



To Our Customers and THE CONSUMING PUBLIC OF THE METROPOLITAN DISTRICT



This announcement is made for the purpose of acquainting you with our enlarged service, our policy as to selling prices and profits, and the necessity of further price advances effective August 1st, 1917.

"BORDEN THREE-WAY SERVICE"

We believe it a worthy aim and of assistance in meeting the living problems of the day to furnish every possible additional means of procuring the quality products of this Company at varying prices, dependent upon the amount of service involved. We have, therefore, acquired additional milk supply, arranged for new and additional avenues of outlet, as well as the service of men of ability and large experience in the distribution of milk products, all for the purpose of inaugurating this "BORDEN THREE-WAY SERVICE," details of which follow:

HOME SERVICE

This means our products delivered at your home, whenever you say, in properly protected packages, at a proper temperature and at a price which necessarily includes the maximum service cost. This service in all territories now covered by our wagons.

STORE BOTTLE SERVICE

Our bottled milk and cream sold to thousands of retail grocers, delicatessen shops, etc., in Greater New York, in wholesale quantities, at a price which should in turn enable you to effect a saving by purchasing at these stores, provided you render your own delivery service by calling for and taking home your purchases. If you exact delivery by the retailer he may well add for his service expense.

With this store bottle service a bottle deposit of 5c. (present cost over 4c. each) will be asked of the customer at the time of purchase, which deposit will be refunded by the storekeeper when the empty bottle so purchased is returned. A special bottle will be used in this store service for purposes of identification.

This service should, in addition to the economy feature, prove of great convenience to consumers in emergencies when an extra package is needed quickly and may by this arrangement be purchased in your neighborhood.

BULK MILK SERVICE

Grade "B" Milk, Cream, Buttermilk and Pot Cheese will be on sale in bulk at upwards of 5,000 stores in Greater New York. By furnishing your own container and taking home your purchase you can procure these Borden products at the lowest cost.

Stores handling these products, both bottle and bulk, will be furnished with metal display signs as soon as conditions will permit. Temporarily, blue and white paper window strips will be furnished these stores reading

BORDEN'S MILK

If interested in the store service ask your neighborhood dealer if he is handling these Borden products.

Back of all these products and this "BORDEN THREE-WAY SERVICE" there will be the well-known Borden standards of quality and sanitation, including inspection at the source, clarification at the plant prior to pasteurization and the utmost care in handling, including proper icing to destination.

Our Policies in the Matter of SELLING PRICES AND PROFITS

The very small and unsatisfactory margin of profit realized per quart of milk handled by this Company during the year ended June 30th, 1916 (about one-quarter of a cent), is a matter of public record and comment. The Wicks Committee which investigated the milk business during the past Winter officially confirmed this fact in its report to the New York State Legislature of 1917. The results for the year just ended, June 30th, 1917, will show a much smaller margin of profit than the previous year, 1916.

This result is for the most part accounted for by higher prices paid producers since last Fall, the added cost of all raw materials and supplies, and the reduced consumption following increased selling prices, which prices were not sufficient to overcome added costs.

It is but just to the producers to say that while the prices exacted by them seemed at the time alarmingly large, price of feed, labor conditions, etc., have undoubtedly operated to considerably reduce their profits.

Under present conditions we believe that our first thought should be to pay those prices that will encourage production. Production and still more production is of paramount importance at this time. To bring this about the prices paid must be sufficient to give profit to the producer having highest costs. This necessarily means a higher price range than would obtain under normal conditions.

We fully appreciate the fact that the quality and price of milk is of vital importance to the public. We recognize also our responsibility in the handling of this daily food necessity and believe it to be our duty to make it possible to procure pure, wholesome milk at the lowest price consistent with costs, which costs must include a fair and proper recognition of labor, as well as a price to producers that yields them a fair margin over their costs, and sufficient not only to maintain present production but to encourage increased production.

Beyond this there must be included in the selling price a fair and reasonable profit to the distributors in order that the capital invested by them may be properly remunerated for the risks taken and sufficient to encourage continuance therein and in addition provide for growth and expansion of field and facilities; also continuity of the organization.

You ask—what is a fair margin of profit?

In answer we say—we believe that a 10% return on the actual cash capital invested in an industrial business is necessary to properly remunerate capital and provide for growth and contingencies.

The necessary margin per quart is largely a matter of volume. With a given capital investment, the greater the number of units sold the less will be the necessary margin of profit per quart to bring about a given return on capital invested.

In order that this Company may realize these aims, it will, with present estimated sales, be necessary to realize an average net profit of approximately five mills or 1/2 cent per quart of milk handled.

This margin of profit represents the only charge

for our service; every other mill that you pay us is in turn paid out by us for milk, labor, freight, bottles, ice, horses, wagons, feed, etc., etc., etc.

We believe there is no more reason for a fixed and unchanging selling price of milk than of any other commodity of fluctuating supply and cost. It naturally follows that when costs increase sufficiently to encroach upon a safe margin of profit, that selling prices must be advanced.

It is just as true that when costs are reduced (whether as the result of lower costs of raw materials and supplies, greater volume of sales, or economies resulting from savings and greater efficiency, or a combination of all three factors) to a point where selling prices can be reduced and still maintain this same fair and reasonable average profit, it should be done. We give you our word that it will be done.

This means that we do not intend to add to this margin of profit those savings made possible by lower costs, increased volume or added efficiency, but rather to give the consumer the benefit thereof.

This is a frank statement. We feel, however, that the conditions call for frankness and believe that the public will better appreciate our position and better understand price matters when they know the policies that guide us in the naming of selling prices and the fraction of a cent only that we retain for our services as distributors.

AUGUST 1ST PRICES

Because it is necessary in order to cover steadily increasing costs and in conformity with the policies stated above, further price advances will be necessary, effective August 1st, 1917.

The price paid for raw milk to the farmers beginning August 1st will be one cent per quart higher than we are now paying them for July milk.

Raw milk, beginning August 1st, including premiums for butter fats, will yield the farmer from 53/4c to over 6c per quart, dependent upon the amount of fat content. The difference between this cost and the average selling price realized by us on all milk sold at various prices will, except for the few mills paid us for our services, represent the cost of handling in the factory, including clarifying, pasteurizing and bottling, freight to New York, delivery expense, bottle loss, credit loss and all other expense.

We desire to call the attention of our house customers to the fact that they can be of great assistance in materially reducing the bottle loss by co-operating with our Route Salesman in the return of the bottle.

Bottle losses are a tremendous item and during the year 1916 amounted to \$500,000.

Unless bottle losses are reduced during the coming year the added cost will be much greater because of bottle prices having already advanced over 50%.

We will welcome and encourage anything in the way of suggestion and constructive criticism from our customers and would be pleased to be advised of faulty service or lapses of any nature on our part.

Now that you know our aims and intentions we ask for your co-operation, and hope for the avoidance of possible misunderstanding, both of which will materially aid us in making this business of greater value and usefulness to those whom it serves. August 1st, and until further notice, selling prices will be as follows:

HOME SERVICE

Delivered at your home, whenever you say, in properly protected packages and at a proper temperature—Borden responsibility to your door.

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| Half Pts. Condensed Milk... 12 | Qts. Fluid Milk, Grade B... 12 1/2 |
| Half Pts. Route Cream... 14 | Qts. Selected Milk Past., Grade A... 13 1/2 |
| Half Pts. Extra Heavy Cream... 20 | Qts. Certified Milk, Grade A... 18 |
| Pts. Fluid Milk, Grade B... 06 1/4 | Qts. Buttermilk... 10 |

The selling prices asked by the stores for both bottle and bulk goods are matters for their own decision. It can be readily seen, however, that if a whole cent is added to the price paid us it will still be possible for you to effect savings of from 1/2c to 3c on the quart of milk.

All matters of business and information in connection with the store service should be taken up at either of our wholesale branches listed below:

CENTRAL DAIRY BRANCH---322 EAST 103D STREET, NEW YORK CITY.
MR. JOHN D. TIETJEN, Manager. Telephone 7815 Lenox.

R. F. STEVENS BRANCH---90 THIRD AVE., BROOKLYN, NEW YORK.
MR. THEO. G. CALDWELL, Manager. Telephone 730 Main.



BORDEN'S FARM PRODUCTS COMPANY, Inc.
108 HUDSON STREET, NEW YORK CITY

