

HAND-TO-MOUTH BUYING

Its Causes and Its Effects

This subject discussed by some of the leading business men of the country, railroad executives and economists in the following pages is of such interest and importance at the present time as would seem to warrant a more or less detailed exposition of their views.

VIEWS OF DEPARTMENT STORE EXECUTIVES

"Hand-to-mouth" or current buying, which has now been so universally adopted, has been attributed to a variety of causes. Mr. JESSE I. STRAUS, President of R. H. Macy and Company, believes that deep-seated and social changes are responsible for the evolution of this policy and that to understand it fully one must see it in its historical perspective. Mr. STRAUS, in a carefully prepared memorandum on this subject, says:

"For many years prior to the war progressive retail distributors were carefully studying the problem of securing more rapid turnover of stocks and reduction of the losses caused by price and style depreciation of their inventories. While industrial effort was being concentrated upon the perfection of mass production methods and Taylor and his followers were spreading the principles of scientific management, there was a similar movement under way in distribution to find more scientific principles of operation. But the emphasis of the times was almost wholly upon improvement of production and to that field and the old established professions went the great majority of the young and trained minds of our schools and colleges. Marketing received scant attention in our educational system. Business did not demand it. Distribution of the then existing volume of production was not a pressing economic problem. With a few notable exceptions, the scientific analysis of distribution languished. . . .

CHANGES IN CHARACTER OF CONSUMER DEMAND

"Within the past two decades, and particularly in more recent years, profound changes in the character of consumer demand have swept the country.

The automobile has removed the isolation of sub-urban and rural life. Fashion magazines, periodicals and newspapers of all kinds with up-to-the-minute style news find their way into the remotest homes. The movies flash daily and nightly the latest modes and fashions before the formerly untutored millions. There is a new appreciation of the beautiful, the 'chic' and the 'smart.' This changed consumer demand manifests itself all along the line, from home architecture and furnishings to clothing and even food. There is the ever-present paradox of wanting that which is different from, and yet similar to, what others have. Consumer demand is fickle and is being constantly cast into new molds. There is no dumping ground in isolated communities for the style mistakes of today. The number of staples in consumption goods has grown rapidly less. They find a narrowing market with an informed population.

"Consumer demand has become peculiarly individualistic and mass production of consumers' goods faces new problems. The automobile industry is no longer concerned merely with the problem of producing a car which will 'take you there and bring you back'; it seeks new customers with an unprecedented competition of engine, chassis and body refinements. Steel is not just steel, but is fabricated to meet the specifications of the consumer. Apartment dwellings are no longer mere crude boxes of masonry and steel; but they are crowded with refinements and comforts to meet the whims and desires of the tenant with money to pay. This changed consumer demand is backed by a material well-being without parallel in history. The consuming public is willing to pay him who satisfies its caprices within the limits of its cash or credit paying power. It does not reckon the social cost of ceaseless change and experimentation.

"The producer is exploiting this fertile soil by new methods. Not only has he deluged the buying public with a vast range of refinements in his product to secure new sales for his excess capacity, but he has also largely sponsored installment buying to widen his market. That such policies tend ultimately to restrict buying power I have no doubt, but with that I am not here concerned. New markets are also sought by great campaigns of advertis-