

MANUFACTURERS' DISTRIBUTION COSTS

For some years past attention has been so centered on the reduction of manufacturing costs that, in many classes of commodities, these have been cut to what appears at least an approach to the "irreducible minimum." Distribution costs, on the other hand have not been studied with the same or even comparable accuracy to that devoted to manufacturing costs. Therefore, a diligent inquiry into these costs which form the basis of all distribution costs will result in a palpable, immediate benefit to the manufacturer which inevitably will inure to the benefit of the consumer.

In some instances government restrictions on interchange of information between manufacturers have made them reluctant to disclose details of their costs. Because of this and the absence of any uniform system of expense classifications, the somewhat slender collection of percentages which the committee has been able to gather cannot be considered as representative or used for comparative purposes.

In considering these costs, manufacturers have been classified generally as:

1. Those who deal direct with the consumers
2. Those who deal with jobbers
3. Those who deal direct with the retail trades.

There are combinations of these main groups also since some manufacturers deal in two, and occasionally in all three of the methods.

It was recognized that figures on distribution costs of manufacturers would be more useful if they could be stated in such form as to permit combining them with the figures on retail and wholesale expenses of doing business, respectively; but none of the data collected meets this requirement.

Generally speaking, although some distribution costs today may be in excess of what they were a decade ago, further information is likely to disclose the interesting fact that the ratio of expense to volume has not changed much. This can be proved only by a deeper study than this Committee has been able to