

**From Otto Young & Co., who
Inaugurated the Movement
in the United States.**

CHICAGO, Nov. 16, 1885.

*Smith & Pudge, Cor. Yonge and Wellington
Sts., Toronto.*

GENTLEMEN,—Your favor at hand. In reply say that you will not only find this method the right one, but will also find it profitable.

We have this day forwarded to your address one of our pamphlets, wherein you will notice a portion of the commendatory replies received from our circular from Oct. 1st.

Yours very truly,

OTTO YOUNG & CO.

Per K.

**EXCERPT FROM THE CIRCULAR OF
OTTO YOUNG & CO. TO THE RETAIL
WATCH AND JEWELRY TRADE**

Since issuing our notice to the jewelry trade of the United States, dated Oct. 1st, in which we notified them that we would hereafter strictly confine ourselves to and sell only to the legitimate jeweler, as defined in our circular, we have come to the conclusion that the step we then took was the right one, but unless we have the co-operation in this important move of the principal manufacturers and jobbers, together with the retailer, we alone will not be able to obviate the existing evils. We, perhaps, have benefited ourselves, by having obtained the good will of the watchmakers and jewelers, and thereby may eventually gain trade. However, this was not our main object, and certainly is not now, after having perused several thousand answers to our circular.

To place the jewelry business on a better footing, it first becomes necessary to state specifically the causes of its retrogradation, and then the great question is before us, how to find the remedy.

Evils, as existing between retailers, we shall not now attempt to discuss; nevertheless, we have no doubt that they are numerous. We, therefore, shall confine ourselves strictly to the inconsistencies existing among manufacturers and

jobbers in their dealings with the retail trade. The principal causes of complaint are that some of the manufacturers, and nearly every jobber, have been too anxious for business, and have been short-sighted enough to overlook the fact that there is only a certain amount of goods consumed; whether these goods have been distributed by the legitimate jeweler, or through other channels, the amount of goods finally disposed of remains the same. If anybody is entitled more than another to the final distribution of watches and jewelry, it is the person who has been educated to the business, viz., the watchmaker and jeweler. He has made that line of goods his exclusive study, not only as a merchant, but also as a mechanic, consequently has the necessary knowledge, and therefore is entitled to what profit there is in the distribution of these goods.

The promiscuous and careless distribution of catalogues and price lists, together with the quoting of net prices, has done great injury.

The invitation by jobbers to other merchants to embark in our line, having been accepted by a great many, has divided the trade, and the consequence is to make the volume of trade so much smaller for the retail jeweler.

Many jobbers, not being satisfied to do a wholesale business, also sell all they can at retail, and in many instances make very little or no difference between the wholesale and retail price.

Having specified the evils as existing in the trade, the more difficult task of how to find a remedy, is before us.

After due deliberation, and having taken ample time to mature our ideas and thoughts, if they should not meet with your approval, we will ask you to at least credit us with an honest desire to benefit the whole trade.

We will now proceed to the fountain head, the producer, i.e. the manufacturer.

The manufacturer has the power, makes the goods; they are his, and he can sell them to whom he pleases, and he can also make it a condition, and say if you want my goods you must only sell them to such parties as we shall designate, and if you do not agree to this we will not sell you, or if you agree to our conditions and do not live up to them, we will not sell you again. We consider this plan entirely feasible in a great many lines of goods. As you all know, the manufacturers of

watch movements, and several lines of cases dictate to the jobbers now the price he shall charge to the retail trade, and if they can do that successfully, why can't they go one step further, and say to whom they shall sell?

Would this be an encroachment on the rights of jobbers? We say no! and will state our reasons for that answer.

Who are jobbers is the next question. Jobbers are individuals or firms who are supposed to conduct a wholesale business; that means buying goods in wholesale quantities and selling them again at a profit in such quantities as the retailer desires to purchase.

Does he receive concessions in prices from the manufacturer simply because he purchases a large quantity? No! Not only for that reason, because there are a great many retailers use larger quantities of goods than what a small jobber does.

Does he pay his cash to the manufacturer when he receives the goods or within a few days, should he for that reason buy goods cheaper? Some pay cash, but the majority of jobbers take time; therefore, that is no reason why he should receive goods at a lower price than the retailer, even should he not use as many goods as some of the larger retailers.

The principal reason is, the jobber is a convenience whom the manufacturer uses to distribute his goods, and as such he is entitled to receive fair returns for his capital invested, and for the labor that he bestows upon his business. He, the jobber, is also a great convenience to the retailer, because the retailer can buy of him, or perhaps several of them, the full line of goods that he deals in, while if the jobber was not in existence, it would involve too much time to get a suitable stock of goods together, and some purchases between retailer and manufacturer would be so very small that it would not pay to open the account.

Therefore, the jobbers are necessary, but not indispensable, and if they confine themselves to their legitimate calling, they become not only a great convenience, but also a benefit to the whole trade.

The line that we have drawn as to who is a legitimate jeweler, we shall strictly adhere to, and until such time as the retail trade will organize, and until they will define (perhaps with the co-operation of manufacturers and jobbers) who are entitled to the sale of these goods.