are invariably safe in commitments necessary to take care of the enormous volume which we handle."

THE MAIL ORDER HOUSES

Need for More Accurate Control

The comments of the executives of the large mail order houses are very interesting. Mr. Theodore F. Merseles, president of Montgomery Ward & Company, comments on the problem as follows:

"The deflation of 1920-1921 was the starting point of the present national policy of buying in the so-called 'hand-to-mouth' method. Retailers are unquestionably carrying smaller inventories and ordering from the manufacturer more frequently. This results in manufacturers being compelled to carry smaller stocks in order to avoid piling up inventory losses. The situation has brought into play the necessity for employing much more mathematical control in the conduct of both manufacturing and retailing businesses, in which the budget plays an important part. We must not overlook the fact that the greater efficiency of our railroads and automobile truck deliveries are definite factors in enabling manufacturers and retailers to turn their inventories more rapidly than formerly. There always has been and, no doubt, always will be a wide divergence in production plans for staples and fashions, the demand for which affects not only the cost of producing but that of distribution and ultimate consumption as well. It is axiomatic that a satisfactory profit in merchandising must be accompanied by a satisfactory rate of turnover, and we would drift towards the danger of another merchandising collapse if any serious departure were made from present methods."

Changes in Fundamental Conditions Responsible

Mr. Frank S. Cunningham, president of Butler Brothers, believes that the practice of "hand-to-mouth" buying is the result of changes in fundamental conditions, that it is economically right, and that it has come to stay. He points out that buying from hand to mouth can be carried to an unwise extreme, but that the merchant who permits that fault once will be punished by loss of sales and is not apt to repeat it. He believes, however, that merchandising aiming for a fairly high turnover has been established as a sound principle in modern retailing, and that the manufacturers will be forced to do most of the readjusting required. Commenting on the general situation in his annual report dated January 28, 1926, to the shareholders of Butler Brothers, Mr. Cunningham has this to say:

"More significant to the jobber than all other changes added together is the fact that since the war practically all retail merchants, big and little, are in the habit of buying goods in smaller quantities and placing more frequent orders. Up to six years ago the chief emphasis in retailing went on buying. It was easy to persuade the average merchant to buy several months' supply of an article, and to buy even more if ever so small a concession in price could be secured. Today the emphasis goes on selling. No good merchant, large or small, is disposed to buy more of an article than he thinks he can sell in about six to eight weeks. Before he is willing to hurt his turn he must see a very large saving in price. This fundamental change in retail methods is bringing to the jobber a large amount of business which, in pre-war days, was in process of going around him direct to the factory. Large metropolitan retail stores which formerly did most of their buying from first hands are now glad to be able to buy many goods from wholesale open stocks in order to help their turn. Now that merchants wish to buy in small quantities and reorder frequently, the advantage is on the side of the system which makes it easy for merchants to place orders daily by mail.

"This tendency to buy in smaller lots and more often, we are convinced, has come to stay. It is not a temporary phenomenon, but represents a lasting change in methods of distribution. To compete successfully with department and chain stores, the independent retailer must apply the merchandising principles which their experience has shown to be sound. He must buy a small lot of an item and when that is sold, buy more. He must use his available capital to stock the largest possible number of articles, rather than invest more dollars in each of fewer items, thereby 'freezing' a large share of his capital in reserve stocks. In particular, he must leave a margin both of capital and of counter space for the bargain specials and new goods which he must have coming in every two or three days if his store is to rival its larger neighbors in attractiveness."

MANUFACTURERS AND DISTRIBUTORS OF FOOD PRODUCTS

Current Buying Not Inimical to Mass Production

Mr. Louis F. Swift, the president of Swift and Company, premises his remarks by