

There are a number of reasons for this. The majority of concerns in this industry are poorly capitalized and are not able to afford the expense. The lack of distinctiveness in design and the fact that garments are easily copied by other establishments are the principal reasons why more lines of ladies' muslin underwear are not advertised.

*Mail-order houses.*—The business of mail-order houses is constantly increasing, and a considerable amount of women's muslin underwear is handled by these concerns. It was stated by manufacturers that mail-order houses buy very close and usually want the cheaper grades of goods.

There is a demand in rural districts and villages for garments very profusely trimmed with cheap lace and ribbon, and many manufacturers are turning out goods of this kind for the mail-order trade. The mail-order houses are in the market for left-over stock, salesmen's samples, and returned goods. Among manufacturers it is the general opinion that retailers were not hurt much by mail-order houses, as the latter's customers were generally in remote parts of the country where merchants carry little, if any, muslin underwear in stock.

The issue of Knit Goods, for September, 1914, states that Prof. Paul H. Neystrom, of the University of Wisconsin, had furnished to the Judiciary Committee of the House of Representatives much information in regard to selling costs, and quotes him as follows:

I have made it my business during the last few years to make a collection of data on the costs of doing business in the various kinds of concerns that are distributing goods. I have collected statements showing the costs of doing business in over a thousand retail concerns, some of which are mail-order houses, but most of which are general stores in various towns in the States of Wisconsin, Illinois, Indiana, and Minnesota. The cost of doing business in wholesale concerns runs all the way from 6 per cent to 15 per cent of the sales. The cost of doing business in retail concerns, depending, of course, upon the line of goods carried, runs all the way from 10 per cent up to 25 per cent and even to 30 per cent of the sales. Of course the percentages depend altogether on the kind of institution it is and the grade of its efficiency. If you eliminate the department stores, whose expense is somewhat higher, the average cost of doing business in the small stores—that is, the stores in small towns in the State of Wisconsin, so far as my figures indicate—is somewhere about 18 per cent. The cost runs from 15 per cent to 22 per cent, and I take the average to be, according to the figures I have collected, 18 per cent.

The cost of doing business in the mail-order concerns, from those of which I have obtained the figures, runs from 16 per cent to 26 per cent and the average is 22 per cent of sales. William C. Thorne, vice president of Montgomery, Ward & Co., has testified that the cost of doing business in the mail-order houses runs from 16 to 25 per cent, and my figures correspond almost exactly with his. Now, if the cost of doing business in the retail stores averages about 17 to 18 per cent, to that must be added the cost of doing business by the wholesale concerns, and that cost, as I have stated, runs all the way from about 6 per cent to 15 per cent.

In order to find the entire cost of distribution we would have to add to the cost of doing business in the stores the transportation items, in one case from the producer to the wholesaler and from the wholesaler to the retailer, and in the case of mail-order distribution from the producer to the mail-order house and then from the mail-order house to the consumer. Of course, the regular retailer charges to his expenses the cost of delivering the goods to the consumer—that is to say, his delivery expense is counted in with his cost of doing business. The figures which I have given for retail stores include the delivery expense. Therefore no further account need be taken of that. All of the figures I have given showing the cost of doing business are based on the sales and not on the cost of the goods.

The cost of transportation from the producer to the mail-order house is probably about the same as the cost of transportation from the producer to the wholesaler. So far as I have been able to learn the difference is not great. To make a fair comparison of the costs of doing business we can start with the wholesaler in one case and the