

Some Thoughts on Giving Premiums

Is It Advisable ?

Giving away premiums in order to induce the public to spend more money, and to spend it at a particular place, has come to be looked upon with considerable suspicion by many retailers. Possibly this suspicion has been caused by the at one time widespread prevalence of the universal trading stamp idea. The universal trading stamp as a means of giving premiums, quite naturally kills itself. If it is not altogether dead yet, it only exists in a senile state in a few communities.

The trouble with the trading stamp idea was that it universalized a plan which, for genuine success, must depend upon individual and somewhat spasmodic application. Suppose, for instance, there are a hundred merchants in a certain community. A trading stamp artist comes along with a plan to sell trading stamps to each merchant, and to furnish a certain line of gift goods to the customers of the merchants upon presentation of varying numbers of stamps. Eighty of the hundred merchants fall in with the plan. For awhile the eighty merchants do a little more business, at the expense of the twenty who refused to adopt the plan. But, before long, the eighty merchants begin to realize that they are losing money. This is quite natural, because the public, getting trading stamps almost everywhere, come to look upon them as a necessary part of every purchase they make. Instead of, as at first, looking upon them as a special gift to induce them to trade at a particular store, they realize that they can trade anywhere in the town and still get stamps.

When the buying public reaches this stage of opinion, the plan becomes a rank failure and a source of dead loss to every merchant concerned in it. It means that the cost of the trading stamps must be deducted from the profit of every article sold with a trading stamp thrown in, without the least corresponding increase in the volume of sales. The universal giving away of a premium, uniform in the case of the majority of a community's merchants, defeats itself because of its very uniformity.

But although the trading stamp plan is so obviously a failure, the plan of occasionally giving away a premium of some real value, is a very sure way of increasing the sales of individual merchants. Premium giving is acquiesced in even by merchants who loudly decry it. The cash discount which a retailer gets by paying his jobber's or manufacturer's account within the specified time, is, in essence, a premium given by the wholesaler to the retailer. It is an obvious fact, that if a retailer who keeps a fairly good cash balance at his bank, had to choose whether he would buy from a wholesaler who gave a discount for cash, or from one who did not, he would choose the former. So that every retailer who has ever taken advantage of a cash discount allowed by a wholesaler, is virtually a believer in the system of premium giving, whether he admits it or not.

In the fancy goods trade, there is a good opportunity to work the premium method. In the first place there is no widely advertised standard retail price affixed to the majority of articles coming under this head. Each merchant makes his own price, according to what the goods cost him. This being the case, a fancy goods merchant who thinks of offering his customers a premium inducement has an opportunity to fix his prices so that he

makes a reasonable profit on every article sold. Unless he does this, his premium plan will net him a loss instead of a gain.

Some skeptics might here say that that would be practically swindling the customer by making him believe he was getting something for nothing when he was actually paying for the premium by an increased price of the purchased article. Not by any means. The public is not such a gull that it can long be deceived by any such a scheme. That was one of the blows which killed the trading stamp. But it is absolutely necessary for a merchant to make a profit in any case. And when he is giving something away he must make doubly sure that his calculation of cost is absolutely correct, for what he is giving away is a fraction of his profit. And before giving away a fraction of his profit he must of necessity assure himself that he is really making a profit.

Here is a premium plan now being conducted by a country town stationer. This dealer issues, upon request, cards which will be punched with the value of all souvenir post cards bought by the customer. When this value aggregates \$2, the customer is entitled to a post card album worth 25 cents. For \$3 the album is worth 50 cents; for \$4, a 75-cent album, and for \$5 a \$1 album.

Now, this dealer is the only man capable of judging what he is making in the way of profit when he gives away a dollar article for five dollars' worth of trade in other articles, because he only knows the cost of the articles for which he has received \$5, and of the article which he has given away, stated to be worth \$1. Probably he has made a certain cut in his profit, which he is more than making up by increased sales of post cards, induced by the offer of the premium. But he must be sure of his cost calculation, to begin with.

It is undoubtedly a fact that the premium is a great trade builder. It is also undoubtedly a fact that "Too much of a good thing's good for nothing." In giving premiums it would be wise to limit the time during which customers could take advantage of them, and to give a really genuine article when you give anything. If a customer gets a premium and finds it not as represented, he will be highly offended, even if he did get the article for nothing; even the elemental human desire to get something for nothing may not induce him to take advantage of any future premium offers by the store which has deceived him.

A NEW CARD GAME

An interesting new card game called "Politis" is being put on the market by Miller & Gould, 605 Pullman Building, Chicago. The game, as may be surmised, has to do with politics and the players are out after votes. There are 52 cards, representing the states and territories of the union and these are divided into four suits, each suit representing 119 electoral votes. On each card appears the seal of the state and the emblem of the party, which will denote the suit. The value of the card also appears. The game is said, by those who have tried it, to be exciting, and a good sale should be enjoyed.