(5) consumer. This traditional chain of distribution is not unknown to-day. In some of the textile trades, for instance, these links in the chain are still found. This condition, however, is not typical of modern marketing. Many circumstances have operated to obviate the former necessity for a long string of middlemen. Advertising has brought the manufacturer and consumer close together; increased demand from consumers for fresh styles has necessitated the shortening of the chain. Quickened methods of transportation have made unnecessary the long graduated series of warehousemen formerly needed to give the consumer the goods when he wanted them. There is no typical chain of modern distribution. Almost every industry has its own system of middlemen, and often the different units in the same industry vary widely in their methods of reaching the market. For example, shoes are sold in large quantities through chains of stores owned by the manufacturer; other shoe-manufacturers sell direct to retailers; while still others utilize the traditional wholesaler-retailer method. Despite the many methods used to carry manufactured goods to consumers, it is possible to generalize regarding channels of trade so far as certain great staple lines are concerned. Most chemists' lines, groceries, dry goods, and hardware are sold through the wholesaler. Hence, if we are to recognize any normal current in modern trade, it must be that which flows from the manufacturer to many wholesalers, from each wholesaler to many retailers, and from each retailer to many customers. It is true that thousands of manufacturers do not use this method of selling. Nevertheless, the manufacturer-wholesaler-retailer-consumer system is still strongly entrenched; and it is in the shifting relations among the four members of this chain of distribution that most of the complicated problems of modern marketing have their origin.

"A generation ago manufacturing was the hardest problem in business; to-day selling has taken its place. Science and standardization have gone so far that almost any manufacturing riddle can be unravelled when brains and money are concentrated upon it. This is because there are two factors in manufacturing—the machine factor and the human factor. The former, at least, can be absolutely controlled. In marketing there is no machine factor; there is only the human element, and no one has yet devised a sure plan to harness human nature and make it act in definitely predetermined ways. It is said that 95 per cent. of all business problems are selling problems. Whether this is so or not, no one will deny the number and difficulty of selling problems, and their most complicated phase is the relation of trade factors arising out of the characteristic indirect exchange of modern industry.

"The outstanding figure in merchandising is the middleman. When the present distributing system is criticized it is the middleman with whom fault is usually found. Some of this fault-finding is justified. The word 'middlemen' is often incorrectly applied to the wholesaler. Actually a middleman is any one who stands between the prime producer and the consumer, and who exacts a profit for the risk he runs in addition to payment for the cost of his services.

"The burden of the selling of goods, formerly borne all but exclusively by the wholesaler and retailer, is now being assumed in large part by the manufacturer. Many manufacturers are now selling direct to the larger unit retailers, to groups of small retailers, to co-operative societies, and, of course, to department and chain stores, and are quoting them prices as low as those quoted to the wholesale houses.

"All these changes are but a part of the modern revolution in merchandising methods. The whole distributive system is in a state of flux, and the wholesale trade has been unable to adjust itself to the rapidly-changing conditions. It performs less service, but its operating-costs have not been correspondingly reduced; consequently it requires for its present limited services as much compensation as formerly, when it performed more or less complete services for all manufacturers and all retailers.

"The co-operative movement has but one purpose, to reduce prices by eliminating all the profit and part of the expenses of the middleman. Carried to a logical conclusion, its ultimate effect would be to eliminate the independent middleman entirely. Although the movement has developed very slowly in the United States of America, it has made tremendous strides in other countries. Its inherent elements of strength suggest the possibility of development that is of vital importance both to distributors and to manufacturers.

"The modern co-operative store idea probably started in Rochdale, England, in 1844. Twenty weavers banded together to run their own grocery store. The beginnings were small but successful. From this tiny start has grown the modern co-operative movement throughout the world. In the United Kingdom one of every four families to-day is said to get most or all of its food-supplies from co-operative stores. The co-operative societies of Great Britain now represent a membership of nearly five millions, and an annual turnover of about £200,000,000.