

# Retail Selling and Mail Order Competition

Notwithstanding the Enormous Volume of the Mail Order Business in Canada, it Still Remains True that 90 per cent of Staple Goods is Distributed Through the Retail Trade

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Every merchant knows the extent to which mail order houses have cut into local business, but it is as yet scarcely realized by the general community. Recently the writer visited a rural settlement some twenty-five miles distant from Saskatoon, a mere hamlet, with two general stores, a lumber yard and a few other small establishments. The merchants there had liberally extended credit to the farmers during the crop-failure year of 1914-15, and had done their utmost to support needy families until the new crop could be harvested. Their action at that time was highly praised and appreciated by the district farmers; but, nevertheless, the merchants in question have failed to consolidate their position, notwithstanding their efforts and sacrifices during the hard winter of 1914. During the last four months the business of the local post office shows a total of more than \$5,000 of mail orders that have gone to the big distributing centres of Canada and the United States. The mail order menace has been keenly felt by merchants, both east and west, and the present article is designed to offer a few observations as to how it may be met and overcome.

## MORE EFFICIENT METHODS.

Notwithstanding the enormous volume of the mail order business in Canada, it still remains true that 90 per cent. of staple goods such as groceries, clothing, drugs, dry goods and so forth, is distributed through the retail trade over the counter. It will only be by adopting more efficient methods, however, that retail merchants will be able to protect themselves and their business against the increasing activities of mail order establishments. The retail merchant enjoys many advantages which he should seek to exploit to the fullest possible limit. He is, for example, able to show the customer exactly what is asked for in most cases, and to place before him various qualities and styles of goods. He should be able to see that goods bought are promptly delivered, and thus develop not only holding power, but attracting power as well. He has a splendid opportunity to establish his business on the good-will of his clientele, and thus make of good-will a real asset. Moreover, the wide-awake retailer can cater to the individual whims and fancies of his customers, especially along certain lines. There are exclusive retailers in Montreal and Toronto that make it their business to card-index the requirements and the tastes of their customers; and, therefore, as soon as a purchaser comes into the store, the clerk is able at once, without delay and waste of the customer's time, to place before him samples of the articles required. Moreover, by this method the retailer can often with advantage to himself and to his customers dispose of odd lots, and thus keep his stock clean and up to the minute. It should be observed, in this connection, that customers in these stores are retained without price-cutting or bargain-making. They are given satisfaction through service rendered. The alert retailer in these special lines need have no fear whatever of the mail order house cutting into his business. Moreover, if an error has been made in filling an order or the customer is not satisfied absolutely with the goods sent out, readjustments may be quickly and satisfactorily made. Added to this is the "Satisfaction guaranteed or money refunded" policy, which makes the customer doubly contented. Of course, it is not merely among stores dealing in specialties that this practice has been adopted, but everywhere the successful retailer has been quick to see the advantages inherent in the plan.

## A GOOD CITIZEN.

In meeting the competition of mail order establishments, the retail merchant should make the most of his position in the local community, not merely because he is a merchant, but much more because he is a citizen. A broad and liberal policy with regard to hours of labor, wages and holidays for his employees, will do much to consolidate his position in his own town or city. Contented employees make wonderfully good advertisers, and can often do more to build up business than columns of bargains shouting from

the advertising pages of the local newspapers. Especially in the smaller centres should the retail merchant be awake to the possibility afforded through coming into direct touch with the community through himself and his representatives — the employees of the store. As he is generally a tax-payer, he should take an active interest in at least one phase of municipal life outside his own business, whether it be in education, sanitation or the developing of a system of parks and playgrounds. The merchant who gives himself liberally to community life will receive a return in dollars and cents. Of him it will never be written that "he was born a man and died a grocer." Many retailers will object that business absorbs all their energy, and all their time, and that outside activities distract their mind and divert them from the main occupation of life. They will find, however, that by following the practice of merely making a living, they will cease to live; and that the local community will not have the same interest in, or the same loyalty for, the development of local business when faced with the allurements so vividly presented in the catalogues of mail order houses. In fact, the retailer, will find himself largely to blame if he permits mail order houses to offset personal influence, at least in the small communities. The problem, however, is more complex and therefore more difficult in the large cities where the merchant obviously cannot come into personal contact with his clientele. There his best work has to be done through the organization of his employees and through generous advertising in the local press. And it will be found to pay in the end better to put the emphasis upon quality and service, rather than upon mere cheapness of price.

## MEETING COMPETITION.

Of course, the retailer in the small towns and rural districts is faced with many serious obstacles in meeting the competition of mail order houses. For one thing, his field is limited, and it is difficult to expand business to the point where volume of sales will count for much in close buying. And yet, even here, organization can do much to extend business, through advertising, through the telephone, through personal solicitation, and through the sending out of printed slips with orders, showing new varieties, qualities and seasonable kinds of goods. Nevertheless a strike, or some other form of labor trouble, a disastrous fire, or a local hail storm, may make business bad for his own community. The mail order house, operating as it does throughout the length and breadth of the country, naturally escapes the disabilities imposed by adverse local conditions in a few communities, and to that extent is in a position superior to that of the local merchant.

Moreover, the mail order house may, though not necessarily, have the advantage over the local merchants in purchasing power, and therefore in buying at close prices. However, this is not always the case, especially in purchasing specialties, and in buying from manufacturers who follow the one-price policy. It will therefore be to the advantage, not only of jobbers and wholesalers, but of retailers as well, to support those manufacturers who follow the fair price, the one price, plan. Nevertheless, buying in quantities usually tells, and tells tremendously. Only the large retailers can compete successfully with the big mail order house that buys in huge quantities. But in a great variety of goods the retailer can compete on equal terms with the mail order house, when expenses of advertising, catalogue-making and postage are considered. If, in addition, the local merchant, as is becoming more and more prevalent, will adopt the practice of making cash sales only, he will strengthen himself materially in competing with the mail order house.

## A WIDE FIELD.

The mail order house has succeeded, in so far as it has met with success, because it can cover a wide field, and cater to a market that is constantly expanding. Moreover, size counts not only in buying, but also in selling, and it is often able to distribute its

overhead expenses over an enormous volume of output. The mail order house very often does not carry large stocks of goods in certain lines, but makes direct shipments from factory, and thus saves part of the cost of distribution. While it is true that it must employ a large office force, it can, on the other hand, dispense almost altogether with a sales organization. These are advantages that cannot be gainsaid, and yet, in our opinion, they may be largely overcome by the merchant who is determined to make service and quality count as much as mere price. Indeed, it is in the cheap and oftentimes trashy lines that mail order houses meet with most success, and make their largest profits.

## THE GAMBLING INSTINCT.

Somehow or other when the farmer or the dweller in the village or small town receives a catalogue from a mail order house, he is impelled to buy by the gambling instinct which is inherent in almost every one. You send your money, but are not quite sure of what you will get until the goods arrive. Everyone knows that few amateur gardeners raise vegetables that can at all compete with the beautiful specimens pictured in the catalogues of the nursery and seed houses; and yet thousands upon thousands of amateurs set out determined to do so, year by year. And it is worth their while doing so—they gain health, a minimum at least of food return, and experience. Very often in buying from a mail order house, the customer gets nothing but experience; and yet the psychological trait, already referred to, conduces largely to the building up of mail order business. We by no means assert that mail order houses give customers merely experience for their money, for, otherwise, they would long since have gone out of business. What we do say is, that a cheap line of poor quality goods can be more readily marketed through an alluring catalogue, vividly illustrated, than through a display of the same goods in the local shop window. Reliable merchants may perhaps, with equanimity, hand over this business to the mail order houses and to the local five, ten and fifteen stores. It is in the marketing of staple products and of quality goods that the local retailer needs to concern himself.

## SERIOUS DISADVANTAGES.

No matter how large the mail order house may be, it labours under a serious disadvantage in competing with the alert, progressive and enterprising retailer. The advertising costs are exceedingly heavy; and the clientele is not steady and loyal, but is constantly shifting. As already remarked, the local merchant by judicious and efficient advertising, by developing a loyal sales organization, and by making his personality count in his community, may more than hold his own in the struggle. Moreover, in the larger communities at least, the retailer can combine with his ordinary business a telephone and mail service that will do much to prevent the mail order house from making inroads upon his customers. In the smaller communities it should be possible to develop an organization whereby retailers can combine to buy goods in carload lots, and thus make quantity buying count in close prices. Indeed, the great defect in the retail trade today is found in the individualism of the retailer who is sometimes so short-sighted as to imagine that aid extended to his competitor will result in harm to himself. Only through loyal co-operation with those in the trade, with his competitors, with the wholesale houses, and with the whole retail organization working through the Association can the retailer achieve the best results.

In conclusion we may say that the mail order house has practically only one big advantage over the small retailer—namely, the fact that it can buy in large quantities. And yet there is another side to this problem which should not be overlooked, and one which works to the advantage of the local dealer. If he does not buy in large quantities, he has a small amount of capital locked up in goods and stock on hand. If by attention to business, by thoroughly organizing his establishment, and by giving his customers efficient and prompt service, he can turn over his stock quickly, he should be able, in most lines, to more than hold his own with the big mail order house. In any event, he should make up his mind that the mail order house has come to stay; that it has proved its value in some particulars; and that if he is to hold his own, he must beat the mail order house fairly and squarely at its own game—a cash business, prompt service and courteous attention to orders. This, the retailer who deserves to succeed, can and will accomplish.