

which were imported into this country. It was suggested that the British industry would be well advised to send representatives to inquire carefully into the situation with the object of gaining a closer knowledge of these markets and the methods likely to achieve results more satisfactory to British industry. The result was the appointment of the three delegates above named.

Whilst the time spent in the Dominion—5th to 24th June—was short, the members visited Auckland, Napier, Wellington, Christchurch, Timaru, and Dunedin, and left from Auckland to revisit Australia. Most of the travelling in New Zealand was done in low-powered British cars. This Department co-operated with the representatives of the British motor trade in New Zealand in arranging the itinerary, which was designed to enable the delegation to see as much as possible of the road conditions of the Dominion and to meet as many as possible of the interests likely to be of assistance.

Undoubtedly the visit of the delegation was appreciated. Opportunity was taken by the chairman of the delegation, Sir Archibald Boyd-Carpenter, to explain the post-war difficulties of the English manufacturer, and the problems, financial and industrial, which Great Britain had had to face since the Armistice. Those interested in the trade had every facility for giving evidence to the delegates as to the type of car required, and several Government Departments which are large users of cars of all types gave information, based on experience gained over a series of years, of the costs of running and repairs. The delegates noted with satisfaction that, so far as commercial vehicles were concerned, the British product, in all but the lighter classes, stood pre-eminent in the Dominion, and that the motor-cycle trade was also mainly done with British houses.

One result of the visit of the delegation has been the inauguration of a special advertising campaign in support of British vehicles. The visit of the delegation, combined with its advertising, the reduction in retail selling-prices of many of the British cars, and the closer contact of United Kingdom manufacturers with this market should tend towards increasing the share of the business to be done by British makers.

DISTRIBUTION COSTS.

There is no lack of evidence that in New Zealand, as in other countries, there is in many trades a very decided tendency towards a change in the methods and channels of distribution. This is more particularly to be noted in the distribution of foodstuffs, soft goods, and hardware.

For some years past costs of distribution and overhead expenses have been steadily increasing, and the general fall in prices which has taken place since 1920 has not been accompanied by an equivalent or relative reduction in the costs of doing business.

As price competition has become more keen, gross-profit margins have been cut to such an extent that overhead costs now absorb percentages so high as to leave very small net-profit figures. Both wholesaler and retailer have suffered alike from the difficulty of reducing costs in line with falling values.

Price competition has become price "cutting" in an endeavour to hold trade, and price-cutting has created a demand for price "maintenance" or the fixation by manufacturers of the resale prices of their goods. Some retailers have sought their salvation in chain stores, while wholesalers tend to look towards combination—both among themselves and with manufacturers—to hold their position in distribution.

So far as the retailer is concerned, it is evident that the excessive numbers engaged in many lines keep costs at high figures relatively to turnover. It does not follow that the largest establishments have the lowest overheads, but it has been proved that the economic retail unit is one doing a turnover much larger than the great majority of those selling to the public.

The position of the wholesaler is even more difficult than that of his buyer, the retailer. The pressing necessity of buying in the cheapest market has increased the opportunities of the indent agent, and many of the larger retailers purchase considerable proportions of their overseas goods on this basis. Similar competitive forces have tended to increase dealings direct between manufacturer and retailer, and much business now goes past the wholesale houses. While some manufacturers continue to use the services of wholesalers for the distribution of much of their output, the system under which manufacturers grant quantity discounts and accept direct business from large retail houses is increasingly in evidence. Some manufacturers have entirely abandoned the wholesaler as a distributive channel, and now employ their own sales staff in calling upon retailers throughout the Dominion. In other instances commission houses undertake the work of selling direct in specified territories on behalf of manufacturers. These factors force the wholesaler to realize that his position is by no means secure.

As chain stores and department stores become an increasing feature in the retail field, so we may expect to find the wholesaler looking towards combination as the means of reducing costs. There is undeniably still a distributive need for the wholesaler; distribution to retail by the manufacturers is in many instances entirely uneconomic, and the "pooling" of distribution through wholesale houses is the only possible outlet for many lines.