

allowances is approximately 150 and the total amount received in 1933 amounted to \$37,521.90. In the first two months of 1933 advertising allowances totalled \$8,485.52. These advertising allowances are credited against the cost of the—

By Mr. Sommerville:

Q. These advertising allowances are amounts that are given by various firms?—A. Yes.

Q. And you have given us a list of them?—A. Yes.

The CHAIRMAN: A large list.

Mr. SOMMERVILLE: It is a large list, yes.

The WITNESS: That was not printed, 6 pages.

By Mr. Sommerville:

Q. And are these advertising allowances actually based upon an audited return on the number of lines that are occupied, or are they just arbitrary figures?—A. They are amounts arrived at at the time of the purchase of the goods.

Q. As part of the bargain?—A. The vendor agrees to supply so much for advertising.

Q. It is pretty arbitrary?—A. Yes.

Q. You, of course, appreciate that advertising allowances where the advertiser does send in an audited statement showing the lines that have been used and the rate at which they have been used and return to the company is one thing, but where you have an arbitrary figure fixed at the time of purchase that is quite a distinct thing?—A. Yes.

Q. And you say that in this case?—A. There are various arrangements for advertising.

Q. Made at the time of the purchase?—A. Yes.

Q. Then may I ask are they reckoned on the basis of some rate that is paid by the advertiser to the Simpson Company which is a local rate and, therefore, I understand a lower rate, or are they based upon the national rate which is a larger rate?—A. It is usually just a round amount which they say they will contribute for advertising. There are various arrangements.

DEMONSTRATORS

There are some sales clerks in the Toronto store known as "demonstrators" whose wages, or part of them, are paid by the manufacturers of the product which they sell. These "demonstrators" are of two kinds:—

- (1) Those whose wages are paid by the Robert Simpson Company, Limited, and charged by that company, either in whole or in part, to the outside firms.
- (2) Those whose wages are paid directly by the outside firms.

On Statement No. TT-10 is shown the amounts so charged to these outside firms during the year ended January 3, 1934, which totalled \$23,961.26. Of this amount \$17,734.39 is in respect of "demonstrators" located in the Toilet Goods department, and primarily because of this, selling wages in that department were only 4.2 per cent of total sales, in contrast to 7.4 per cent for the store as a whole.

Q. Wait a minute till we get this: These demonstrators in the Toilet Goods department, their wages were paid by a number of firms here?—A. There are two kinds, one group whose wages are paid by the Robert Simpson Company, Limited, and charged to the outside firms; and the second class representing demonstrators who are paid directly by the outside firms.

Mr. FACTOR: To advertise a certain brand.