

Cut Prices in the Retail Trade

Psychological Importance of Bargain Price Lists.—The "Sacrifice" or "Slaughtered" Price has Outlived its Usefulness.—Understatement in Advertising of More Value than Overstatement

By W. W. SWANSON.

It is interesting to note the psychological and the practical importance of odd prices in semi-annual and other special bargain price-lists. In a study undertaken recently in this connection, it was found that in a special semi-annual bargain sale thirty-two per cent. of all prices quoted ended in the figure nine; sixteen per cent. in the figure five; thirteen per cent. in three, and twelve per cent. in the figure eight. Both retail dealers themselves and customers as well should be interested in examining the precise significance of this preference for odd figures in bargain sales; and both are equally interested also in discovering whether anything of real value to retailers or the community at large obtains in this practice.

At first glance odd prices seem to suggest real price reductions, and are no doubt considered by the merchant as a very valuable part of a general plan to secure that end. It is more than doubtful, however, whether such suggestions may be depended upon, and progressive retailers everywhere are beginning to suspect that this practice has outlived its usefulness. The theory underlying advertisements which quote goods at nineteen, forty-nine and ninety-eight cents, is that the reader will be convinced that much greater price reductions have been, in reality, made. It is hoped that these small but real price reductions will not only attract the usual bargain hunters, but a wide range of cautious and dependable buyers as well. This is no doubt true in part, but odd prices and claims of "sacrifice" and "slaughtered" values seem destined soon to be classed with the methods of retail merchandising of a bygone day. It is evident that the reliable and steady customer, who is well informed on the values of the day, can no longer be caught by such specious appeals.

This is not to deny that there are often genuine bargains specially offered by certain houses in the retail trade. In fact, many contingencies combine to make it possible, and, indeed, often to compel, merchants to offer goods far below the usual or customary rates. Dull seasons and dull days may be transformed into brisk seasons and profitable days through the offering of special inducements, a quite legitimate method to follow during these periods. Moreover, "stickers" and old stocks of slow moving goods must be somehow or other turned into liquid assets or else they will very shortly show a dead loss, particularly when changes of fashion occur to bring about rapid readjustments in business. It is obvious, also, that frequently manufacturers and jobbers misjudge the demands of the season, and stock up far in excess of the needs of the consuming public. Very often the wide-awake retailer is able to take advantage of such opportunities to secure goods a genuine bargain, which he can in turn quickly convert into ready cash to the benefit of all concerned. Less frequently bankrupt stocks and the stocks of other firms going out of business may be placed on the market, and here again the active and intelligent retailer is able to outsell his competitors. In fact, opportunities of the nature described arise among the hundreds of manufacturers, jobbers and retailers engaged in business in bewildering variety; and the pushful progressive merchant who seizes upon his opportunities in these directions is able thereby to present his customers with genuine bargains that have not only holding power, but attracting power as well. It should be observed, however, that in none of these instances it is essential to attract the customer by offering him articles at ninety-nine cents, let us say, rather than one dollar.

The customer buys, under these conditions, because he realizes that he is getting real value for his money. If he buys damaged goods or goods that are out of style, or whose color is not right, he knows perfectly well that quality and quantity being taken into consideration, he is getting all and more than he is paying for. Moreover, a "sticker" to a merchant may, at the right price, be an exceedingly good buy to the customer, especially to such customers who have little regard for style. The successful merchant realizes that if he is no fool, neither are his customers—at least those customers whose trade he wishes to attract and keep. It is for that reason that the really progressive re-

tailer to-day is beginning to doubt the value of odd prices, and is placing his main reliance upon right methods of conducting business and the giving of real value for value received.

The big, progressive men in the retail trade to-day understand thoroughly, also, that understatement in their advertising is of far more value to them in the long run than overstatement—for excess in trade, as in life, brings its own retribution. If our readers will study the advertisements of the most progressive and successful retail houses in the city of New York, they will see that there is a quietness, a dignity and a sincerity about the presentation of each retailer's case that goes far to account for the success which he has achieved. In a word, the strident, raucous voice in business grates upon the nerves of people worth while—and they are the people whom the retailer wishes to reach—as much as it does in decent society. The successful merchant in Toronto or Montreal does not make a hullabaloo about small bargains, but presents bargains that are bargains with earnestness and sincerity. It is quite true, of course, that there are "lamb" among the customers of retailers, as there are in the stock markets of Montreal and New York; but with this difference—that the "lamb" must continue buying goods from the retail trade, while they need not, and usually do not, continue to play the stock market once they have shorn. It is not necessary to point the moral more than to say that a satisfied customer is a good customer and a mighty advertising force every time.

It has already been said that bargains may be not infrequently secured by steady customers who have the wit and foresight to perceive them; and it is not necessary to attract the worth-while buyer to such bargains by flourishing the "discount knife." Excessive talk on discounts and cut prices is designed deliberately to appeal to the credulity of customers and not to their commonsense and good judgment; whereas the very foundation of lasting trade is laid upon an appeal to the reason of the buying public. It should cause no surprise, therefore, that the merchant, who offers a startling array of bargains day after day, comes to be considered, in the mind of the buying public, as not bona fide; and that his trumpeting, after a time, cease to compel interest. Deception in any walk of life does not pay, the least of all does it pay in the retail trade. The merchant who deliberately cuts goods into remnants, or who scatters piles of handkerchiefs in disarray, may, on occasion, have these wares snatched up eagerly on advertised bargain days; but these and other deceptions are invariably exposed in the end. The retailer who takes his loss on such goods with a smile, because he knows he will recoup himself on the enhanced prices of other goods, has entered upon a road that will inevitably lead to failure. The great majority of merchants to-day consider such actions as bad morally—or to say the least, injudicious. And when the consumer discovers that he has been deceived, the result to the retailer is out of all proportion to his temporary and fleeting gain. The practices which we have mentioned have nothing to do with such an expedient, for example, as lowering prices on a dull day, or in the morning, which will be advanced in the immediate future. At the same time, however, the merchant runs a risk even here; for the customer who has bought at twenty-five cents, rightly or wrongly, feels aggrieved when he discovers that his neighbor has got the same commodity for nineteen cents. It may be a platitude, but it will bear repeating once again—that the only right and safe policy to pursue, is to charge one price only, and to all, however low or high that price may be.

Great reductions—paper reductions—are usually great exaggerations, and the reputable merchant no longer finds himself compelled to talk of "slaughtered" prices or to use other similar terms. It is foolish also to assert that competitors cannot possibly meet one's prices; for although customers may not be able completely to investigate such claims, they know perfectly well that they are not warranted by the facts in any retail market of any considerable size. The simple truth is, that no merchant has an absolute monopoly of securing bargain opportunities; and where he has been fortunate enough to obtain such, he may be sure that his competitors will also be able to give bargains

sooner or later in the same or other lines. In a word, it may be said that merchants should be very careful not to claim everything all the time, or else, in the final analysis, their claims will be repudiated by the intelligent buying public. In conclusion, therefore, we may say, that the enterprising, progressive and sincere retailer of to-day is beginning to suspect the value of the bait of odd prices, exaggerated advertising, and exaggerated claims to monopoly of all the good things in business. He endeavors to substitute therefore a one price policy, fair dealing, courteous service, quality of goods and sincere and frank advertising.

FEIGHT SITUATION DIFFICULT.

Discussing the present freight situation with a representative of the "Journal of Commerce" last week, Mr. Bosworth, vice-president and general traffic manager of the C. P. R., stated that apart from the freight congestion caused by the recent heavy fall of snow, conditions were more favorable than they had been for sometime.

"The irregular conditions of transportation," said Mr. Bosworth, "are due to the fact that the railways have more goods to handle this year than they have ever had before. All lines of business are prosperous and consequently the movement of merchandise from place to place is unusually heavy. But before the demands of regular commerce comes the transportation of Government supplies, such as munitions, wheat, oats, hay and so forth. The recent embargo at certain points in the West and the present embargo in Montreal give us an opportunity to straighten out the tangle. The outlook today is in reality much more satisfactory than it was, and harring delays caused by storms, transportation should move more regularly from now on."

When asked to touch upon the question of ocean freight which is seriously hindering the exportation of flour, cheese and coarse grains at the present time, Mr. Bosworth regarded the difficulties met with here as practically insurmountable.

"As far as the C. P. R. is concerned," he said, "we have lost three of our largest freight carriers during the last two months. The Mount Temple was seized by the German raider in the Atlantic and two other boats are laid up in a dry-dock in England for repairs."

"Of course, the last two will eventually be back on this route but the Mount Temple has gone for good."

Gone for good, rather, to those rascally Germans with 700 horses into the bargain.

As regards freight rates Mr. Bosworth did not consider that any change is likely to take place in the near future. "Any alteration will be up not down," he added, "for you must remember that on cheese, for example, the rates quoted from Boston are \$3.00 whereas our rate has held steady at \$1.50 for the past six months. Certainly we could charge higher rates, for after filling the space requisitioned by the Government there is only 15% of the cargo left. Until recently the Government commandeered only 75% of our freight space."

WAR FORTUNES MADE IN GREAT BRITAIN.

War fortunes are being made in Great Britain, says the Edinburgh "Scotsman", in the manufacture of munitions of war, in shipping, in coal, in many trades that have been stimulated to unusual energy and by fishermen—by the few who have been left to carry on that industry. Trawler skippers are driving their own motor cars and their wives and daughters ride in them clad in costly furs. Potato growers are gaining great wealth by the rise in "spuds." "A little over two months ago," says the "Scotsman", "a South Lincolnshire farmer sold his 1,000 acres of growing potatoes at £40 an acre, on the assumption that the price would be £5 a ton. He made a profit of over £20,000, but the purchaser is in a position to sell to-day at double the price he gave, and to make a profit on the deal of £40,000. Imagine £60,000 from 1,000 acres of potatoes! So much for the romance of the humble tuber, the staple food of so many hundreds of thousands of poor people, who will soon grimly wonder where the romance comes in, if to-day's abnormal prices are not immediately readjusted, and potato exploiters taught that there is a limit to profit mongering, even although the nation is in the throes of a great war."