

ship of the wholesaler by the stores—or any one of a number of profit-sharing cooperative plans in between. In carrying out these arrangements the wholesaler is teaching the retailer to become a better merchant—and learning, himself, some vital lessons. Helping the retailer with his advertising, his stock control, his store layout, his window displays, his clerk problems, his delivery problems—these are not merely service frills—they reach down to the very fundamentals of sound and efficient merchandising.

Some of these plans are bringing the wholesaler into direct competition with the existing chain store systems. The wholesaler who is operating or controlling a chain of retail stores is beginning, also, to learn something of the economics of competition. Soon, perhaps, he will discover that in some localities the chain-store idea is beginning to commit suicide, so there will be no need of witch-hanging expeditions which some wholesalers and retailers have been urging. In many cities the chains are fighting each other harder than they ever fought the independent—whether it is in bread wars or in service wars. In some cases the services of chain stores are increasing to such an extent that it is hard to tell a chain store from an independent. And with the low operating margins of the chains, how long can they keep it up?

Nor are the broader economic advantages of group-buying and direct-selling so clear. Whatever is done to simplify the distribution processes, the group-buyers must act as wholesalers and the direct-sellers must act as wholesalers. The chain systems must act as wholesalers—only a few days ago a big department store chain announced plans to build a new warehouse in the middle west at a cost of \$2,500,000.

The cost of wholesaling cannot be eliminated—but it is up to the wholesaler to prove, by deeds, that because of experience and his existing facilities and his sincere striving for efficiency, he can perform the wholesaling functions at a lower cost. Many group-buyers will realize that paper profits do not always come true. Many manufacturers are learning that to their sorrow—more and more will learn that lesson and give up their expensive sales forces. Many manufacturers are learning that they tried to become national distributors too soon—that they made the