

SIXTY DAYS VERSUS FOUR MONTHS.



SIXTY Days Net, and Four Months, or 5 per cent. Thirty Days, are struggling in the trade for pre-eminence. Some wholesalers desire the first as a basis for selling; others desire the second. "Sixty Days Net" has many votaries at its shrine, the most of whom are bright, energetic men, full of new ideas and modern methods. The "Four Months, or 5 per cent. Thirty Days," has also its worshippers, these are the men of long experience, who also possess much capital, accumulated when they were acquiring the wisdom that now sits like a laurel wreath on their brow. The question is, Which is the better method of selling goods?

The Chairman of the Dry Goods Section of the Toronto Board of Trade, in his annual address, to be found in full on another page, deprecates the fact that goods for immediate delivery are often dated ahead; that is, goods sold in January, and delivered in January, are dated April 1st, four months. This is, virtually, six months. But some houses give even more than this. One house in Toronto gives six months from April 1st, for goods delivered in January, or nearly nine months' credit. This, undoubtedly, tends to reduce profits among wholesalers, and some of them cannot stand it. To those who have the necessary capital, and can ask sufficient advance on cost, these terms are not unsuitable. But a more serious objection would seem to be that the retailer without capital comes into business, and depends on getting credit sufficient to supply him with a stock. But this objection is not so serious. Dry goods jobbers do not give their credit so cheaply, that a large number of such men will be induced to start in the dry goods business. If they do start, they soon quit, and the punishment falls quickly and heavily on the house who sold to them, and a few punishments will make them careful. Thus Mr Caldercott's two objections to long credits have not the weight which they may, at first glance, seem to have.

Nevertheless, let it not be understood that we believe in the present system of long credits, and dating ahead. THE REVIEW has always advocated cash retailing, and if retailers sold for cash, they would not ask, nor take, long datings. If shorter terms were adopted, cash retailing would be a necessity. But while we hold these views, we believe that there are certain houses in the trade who do not want short terms, and who can advance sound arguments and solid facts to show why their system is satisfactory.

Gordon, Mackay & Co., Toronto, have adopted 60 days net, as a basis on which to sell their staples. They believe that they have an ideal system, and great credit must be given them for the manner in which they have, single-handed, fought against long terms. They claim it is a success, that the retail trade have approved of it, and that their sales in this department have steadily increased since its adoption. They claim that they have fewer bad debts, and this is a small profit in itself. Their returns are quicker, and they make more out of the same amount of capital. They claim that if this system is successful in a staple department, there is no reason why it should not be applicable to every branch of the business. Selling on shorter terms would mean that wholesalers could sell on closer margins. There are several houses who have the same

beliefs as Gordon, Mackay & Co., but they have not the courage to risk their success on their belief. Others again claim that short terms are not practical for this country.

Then there are other houses who claim that to sell spring goods at four months from April 1st, and fall goods at four months from October 1st, is the only feasible way. It is the method the retailers are familiar with and accustomed to. If they buy some goods at 60 days net, and some at four months, they will send in a note at four months for the whole amount, and will get angry if it is not accepted. Or if they buy some at 5 per cent. 30 days and some at 60 days net, they will combine the bills and take five off the whole bill, and take it off in spite of all protests. The houses with capital favor the long terms, and have the idea that it is only houses who are "short" that desire shorter terms. This, of course, is not badly true, but it is true in a certain sense.

The two methods are thus opposed to each other and each has its supporters. Long terms will obtain for some years yet, although THE REVIEW hopes that 60 days net will eventually win, not because it believes that the wholesale trade will be benefited, but because it believes that the retail trade would be thus forced to cash retailing.

A wholesaler in Toronto sent an order to a United States house a few days ago, and took off 2 per cent. for ten days. The order was returned, as their terms were only 1 per cent. The exact difference between 1 and 2 per cent. was 15 cents, but they would not break their rule, even for that amount. A certain Toronto wholesaler was approached one day by a retailer with \$1,000 cash in his pocket, and asked what he would give off for cash on a \$1,000 bill of goods. The reply was, "Five per cent." He wanted six, but the wholesaler stuck to his terms. The man went out, moved on a few doors and made a second attempt. He got his six per cent. and his bill of goods. The wholesaler who was honest towards his brother wholesalers lost the sale of a bill of goods, the man whose only watchword was business sold the bill. These two incidents show a difference between business here and in the States. The Toronto wholesalers are jealous of the Montreal wholesalers, the Montreal wholesalers hate the methods of the Quebec wholesalers, and so long as these petty feelings obtain, the rule will be, every man for himself. There is no esprit du corps in the jobbing ranks; at least, not sufficient to enable any set of terms to be uniformly upheld. The English wholesalers will refuse to take off the 30 days cash discount if a bill is paid on the 31st day. In Canada they wouldn't refuse even if it was the 31st. Terms in Canada are free and easy, because the men who give the terms are free and easy.

The world looks only at success. If a man is wealthy, it smiles on him, but seldom asks, "Whence came it?" The dry goods jobber says to himself, "What will it benefit me if I can say that I stuck to terms, yet was not successful?" Success, success, success! These are the watchwords to the pleasure, the esteem and the honor of the world. Each man is trying to gain success in his own way. He has not learned that he could work with his fellows, and thus attain his object more quickly. Before the dry goods jobbers can be induced to agree on certain terms and enforce them, the present generation will have to get out of business, and a new generation—with a newer education, and with newer ideas—must come up to take the place of those who have gone.