

FALLING MARKET A FIXTURE FOR 25 YEARS—MACKINTOSH

President of Advertising Clubs of the World Reviews Business Situation in Great Falls Luncheon Address.

In a talk before approximately 200 business and professional men at the regular weekly luncheon of the Great Falls Ad club Friday noon in the Palm room of Hotel Rainbow, Charles H. Mackintosh, president of the Associated Advertising Clubs of the World, emphasized the fallacy of attempting to use the same business methods in the present falling market that were used in the rising market during and preceding the world war. More courage and more thinking are required to do business today than were required five years ago, he said. And believing that commercial history repeats itself, he warned business men who wish to continue successfully that they must prepare for a falling market that is to continue for 25 years.

Five hundred men are going out of business every week, according to Mr. Mackintosh. This is the greatest rate of fatality retail trade has ever known. Assuming that advertising is 100 per cent efficient—and the speaker contended the best that advertising can do is to get a prospective customer into the store, where clerks may make a sale—55 per cent of possible sales are killed by the ignorance and inertia of clerks. Average clerks are not salespeople and it is in recognizing this fact and in training them to become real salespeople that the future of retail merchandising depends.

People Buy Service
Successful advertising, he said, could be explained in two words—simplicity and sincerity. An advertisement is only as valuable as the confidence that is created in it. He pointed out that women are not now buying dresses but style. Men do not buy overcoats but warmth and comfort, and people buy eyeglasses to decorate their faces, but to relieve strain.

Floyd W. Straton's orchestra played during the dinner and a quartet from the Musical Arts association sang two pleasing numbers. The personnel of the quartet was R. H. Willoughby, H. M. G. Brandt, F. L. Graybill and R. A. Keyes.

Mr. Mackintosh was introduced by President Scott Leavitt. Mr. Mackintosh said, in part:

Some Commercial History
"There never was a time in the commercial history of the United States when it was so urgent that we business people get together and discuss business conditions thoroughly and carefully. We have got to learn to do business today on an entirely different basis than for the last quarter of a century; and for another quarter of a century to come we will have to do business upon this new basis.

"Colonel Ayres, the government statistician who founded the statistical department for the American expeditionary forces over in France and came back to Washington and investigated price figures running back more than a century, has prepared a very interesting chart, which shows us that the extreme peak of high prices occurred which we have just passed is nothing new in the history of our country.

"We have heard people talking as if this last burden of high prices were something absolutely unparalleled in the history of this country while it has happened precisely three times the same way. Three times prices have gone up 250 per cent above the starting point. The first time after a slow and steady climb of 30 years, that peak was reached in 1812. The war of 1812 accelerated the climb of high prices so much that they toppled over and started down. Then for 25 or 30 years that downward path continued until the bottom of the valley was reached. Once more prices started slowly to climb until after a quiet period of 30 years the war of 1861-1864 accelerated the prices and toppled them over. Again they started downward and kept going down for a period of 25 years when once more they started up for 25 or 30 years and the great war accelerated them enormously and again they toppled over and started down.

History Repeats
"Commercial history repeats itself. We have started down a path which will keep on going for 25 years and those who say that we may expect a return to wartime prices or expect the bottom of the valley do not realize that within a few months are misguided optimists and speak certainly without intelligent knowledge of the facts of history as revealed to us by investigation of the commercial history of this country. Don't think for one minute that the suggestion that we may have a descending price market for the next quarter of a century and that it may be at least 50 years before prices return to 250 per cent above the valley level, means that we are going to have hard times for at least 25 years.

"Prosperity and high prices have nothing in common. If high prices meant prosperity, which would be the most prosperous country in the world today? It would cost you that I hope you won't cost any of you \$1,500,000 rubles today to buy a suit in Russia. It would cost you 2,000 rubles to send a first class letter. If high prices meant prosperity, obviously a country having prices which have reached such a high level would be the most prosperous in the world. In reality, of course, high prices have nothing to do with prosperity. The only relation is this: How much in commodities can a man get for what he earns by his labor? How much will his effort buy him?

"As prices fall the purchasing power of the dollar comes, as from the standpoint of the general public, this constant fluctuation in prices means practically nothing. While prices are going up, the value of the dollar is falling and prices are coming down the purchasing power of the dollar is going up.

Business on a Falling Market
"From the standpoint of merchandising this means a big problem. We will have to do business for the next 25 years on a falling market instead of doing business on a rising market as we have for the last quarter of a century. Very few of our present business people have had personal experience in doing business as we will be required to do for the next quarter of a century. There is all the difference in the world between bringing in selling on a rising market and a falling one.

"For example, down in Boston I encountered an incident of a case of shoes sold by one of the great manufacturing houses of Boston to 13 retailers. In turn, this was at the very time when prices were going up almost overnight. The first retailer didn't accept delivery because he was offered an advance, which enabled him to get his

profit without actually handling the shoes. The second retailer released the order, and so on until that case of shoes changed hands 13 times, every one of the retailers taking his profit before the case was broken open and distributed to the ultimate consumer. It doesn't take brains to buy on a market that jumps like that. All you have to do is to buy all you can get and pay for it, with the certainty that you will make a profit. As for selling, you can't sell—the customers grab the stuff off your counters.

"Now, what is the effect of buying and selling on a falling market? We have just had a chance to see what that means. We have to buy infinitely more carefully on a falling market. Let us say we buy a hundred cases of merchandise this month and at the end of the month we have 50 cases left in stock. In the meantime, the price has fallen \$10 a case. Meaning that we could replace the 50 cases we now have in stock for \$500 less than we paid a month ago. Thus we have suffered a loss of \$500 overbought. Buying close to your needs and estimating your needs carefully enters into the question of merchandising today.

No Buyers Strike
"We recognize today the fact that retailers must estimate their possible market more closely than ever before. We don't have to talk to persuade the retailer to underbuy; in fact probably 97 per cent of the retailers today are under-buying. They are afraid they may not be able to sell. It is not so easy to sell today because this very same thought that restrains the merchants from stocking up is restraining customers from stocking up.

"There never was a buyers' strike. 'Buyers' strike' was a clever term but what really happened was the individual himself or herself stopped to think. 'Prices are falling fast; they will probably reach the bottom in a couple of months,' and put off buying until the bottom was reached. No I say the best message you can send out to your customers is, 'If you people are going to stop buying until prices reach the bottom, you are going to stop living, because the price line will go down for 30 years. You might just as well start buying right now because while prices, including the price of labor which is so large a proportion of all costs, will keep on falling and the value of the dollar, will keep on coming up to meet them.'

"Most of the selling in America is done, of course, by retail salespeople. It isn't done by highly skilled specialty salesmen. And those salespeople look upon the proposition of creating desire and concentrating it upon certain goods as work. Human nature naturally flees from work and retail salespeople in the last four or five years have not had to sell goods. Their time couldn't deliver them or in merely delivering them. I imagine that condition has been universal. As a result we find today that we are obliged to meet an increased resistance with a very much lowered pressure.

Ohm's Law in Business
"I like to lift a simile from the electrical industry. The electrical people have a law they call Ohm's law. Ohm's law tells us that volume always equals pressure divided by resistance. Now Ohm's law of electrical intensity applies, just as thoroughly to selling, does it not? Sales volume always must equal sales pressure divided by sales resistance.

"There are just two phases of business in America, if we make the division general, namely, production and distribution. I presume most of you are more interested in distribution than in production so let us consider distribution. I like to compare the process of distribution to the creation of a vast pipe-line leading from a great tank into which the producer pours his manufactured goods.

"The first link in the pipe line of distribution is the merchandise broker. Then there is a joint of transportation carrying on to the second link, the warehouse. Another joint of transportation carries the line on to the great jobbing house, and again there is a joint of transportation which carries on to the last link in the pipe line, which is the retailer.

"Now any manufacturer who thinks that he has made a sale because he has moved his merchandise out of this tank along to one or the other links of that pipe is making a great mistake. Brokers, wholesalers, jobbers and retailers do not use merchandise; they merely handle it. Let a manufacturer move a thousand cases of his merchandise into the warehouse of a wholesaler and until the merchandise moves along the pipeline of distribution to the ultimate consumer, the only effect is to clog the pipeline at that point.

The Tap at the End of the Line
"The only sale that really counts is a sale made to the person who will use the stuff out of it or in some way render the reproduction of that merchandise necessary. The merchandise must pass clear out through the end of the pipe before the sale has really been completed. At the end of the last link in this pipe of distribution, we have a tap, and through that tap, 90 odd per cent of all merchandise sold in America must pass and the hands into the hands of the ultimate consumer. That tap is the retail sales person behind the counter.

"Experiments made recently have shown us (in the case of our experiments at least) that this tap is just 45 per cent open today; that 55 out of 100 sales made by advertising are killed by salespeople advertising seldom sells goods. Advertising does not sell goods, except in the case of the great mail order houses, perhaps, and the companies that deal directly with the customer. All that advertising may do for most of us is to bring customers into stores where salespeople may either sell them goods or kill the sales, as they did in 55 per cent of the cases of our test.

"Business—successful business—is based upon the real good-will of the customer. The United States supreme court recently defined good-will as that which brings customers back to a dealer with the same people and their friends. Years ago Elbert Hubbard used to say 'We must do business with our friends because our enemies won't deal with us.' In the same way we must do

business with people whose good will we retain, because if we get ill will they don't have to, and won't buy from us.

Prophets and Profits
"Emerson said: 'The only way to have a friend is to be one.' You can drop back further than that if you wish. To find the motto of successful selling today: 'Whatever you would that men should do to you, do even so unto them; for this is the law and the prophets' and Arthur Freeman of New York suggests that we may spell that last word 'profits.'

"It is a fact that the good will of our customers, which the success of our business depends; no less than the reclaiming of 55 per cent of sales which might be and are not made as the result of our advertising, rests in the hands of retail salespeople. What are we going to do about it? What are we going to do to realize that 55 per cent of lost sales? The answer must be found in education.

"Realizing that the average retailer is not in a position to answer that problem for himself, we have decided to put on a co-operative campaign for the training of retail salespeople. We have prepared a short, simple, comprehensive retail course in selling, so cheap I wouldn't dare to mention the price to you, because you might value the course by its price. It is a practical course. It has been tested out in many cases and found to add approximately 25 per cent to the volume of sales of the salespeople who took and applied the course. Anything of this kind has got to be simple.

What Readers Get in Aid Counts
"The United States Bureau of education once stated that about 1st per cent of all the people in the United States never got beyond the fourth grade of grammar school. Think of that, you who write advertising, or who go out and sell, when you build sales talks. It isn't what you put into a sales talk or into your advertising copy that gets results; it's what the customer takes out of it. And what the customer gets out of your copy doesn't depend upon your diction but on his, so if you put anything into the copy or sales talk that is above the intelligence of the fourth grade of grammar school, you are aiming your weapons at only six per cent of your prospects.

"If you, the retail merchants of America, are interested in training clerks to become salespeople, I assure you from the experience of hundreds of other retailers, that this short course which the Associated Advertising Clubs of the World have brought together and placed at their disposal, and which advertising clubs exist for the practical purpose of studying and applying to that condition better business methods."

Coats! Capes! Wraps! Galore!



At Remodeling Prices More New Models Added



—Prices like these reaffirm the truth of the statement, "When The Paris has a sale, it is a sale." They will bring shoppers thronging to the doors today. A Coat or a Cape of the higher priced grade—of the exact quality and individuality which one has ardently desired—may now be bought, with a very tidy sum left over for perhaps equally longed-for accessories. It is one of the most far-reaching Sales in Ready-to-Wear in several months.

\$14.50 \$24.50 \$34.50 \$44.50

—A net saving of 15.00 to 35.00 dollars on the smartest styles that have been offered this season, garments that would satisfy the most critical and please the most economical shoppers in all this broad land. Now on sale at remodeling prices.

Compelling Prices on Suits and Dresses

Hundreds of garments that are the latest whisper from fashion are tuned down to a small percentage of what they were at first intended to sell for.

SUITS and DRESSES \$15 SUITS and DRESSES \$25 SUITS and DRESSES \$35

Values \$30.00 to \$69.50 and Even More

This Sale Comprises the Big Majority of Our Finest Ready-to-Wear Stock

COURT ORDERS CONFISCATION OF STILL, MASH

Prosecution Overlooked, but Seized Property is Disposed of.

Confiscation of liquor, mash and a still with two sets of coils, which were seized on the premises of Jack Kaufman, 810 Third avenue south, January 25, was ordered Friday by Judge H. H. Ewing following a hearing that required no more time than necessary for the court to sign the order. The order was carried out by Sheriff Bob Gordon.

No Prosecution
Kaufman was arrested following the seizure of the still by the sheriff's force and charged with manufacturing liquor, but he was never prosecuted. District court records and justice court records do not disclose that he was being fined against. The case having been passed over by the county attorney's office.

Largest Still Yet

A search and seizure action directed against Lorenzo Musolino and Nick Marino, who are now serving time in the county jail for manufacturing liquor, was filed Friday in district court by the county attorney. The two men, who were Belt miners, operated the largest still ever seized by Sheriff Gordon during his brief moonshining career. They used 2,900 pounds of sugar.

NO JURY TERM UNTIL FALL

Special to The Tribune.
Newtown, May 26.—Judge Rudolf von Tobel does not expect that there will be any jury term of court here until fall, and in all probability there will be none at Stanford either until the same time. It was intended to call a judge to preside during a jury term at Stanford but it has been found impossible to obtain a judge from the outside at this time.

KNIGHTS TEMPLAR—ATTENTION

All members of Black Eagle Commandery No. 8, K. T., and sojourning Sir Knights will assemble at Masonic temple, Sunday, May 28th, at 7 p. m., to attend Ascension services at the Presbyterian church. By order of J. M. FAUNCE, E. C.

"MILLIONS NOW LIVING WILL NEVER DIE"

Subject of free lecture by B. M. Rice, 3 p. m., Sunday, May 28, at the Edison shop, 506 Central.

FOR REAL MAST PIERSE'S ORCHESTRA

Phone Art Dowse, 9401.

EYES EXAMINED

Glasses fitted \$3.50 up. Expert optometrist, at the Crown Jewelry Co., 225 Central avenue.

ROUNDUP AND CARBON COAL

Weideman Coal & Feed, Phone 4619. Truck hauling, ashes, coal, sand and gravel. Phone 9767.

DR. R. L. IGEL

423 Ford Bldg. Office hours 10 to 12 a. m., 2 to 4 p. m., 7 to 9 p. m.

CITY TAXI, PHONE 6444

From one to 15 blocks, 25c. Day and night service. 208½ Central.

REGULAR BELT STAGE

Leaves Johnson Hotel, 11 a. m., and 10:30 p. m. Cadillac car. Phone 5981.



Short Lengths of Linoleum

—For small rooms or kitchen at decisive savings.

—\$2.45 inlaid linoleum in a heavy quality. Special, yard..... **\$1.85**

—\$1.95 inlaid linoleum of a medium heavy quality. Special, yard..... **\$1.35**

—\$1.25 best printed linoleum. Armstrong's. Special, yard..... **85c**

Boys' One-Piece Wash Suits..... 59c

The Regular 75c Value
—A special grouping of these good suits that are made in chambray, plain and striped patterns, in colors. Ages 3 to 6 years.

Tom Sawyer Wash Suits... \$3.50

The Regular \$3.95 Values
—No need to elaborate on these high grade suits, because every mother knows of the excellent quality. Plain blues, tan and stripes.

Little Girls' Gingham Frocks, 2.75

—One big rack of pretty gingham dresses in assorted colors and designs. Cool and uniquely designed. Ages 8, 10, 12 and 14 years. Special, \$2.75.

Women's Silk Jersey Bloomers, 2.95

New Shipment Just In
—Something for the ideal graduation or bride's gift. —They come in all high colors, having the garter bands.

16-Button Long Silk Gloves... \$1.50

—The most popular length and the summer weather presents a new urge for glove worn this season. —The prevailing sleeve mode calls for long gloves of cool silk.



Women's Silk Stockings at \$1.95 Pair

The Leading Sport Styles
—With seamed back, lisle tops, high spliced heels and toes. Two-tone mixture of black and grey, brown and navy, camel, and nude.

At \$1.00 Pair

—Women's silk and fiber stockings. Medium weight. Extra good wearing quality. Come in black, grey, African and white.

At 50c Pair

—Children's stockings. Mercerized lisle, plain lisle and medium weight cotton. In black, white and cordovan. Extra special, 50c.

Sale! Sport Oxfords In the Season's Newest Models

—These oxfords are smart looking and of the same high quality that always distinguishes The Paris footwear.
—Trained shoe fitters will give you correct shoe comfort for athletic and sports wear.

Pearl Elk Oxfords At Remodeling Prices \$8.50

—Pearl elk oxfords with brown apron over instep, plain toe, flexible soles and low rubber heels. Very dressy and comfortable. A typical golf oxford.

Smoked Elk Oxfords At Remodeling Prices \$5.50

—With black tip and counter, flexible leather soles and low leather walking heels. Suitable for street or sport wear.

Black Apron Oxfords At Remodeling Prices \$5.25

—Smoked elk oxfords, with black apron over instep; plain toe; non-slip carrychrome leather soles; white rubber spring heels. Ideal for tennis or golf and cooler than canvas footwear.



Now for the Real Hat Sale

—At sensational savings. One of a kind and original styles, including transparent shapes. Garden hats, street hats and dressy models. Values up to \$15.00. Special at..... **7.50**

Smart Hats

—One of a kind, in original creations in sports models and styles for dress and street wear. Values up to \$10.00. Special at, each..... **2.95**