4,000,000	(18%)
Valves	4,000,000	(18%)
Air Valves	2,500,000	(12%)
Pumps	1,200,000	(6%)
Damper Regulators	1,000,000	(5%)
Miscellaneous	2,000,000	(9%)

The estimated distribution by type of heating system and by type of building of the total annual value of heating specialties used on new buildings is as follows:

	Total	Vapor & Vacuum	Gravity Steam	Hot Water
Dwellings	9%	5.2%	2.0%	1.8%
Small apartments	5	2.7	2.0	.3
Large apartments and hotels	16	14.8	1.0	.2
Industrial	20	16.6	3.0	.4
Cheap commercial and miscellaneous	15	7.6	6.7	.7
High-grade commercial and miscellaneous	22	20.9	1.1	.0
Educational	13	10.0	2.9	.1
	100%	77.8%	18.7%	3.5%

The increasing popularity of vapor and vacuum heating warrant the conclusion that heating specialties represent an increasing proportion of the total value of building construction. There are no indications of interrupting factors that will tend to effect the increased use of vapor and vacuum heat.

Art sources investigated

ART IN INDUSTRY: *By Charles R. Richards, The Macmillan Company.*

THE National Society for Vocational Education and the Department of Education of the State of New York have been conducting, through a joint committee, since the early part of 1920, an inquiry into the sources of artistic inspiration in some of the industries in which art is an important factor.

Sub-committees were appointed concerning the costume, textile, jewelry, silverware, furniture, lighting fixture, wall paper, ceramics and printing trades, and in each of these groups of industries studies were made for the purpose of showing the sources of designs and the methods of adapting them to industrial needs. These studies are full of interest and are of great suggestive value.

This series of trade reports is followed by a summary of the facilities and equipment now available in the country for training in industrial art and a chapter, of course, on European opportunities for education of this sort.

The report fails to include artistic advice of clients by agencies among the factors helping to elevate standards in industrial art; a study of the history of some well-known packages and of the advertising pages of periodicals over a number of years would have been a useful addition to the survey. This is a side of agency achievement deserving of more attention than it has had.

A manufacturer's relations to jobber's and retailer's salesmen

BY PAUL T. CHERINGTON
New York Office

THE shortcomings of the retail clerk probably are the most costly and irritating obstacle to advertising success, insofar as success can be measured by sales. The attitude and methods of jobbers' salesmen offer an obstacle scarcely less troublesome. In addition to the difficulties imposed by ordinary human ineptitude many members of both of these groups of necessary helpers in the distributing process seem disposed to look on advertising as in some way incompatible with their own best interests. They are apt to regard it as a nuisance and an interference with their work. Their attitude is perhaps not precisely the same as the dislike of the artisan for the machine which multiplies his productive capacity, but at least it has some points of similarity.

That rare advertising manufacturer who can make sure of the intelligent cooperation of the sales staff of the distributors on whom he must depend has captured one of the strategic positions in the war for sales. It is one of the curious facts of the advertising business that this position is hedged about by both legal and practical obstacles of the utmost difficulty.

There has been much honest difference of opinion concerning what a manufacturer can do with propriety to persuade the sales people of wholesalers or retailers to push the sale of his goods. At one extreme of the scale of possible action is subsidization, or direct payment by the manufacturer, of distributors' salesmen. This has long been regarded as reprehensible ethically; and, in some forms, it is illegal.

At the other extreme there stand various efforts to secure a friendly interest in a manufacturer's goods on the part of distributor's clerks and sales people to which, apparently, no valid ethical or legal objection can be raised. This, in many instances, serves to greatly improve the sales ability and even the earning power of the sales people themselves, as well as to increase the manufacturer's business.

Between these two extremes there is abundant ground for dispute concerning both the ethical and legal limits to which anyone may go in this matter. Practical limits exist also and there are many doubts as to both the desirability and the effectiveness of various methods of procedure, which must be resolved even after the underlying question of the legal standing of any given act has been settled.

The nature of the legal limits

While there has been no legal decision of a sweeping character in the matter, the general principle was discussed and apparently settled in the case of the Federal Trade Commission vs. Kinney-Rome Company, which was made the basis for a report and ruling by the Federal Trade Commission under date of June 3, 1920.

The Kinney-Rome Company was a Chicago concern selling bed springs and kindred products, among which was a group sold under the name of the "De Luxe" line. This line was sold through retailers and the Company adopted the plan of offering premiums to retail salesmen handling the line when these salesmen had been instrumental in making sales of De Luxe springs. These premiums embraced a variety of articles of personal property, and were given with the knowledge and consent, and through a special arrangement entered into with the retailers handling the Company's products.

It was pointed out by the Federal Trade Commission in its ruling, however, that the salesmen did not explain to the persons to whom they were selling De Luxe springs that they were offered and given premiums by the manufacturer on sales of these springs. The

Commission ruled that the giving of the premiums to salesmen was a violation of Section 5 of the Act of September 26, 1914, creating the Federal Trade Commission. Accordingly, the Kinney-Rome Company was ordered to

"cease and desist from directly or indirectly giving or offering to give, premiums such as necktie sets, knife and chain sets, umbrellas, watches, diamonds and other personal property to salesmen or employees of merchants handling the products of the respondent and those of one or more of its competitors . . ."

This case was taken to the United States Circuit Court of Appeals for the Seventh Circuit, and in the April 1921 session of the October 1920 term, a decision was rendered by Circuit Judge Page which annulled and set aside the order to "cease and desist." Judge Page's decision is an interesting document. It cites a number of previous decisions concerning the rights of the character which were under discussion and which were prohibited by the order of the Federal Trade Commission. The following paragraphs, taken from the text of the decision, summarizes its main points:

"Undoubtedly the clerk, with the master's consent, may discriminate between the master's goods. All of the buying public, with at least ordinary knowledge and intelligence, knows that a salesman is representing the merchant's interest, and that every merchant may and very frequently does have reason for pushing the sale of one kind of goods more than another; but if that were not true, it would be little less than an absurdity to say that a salesman, who often is the merchant himself, in order to escape the charge of unfairness must disclose to every would-be buyer his interest in the transaction in hand. That is just what the contention, if allowed, would lead to.

"Nor is it conceived that there is any danger from falsehood or misrepresentation. A salesman, with the master's consent, may discriminate all he pleases between the goods he has to sell. Neither a salesman having a special interest in one article, where he has many to sell, nor a salesman with a single article to sell, has any right to indulge in a falsehood and misrepresentation; but there is here no evidence of falsehood or misrepresentation."

This decision takes a position similar to that established in a number of previous decisions in Federal Courts, to the general effect that the manufacturer, provided he does not distribute on his own account or through bona fide agents, is legally assumed to have parted from his goods and all control over and interest in them when he sold them. Thus far, the Courts have not definitely recognized the validity of a manufacturer's interest in preserving the continuity of flow and the freedom of the outlets for his goods; nor has the legality of any measures for the protection or stimulation of these outlets been established conclusively. In fact, the certain recent Supreme Court decisions—some of those on maintenance of resale prices, for instance—indicate a trend away from the acceptance of this idea. Judge Page, in the Circuit Court decision just quoted, characterizes as a "self evident truth" the statement made by the Federal Trade Commission that "the manufacturer has no such relation to the goods after he has sold them as entitles him to control their re-sale by the dealer."

In other words, the manufacturer in securing the support of distributors' salesmen apparently can only be sure he is within legal limits as at present interpreted, so long as he proceeds on the assumption that he is doing, as agent of the salesman's employer, only what that employer could legally do himself. For example, he can point out certain goods which the distributor owns, for the sale of which special compensation will be given; and as the agent of the owner of the goods (who is the employer of the salesmen) he may authorize and promise special rewards for concrete services.

Whether this conception of the manufacturer's position in relation to distributor's salesmen will be generally or permanently accepted or not, depends on future interpretations of existing law, or enactment of new laws. At least, it seems to be the central idea underlying the present attitude of the Courts. It may, therefore, be taken as a starting point for any attempt to reach a safe basis of sales policy.

Some of the practical difficulties

In addition to these legal limits put on relations between manufacturers and the employees of those who distribute their goods, there are even more serious limits imposed by practical difficulties. In the first place it is clear that the nature of the goods and the scale on which they are sold impose sharp limits to what it is feasible to do to stimulate sales activities by the sales staff of distributors.

In the grocery trade, for example, the variety of goods handled by both jobbers and retailers is very large and the number of wholesale and retail distributors is great. The channels of distribution are very finely divided: hence, the really effective and permanent stimulation of the activities of salesmen by any one manufacturer is difficult and perplexing. But the success with which it has been accomplished in certain notable instances makes it clear that even in a finely divided trade like this, much can be done. To a considerable extent the same situation prevails in the drug trade.

A marked contrast is to be found, however, in the case of articles such as washing machines or vacuum cleaners, sold in relatively large sales units and by relatively few sales persons. In these lines the salesman's interest is more readily secured and held by a person not his direct employer.

A second practical difficulty is to be found in the obstacles imposed by mere numbers. For example, there are approximately 2,800 wholesale dry goods concerns in this country. If they have an average of ten salesmen each, a manufacturer dependent on that trade, and aiming to cover the whole jobbing trade has his commercial fate in the hands of 28,000 jobbing sales people, so far as sales to dry goods retailers is concerned. The retail stores served by these salesmen in turn include approximately 35,000 dry goods retailers, who on the basis of five clerks each, would have 175,000 retail salesmen, of whom perhaps one-fifth would handle any one manufacturer's line.

These do not include the main channel of distribution measured in volume for many dry goods lines. They do not cover the department stores, of which there are over 2,000. If these average one hundred clerks apiece, they contribute 200,000 retail sales persons. Of these an average of not over five in each store, or 10,000 in all, would be likely to handle any one given line.

In short, a manufacturer who wants to get the effective enthusiasm of distributors' sales people back of his lines covering the whole country, faces an army of about 73,000 people (28,000 jobber salesmen, 35,000 dry goods clerks and 10,000 of the department store clerks), a substantial number of whom he must win to his support if his efforts are to cover the whole market. Obviously he is obliged to be content with less than full support. He cannot expect to reach them all at a justifiable cost, and as the agent of their employers.

Aside from the difficulties and costs imposed by multiplicity of lines and the obstacle of numbers, there are other practical hindrances to securing complete allegiance from the sales people. The work of department stores, for instance, is standardized and in many cases interference with routine is not welcomed. Moreover, the number of employees in larger establishments makes necessary rigid disciplinary supervision and hence many of the sales people in such houses, both wholesale and retail, are inaccessible. In smaller establishments the obstacles are real but not so difficult to surmount. In these smaller stores, inertia, lack of enthusiasm and lack of interest are the chief defenses against sales promotion work directed at the sales force. But once these are overcome progress is fairly easy, although not likely to yield as large returns as may be won from the larger stores.

Nothing is to be gained by harping on these difficulties, serious as they may be. The real problem is one of balance between the value of the objects to be gained and the cost of the effort necessary to get them. What can the advertising manufacturer really expect to get from the sales staff of those who distribute his goods?

Clearly he can expect to get only such support as he is willing to go after by making it worth while to the sales person, and by harmonizing this support once secured with the interests of the sales person's employer. For example, he can increase the salesman's intelligent interest in his goods. In this way the salesman becomes a more useful and agreeable person to deal with from the customer's point of view. This can harm nobody except a rival manufacturer distributing through the same channels. It is fair competition and tends to help both the distributor and his sales staff to function more usefully. Again he may stir the desire of the sales staff to sell more of the advertisers' goods, thus increasing the rate of turnover of the salesman, so far as his own goods are concerned. This also is likely to be to the advantage of the salesman's employer and of the salesman himself.

These two do not exhaust the list of possibilities, but they serve to help make it clear how inviting the field is notwithstanding its restrictions. By the time all the legal and practical restrictions have been allowed for, the room for action may be narrow, but it has large possibilities if rightly used. Letters to sales people, printed matter for sales people, prizes to be given for attaining a given sales volume, letterheads, envelope stuffers, and "ginger stuff," have been made use of in a variety of forms which seems to leave little room for invention. The probability is that no great triumphs in winning salesmen's support are to be accomplished by the use of these devices except as a result of occasional strokes of genius. But there is possible a considerable expansion of profitable effort if the underlying principles are once fully established.

A really constructive attack on the problem seems to call for a clear appreciation of certain underlying facts:

1. The sales people are all employed by concerns who are aiming to distribute the manufacturer's goods. To have direct dealings with the employees of concerns with which one has continuing business relations necessarily calls for the exercise of great care.
2. The pay of the sales people comes from their employers (except as it may be increased by commissions and bonuses). Divided sources of pay are apt to involve divided allegiance, or at least a fear of it.
3. The willingness of sales people to sell any special line of goods can be expected to grow out of self interest chiefly.
4. Second only to their own self interests are the interests of the sales people's employers. Both of these sets of interests always come in for consideration before action suggested by an advertising manufacturer is likely to be undertaken.
5. Any effort which will enhance the sales people's earning power and their value as salesmen to their employers will meet the requirements of the case.

This does not bring us to the detailed specifications for procedure, but it points out "the one best way": namely, to make better sales people of those who are to be reached.

IN the planning of booklets and catalogs it is well to take into consideration the fact that postal regulations define anything over 24 pages in size as a "book" and place it in the parcel post classification. If it contains fewer than 24 pages, or if the "book" weighs 8 ounces or less, it falls into the third class rate of two ounces for one cent in any zone.

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