

The retail co-operatives have banded together into wholesale societies that exercise far-reaching industrial power. Some of them own tea and coffee plantations, operate their own factories and control steamship lines.

“On the Continent the co-operative idea has developed astonishing strength. Its chief stronghold is in Denmark, where the co-operatives control half of the total business in foodstuffs. In Germany, one out of every five families is associated in some co-operative buying plan; in France the ratio is one to ten. In Russia, before the experiment in communism, its co-operatives were very strong. All over Europe the idea is taking firm hold of the people. It is a movement that can not be ignored.

“The development of the chain-store method has had pronounced influence on all factors in merchandising. The independent retailer has found in the chain store a competitor of great strength and remarkable vitality. The wholesaler sees in the chain store an organization that deprives him of much of his best business and that assumes for itself wholesaling functions and wholesaling profits. The manufacturer has discovered that traditional methods of selling are of little avail if he seeks an outlet through chain stores, and he finds in the chain's ability to develop and control its own sources of supply a limitation to the market for his own goods. The consumer, by re-acting favourably to the chain-store appeal, has indicated his belief that the movement satisfies a social need and that it is a legitimate factor in competitive merchandising.

“Not all chain stores use the low-price appeal for trade. Some of them charge market prices but give merchandise coupons that represent the equivalent of a fixed cash discount. Most of the chains try always to be under the market, at least on the leading item in their line, and it is probable that the price appeal, more than any other one thing, has been chiefly responsible for the great spread of the chain principle of merchandising. The lower prices of the chain stores have made it difficult for the smaller retailers to hold their own, and the loss of business to the wholesalers through direct buying from the manufacturers has been a severe one.

“The chain store has entered into competition not only with the retailer in the larger cities, but also with the wholesaler and the manufacturer, and tends to cover ultimately the entire field from manufacturer to consumer. Part of its economy results from the replacing of the wholesale warehouse with the chain's warehouse. There is a tendency, also, for the chain to develop its own brand and to manufacture on its own account. The chain store has been held as the worst offender in the chemistry trade in the matter of price-cutting. Seeking to build up its own goodwill rather than that of the manufacturer, it has specialized on the cutting of well-known advertised articles and also in the substitution of privately branded articles of a similar nature.

“The chain store at times may be able to undersell the independent, but it cannot ‘over-serve’ him. This is the independent's opportunity. Chain stores will undoubtedly continue to grow in size and influence, but only the extreme chain-store enthusiast foresees a time when there will cease to be abundant opportunity for the well-mangaged independent retail establishment.

“Another modern development of retail distribution in Canada and the United States particularly is the grocerterias. These shops cater for strictly cash custom in grocery and proprietary lines. The goods of these shops are ready packed, plainly marked in price, and arranged in order of popular demand. All that a customer has to do is to select from tables the goods required, and when the selection is made a cash register-clerk checks and counts the selection and receives the money in payment. The only assistants in sight are those who attend to goods requiring cutting and weighing, the others being employed in the rear of the shop in packing and preparing goods to replace those purchased.”

THE CASE FOR THE P.A.T.A.

12. It was claimed by counsel for the P.A.T.A. that the necessity for the existence of such an association is due to the unfair practice of certain traders in cutting prices of proprietary articles just above or down to cost, or even below cost, and thus injuring the trade of the manufacturers, wholesalers, and retailers, who respectively either make the goods or hold stocks which they wish to sell at a reasonable profit. Counsel also pointed out that manufacturers who may have spent very large sums of money in advertising their goods and forcing them upon public notice found that the wholesale and retail distributors refused to take further stocks or to push sales. On the other hand, retailers stated in evidence that if they attempted to sell at a reasonable profit while cut prices were adopted elsewhere they