

analysis of the marketing problems of resale goods as they have heard. We believe that it will awaken a similar interest in all our readers. Marketing is at present considered the problem of problems, and the Taylor Society always considers it a privilege to be the medium for presentation of Mr. Freeland's papers on that subject. The complementary address by Mr. Ralph H. Dick on the marketing problems of the manufacturer of equipment, and the discussion of the general subject covered by the two papers, will appear in the next issue.

THE paper by Dr. Person, also printed in this issue, was part of an experiment in procedure. The conventional procedure is to arrange for a paper which presents a three-quarter-hour treatment of a subject which is followed by two or three ten-minute prepared discussions and then five-minute extemporaneous discussions from the floor. In this instance, however, in place of a lengthy paper there was the fifteen-minute presentation of propositions which was followed by half a dozen prepared discussions. The discussions were the principal feature of the program and the session was essentially a symposium. This procedure was so successful that it will be repeated at subsequent meetings.

BECAUSE of the boldly speculative and news-value nature of the propositions presented, and of the high quality of the discussion, this session received considerable attention in the press. The most noteworthy comment which has yet come to our attention is that of the *New Republic*, which we take the liberty of quoting: "Aside from the presidential address of the Taylor Society by Mr. Morris L. Cooke, which we comment upon in a longer editorial, another subject of particular interest to labor was a suggestion by the Secretary of the Society, Dr. H. S. Person, to the effect that as improved technological processes continue to increase the productivity of industry, the resulting surplus be utilized not for continually shortening the weekly or daily hours of work, but for building up funds for retirement pensions. His paper constituted, not a defense of the proposal, but merely a careful formulation of it, thrown out for the discussion of others. This discussion developed a pretty general consensus of opinion on certain points. One was that while engineers or employers

might scientifically determine what hour schedules led to maximum production without injury to the health of the worker, they could not determine those intangible and human values involved, such as the uses of leisure and the distaste for routine or repetitive operations. Therefore the workers' consent would have to be obtained for any such program. Another point of agreement was that the pension funds, in order to be fair and effective, ought to be administered not by individual employers but either by labor organizations or the state or some joint agency.

"As the discussion of Dr. Person's suggestion continued, it became clear that it had raised a whole series of profound industrial and social issues. It raised the question of why the employe's work in an industrial civilization seems so unattractive to him that he should want an indefinitely increasing amount of leisure. It raised the question of his use of that leisure, and the lack of preparation for its wise use that his working hours and the surrounding commercial civilization seemed to furnish him. It raised the question of the ultimate marketability of an ever increasing output of mass-production processes. It raised the question of 'technological unemployment,' and of the increasing tendency to lay off men who have scarcely achieved middle life, because of their lack of adaptability to new processes. The final emphasis of those who discussed these questions came to be placed on the implications of a phrase used by Dr. Person himself: 'that each generation as a group should organize the distribution of the social income.' This lengthens the view of income distribution from that of a year to that of a generation, it implies that the distribution should result from group action rather than from the decision of individual employers or workers, it assumes that a wise distribution of income does not happen, but must be organized. In other words, the task before us is for representatives of employers, workers, technicians and the state to consider how the social income may best be administered so as to care for the interlocking interests of production, present purchasing power, leisure, unemployment hazards, retirement, and all the other eventualities of economic life throughout a generation. The mere statement of the problem indicates the broad realms into which the thought of scientific management is venturing."

Marketing Problems of 1929¹

I. The Marketing Problems of a Manufacturer of Resale Goods²

By WILLARD E. FREELAND³
Freeland and Warner, Boston, Mass.

THERE is almost no limit to the number of problems which present themselves to a manufacturer of goods for resale, particularly of branded merchandise. I shall attempt to discuss certain of these problems under these general classes: the industry; company policies; organization and method; field activities; relations with outlets; and the maker of style products.

The older form of industry organization has begun to change into a new form which commonly bears the name of "institute." With new motives and ideals and with real co-operation from the agencies of the national government, several industries are now working intelligently to solve their problems. The Cotton Textile Institute is a good example of this newer type of industry co-operation. In some instances groups within an industry have formed research bureaus to get the facts of their problems before them and to use these facts in the solution of the problems and the setting up of policies of the individual establishments forming the bureaus—not for the purpose of lessening competition, but to secure enlightened competition. Such groups have been formed by the knit goods manufacturers and the shoe manufacturers of New England.

The purposes of the groups are many but some of the more important are to find ways to meet the "new competition"—inter-industry competition—which is the competition for the consumer's free dollar, to do better merchandising and marketing, to correct industry and trade abuses, and to stimulate better management. The problem of many a manager today is to find how he can generate such activities within his industry. His problem is to convince his fellow managers in the industry that

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²Mr. Dick's paper, presented at the same session, and the discussion of the two, will appear in the February issue.

it pays to raise the standard of management and to make the industry articulate.

Speaking of the new competition, many a manager is wondering whether co-operative advertising is one approach to the solution of problems that arise from competition without the industry. It is a problem without a positive answer. Some industries are decadent on account of invention and technical advances of others. Advertising will not save them. Co-operative advertising may serve to stimulate better products and services, as it has in the copper and brass association, and give new life to an industry. Backed by better products and merchandising it may flourish, as the fruit associations testify. Or it may be attempted in an industry where the little fellows, afraid of the big ones, forbid individual members to advertise, and therefore go the way of the greeting card association. Surely study of all conditions must precede any group advertising if it is to be profitable.

One of the things managers must consider today is the possible advantages or need of merging with other companies to form a stronger unit and to gain certain economies. It often seems that one way to offset the rising costs of marketing is to consolidate sales forces. But sometimes the economies do not appear as expected. Yet one strong business may spring from the merging of several ailing ones. Surely the merger is not the cure-all of industrial sickness. It can be safely said that management, rather than mere size, is the source of success. A Mercedes or a Chrysler or a Crosley does not need a merger to win business battles.

Let us turn to the many varieties of policy problems in this field of marketing. One of the mistakes that we frequently see is attempted national distribution when sectional distribution would probably be far more profitable. With industry scattering itself throughout the land, the swing is