

FROM A RETAIL POINT OF VIEW.

DRY GOODS.

THE prevailing depression, in conjunction with an increased number of direct importers in the retail trade, has induced many of them to ignore the margin of profit properly accruing to the importer, which forms the advance of the closest selling wholesale houses. As a result, the non-importer is squadrantiously placed, that it is extremely questionable whether in good years, he could realize over a living, and in bad ones, avoid positive loss.

Yet the majority of retail importers, though seriously injuring the non-importer, in thus disturbing the legitimate "landmark" of the trade, cannot ultimately benefit themselves; because they fail to consider, or if so, to duly estimate, the heavy drawbacks attending direct importation, particularly of small stocks. The most important of these drawbacks may be enumerated as follows:

1st. The necessity of compiling lists, or purchasing stock, nearly three months before it is possible to ascertain, except approximately, what may be required. To the retailer, who has no such outlets for redundant stock as the wholesale man, this is a matter of moment for more reasons than one.

2nd. Committal to the purchase of a six months' supply at once, involving liquidation at an earlier date than if purchased at intervals during the season here; irrespective of the time consumed in transit of goods, and remittances in retirement of paper.

As punctuality is expected in England on the part of small dealers in Canada, whose accounts are too insignificant for special arrangements, this is a vital point.

3rd. Loss of the proprietor's time, in visiting Britain twice a year, to a business demanding continual personal supervision.

4th. Damage or destruction of goods in transit, entailing loss by delay or otherwise.

Through extensive damage to a whole shipment, insured against total loss, or if differently protected, delayed settlement on the part of the underwriter, a person of limited means might be unable to meet his engagements.

5th. Difficulty of paying heavy duties and charges at the period when cash sales are at the lowest ebb, while the nature of the business almost precludes the possession of customers' paper, to discount in this or any other exigency.

In view of these facts, it is safe to assert that an Atlantic voyage twice a year (aside from the prestige of importing), will not compensate any one who is without an annual outlet for stock, to the value of at least three thousand pounds sterling, in addition to what he must necessarily purchase in a local market, by way of "sorting up." The latter, to preserve the assortment, seldom amounts to less than 33 per cent of the aggregate yearly purchase. If such is the encouragement to the small importer, purchasing from first hands for cash, or opening a direct credit, what must be the position of those who transact their business through agents charging high commissions for cash advances, or a guarantee.

The retail trade of cities in Canada, as elsewhere, evinces symptoms of gradual monopolization by a few importing houses holding large well-assorted stocks, perhaps too large in proportion to their returns. If such a consummation is anticipated by the smaller merchant, it perhaps devolves upon him to endeavor to obviate it, by turning his attention to the conduct of a few special departments on the same scale as his larger neighbor rather than as in time past, attempting to rival him in the number of departments, each managed on a comparatively different plan.

The maximum time allowed by wholesale houses on purchases to their customers here, without interest, is six months. Dry goods men divide their fiscal year into two seasons of six months each, so varied in temperature as to require fabrics of very different character and weight. For these reasons, to avoid loss of interest on liabilities over-due, or by depreciation of surplus goods, however liberally sustained, the retailer should aim at "turning over" stock twice a year. This means, that his sales after deducting gross profits, should at the end of the year, amount to double the sum of his average stock, estimated at cost price. Few in the trade are aware of the propriety of this; still fewer of those who are alive to it, succeed in carrying their convictions into practice. Why is this? wholly because, whether through ignorance of business prin-

ciples, "haste to be rich," or recklessness induced by too liberal support, the majority of retailers are in the habit of favoring the public, with much larger assortments than the amount of their returns warrant, thus compelling others differently disposed either partially to follow their steps, or else, in virtue of the social law, get jostled out of the ranks. In this, as in many other departments of mundane affairs, there is only a choice of evils.

Among other phases of the trade, whether owing to the almost universal rage for a particular mode, caused by lack of versatility on the part of the designer or otherwise, retail customers are much more definite than formerly as regards the color, pattern and texture of their requirements. Salesmen having therefore less scope, proprietors must depend more upon the perfection of their general business arrangement than upon the approbation of fastidious customers.

A common impression among dry goods dealers who have not tried the experiment, is the availability of country branches as safety-valves for the escape of unfashionable stock. In addition to the facility afforded by the railways for the interchange and diffusion of ideas among the rural population, increased wholesale competition scours the remotest districts with commercial travellers whose numerous orders for the "latest novelties" place the country, in respect to the fashion, on a par with the town.

Reductions *ad libitum*, in the price of obsolete stock in the wholesale warehouse, where direct contact with the consumer is avoided, will always force a sale, not generally so in the retail, where, in the choice of articles for personal use, price with the consumer, however anxious to buy cheap, is often a secondary object. The last filter is, therefore, the finest.

Canada, as a dry goods mart, is most difficult to cater for, because heavy duties and charges enhance the cost of imported goods to a people generally possessed of large tastes and small purses. Those in the field of competition, who court the attack subject to these such drawbacks, if not placed hors-de-combat, are more likely to carry off lead than gold, in this triangular duel.

Retail cash trade is necessarily limited—credit almost unlimited. The difficulty, however, of collecting outstanding accounts in the aggregate, is exactly in an inverse ratio to the facility of opening them.

It has been asserted by persons of long experience and close discrimination, that at least 5 per cent. of the retailer's gross profit is neutralized by losses in measurement, reductions in the sale of remnants, errors in the computation of bills, omissions to enter credit sales in the hurry of business, shoplifting, and embezzlement.

Retailers, commencing business with or without capital in Canada, if they ever reasonably expect to accumulate anything, must, while doing justice to its general management, be possessed of sufficient industry to attend to a great portion of the details themselves. They have, therefore no time for public affairs, and but little for society.

Our readers will be glad to only fit,
So that it is, as no matter what it is.

Without charging the expenses of business with the interest of invested capital, or more than a very moderate salary to the proprietors, and making but a slight deduction for depreciation of stock, or bad and doubtful debts, the average net profit realized on sales, by three comparatively very successful houses in Canada West during the past ten years, fell below 5 per cent.

Seeing that the margin of gain to the successful is so insignificant, is it strange, considering the want of capacity, industry, or economy evinced by many in the trade, that the pendulum has oscillated so frequently to the region of loss, in the working of retail machinery. If the three instances furnished are taken as a fair indication of the results of successful experience, then the net profits of a retail dry-goods business turning ten thousand dollars per annum, would, on the conditions mentioned, viz. allowing nothing for interest on capital, and little for depreciation of stock or bad debts, amount, over and above a small salary to the proprietor, to five hundred dollars in stock and outstanding accounts. A turnover of twenty thousand dollars would produce one thousand, in this shape, or forty thousand dollars two thousand, &c., &c.

The average retail turnover, for the whole Province would probably fall short of twelve thousand dollars which, on the scale applied, would, if successful result in an average income of six hundred dollars composed of stock and outstanding accounts. The

universal competition in every branch of commerce, aside from frequent failures, compels the inference, that other retail trades than the dry goods would, if carefully examined, present a similar aspect.

Conclusions, based upon positive data like the foregoing, enable one to appreciate the value of the complaints occasionally heard respecting remuneration, from those who consider themselves lost, in the Church, the public office, or the counting-house, on salaries of a thousand dollars and upwards; sometimes perhaps envying the merchant, whose position, apart from its peculiar responsibility and self-denial, is, if he pays twenty shillings in the pound, pecuniarily inferior to their own.

During the disgraceful puffing, peculiar in depressed times to a portion of the retail trade, the returns of those houses which pursue a legitimate policy invariably suffer most; but the soundness of their procedure will, in many instances, enable them to weather storms, when others, who carry more sail or heavier steam pressure, either capsize or explode.

If merchants, wholesale and retail, had, last July, exercised a fraction of the energy in ascertaining the financial condition of the country, or its chances of a redundant crop, which is now exhibited by some of the latter in the conduct of forced sales, we should have had less embarrassment and more profit to chronicle in a notice of the trade.

THE Trust and Loan Company of Upper Canada have out on loan in these Provinces four and a-half millions of dollars. Their recent annual report declared a dividend of 8 1/2 per cent; and expenses, losses, and reserve, will probably foot up to 3 1/2 per cent., making the average interest 12 per cent. per annum. This implies a drain from the country of over half a million of dollars, (\$520,000) per annum, in the shape of interest, and mostly from the diminished income of the farmers.

HIGH WINES.—Previous to the late increase of the excise duty, speculators held large stocks in anticipation of a rise. Expectations, however, have not been realized, since, from some unexplained reason, manufacturers have kept pace with the demand at a very trifling advance upon previous rates. This, together with forced sales, frequently made for the purchase of grain, results in a sluggish market, so that we quote prices nominal.

For car loads of 1st class U. C. Spirits \$2 1/2 per gal. cash
In smaller quantities \$5 c " "
Old Rye Whiskey, from 50c to 60c per gal.

Among the numerous projects which the business men of England have originated during the year, one of the most interesting to Dry Goods merchants was the attempt to carry on a mammoth business in that line by a Joint Stock Company. On March 15, 1861, the Fore Street Warehouse Company, Limited, was formed with a capital of £300,000, or \$3,000,000, in 30,000 shares at £100 each. The directors of the Company purchased the good-will, stock of goods, and entire business of the firm of Morrison, Dillon & Co., London, together with the freehold and leasehold premises occupied by the firm for upwards of half a century. The company disposed of 20,000 shares before the books were opened to the public, and these were taken by leading bankers and merchants in London and Manchester, among the names of which were Thomas A. Hankey and J. Guthrie Dickersgill, Esqs, eminent and well-known bankers. Ten thousand shares were offered to the public, and in the allotment the customers of the firm of Morrison, Dillon & Co. had the preference, of which they largely availed themselves, thus strengthening the attachment of their connection with the business. The only payments required from the public were £1 per share on application, and £1 per share, or, in all, about £10 when the allotments were made. Subsequent calls were not to exceed £2 per share, and were to be made at intervals of not less than six months. The company published its first report and balance sheet on July 8th, in which the net profits were stated at £20,778 7s 8d, or about \$160,000; and a dividend at the rate of ten per cent. per annum, free of income tax, on the full amount of each share of £20, or £109, was declared and paid. In other words, the subscribers who had paid in on April 5th, about three months previous, an instalment of £2, or \$10, received in July last a net dividend on each share of ten shillings and sixpence, equal to 27 1/2 per cent. on the cash paid in by them to date.