

# THE KENTUCKY PRESS

— Of, By, And For Kentucky Newspapers —

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## Codes Being Reinstated Under Trade Commission

Codes are being revived and reinstated under the Federal Trade Commission according to information recently released by the Commission.

That code of fair trade practices which will be in vogue again has been quite obvious to those who were close to the code situation throughout the last days of the NRA and the days following.

At present there are more than one hundred seventy industries which now have entered into negotiations with the Federal Trade Commission looking to the writing of trade agreements or the holding of trade practice conferences since the announcement July first that the negotiation of trade agreements would be transferred from the NRA to the Federal Trade Commission.

### Hours, Wages and Prices

In all applications for trade practice agreements the wage and hour provisions which prevailed under the NRA will be included. The government, in all probability, will demand that these provisions be insisted upon by the Commission.

The tobacco industry has agreed upon its code and has presented the requests to the Commission. It is probable the requests will be granted. There are one or two significant points in this agreement, one of which is price lists. Whether or not this is a forerunner of the price control as was attempted with the Price Determination Schedule of the Graphic Arts Code is yet to be seen. Also it would appear that if the agreement is granted by the Commission it will establish the fact that the tobacco industry is interstate and since it is directly parallel to the publishing and printing industry it undoubtedly would settle the matter for us as to whether or not our industry was interstate or intrastate. This latter point is important and will have a great bearing on the future control of our publishing and printing business.

In a recent survey among the Colorado publishers and printers the Colorado Press Association discovered that the first thirty-two answers which came to the office, fifteen wanted a return to the Graphic Arts Code and seventeen did not want it. In other states where surveys have been made the trend was even more definitely in

favor of reinstating the code.

### Trade Commission Has Power

There is just as great a need today for protection against unfair trade practices as there was before and during the life of the code. In discussing the code with publishers it is expressed in almost all cases that the publishers would like to have a code if the code provisions would and could be enforced and if it would protect both large and small plants on an equal basis. The Federal Trade Commission has the power to enforce its regulations whereas the NRA did not have that power.

Whether or not we are in sympathy with codes or fair trade practice agreements we are faced with the obvious necessity of keeping our own industry as well organized as are other industries. It would seem good business for the publishers and printers to meet other industries on the same plane, but, of course, none are asking for the return of an unworkable code.

If we are to have another code set-up, unfair trade practices should be included, as well as some form of price control which will prevent a man from indulging in the unprofitable and uneconomic method of selling his product for less than it costs. Society as a whole eventually pays for the cases where men lose jobs and proprietors lose their businesses as a result of selling at a loss.

The following ten articles setting forth what should be established as unfair trade practices have been taken from the Graphic Arts Code but have been revised. These should be included in any fair trade practice agreement made for the Graphic Arts:

1. **Inaccurate representation.**—No establishment shall use advertising or other representation which is inaccurate in any material particular as to its product, production facilities, merchandise, services or terms, or in any way misrepresent the origin, preparation, process, quality, kind weight, substance, grade, brand, or quantity of its product or printed matter or the circulation or distribution thereof.

2. **Inaccurate references to a competitor.**—No establishment shall, in its own advertising or other representation, refer inaccurately in any material particular to any competitor or his

product, production facilities, merchandise, values, services, or terms.

3. **Discrimination.**—No establishment shall secretly or otherwise give or offer to give any rebate, allowance, premium, "free goods," refund, commission, term of credit, unearned discount, special service or other valuable consideration which is discriminating as between customers of the same class or which will result in selling below cost.

4. **Appropriation of design.**—No establishment shall usurp or make use of any design, plan, drawing, sketch, dummy, or copy which has been submitted to a prospective customer by a competing establishment and is rightfully and plainly marked as having been originated or devised by and being the property of such competing establishment by such prospective customer.

5. **Interference with contracts.**—No establishment shall induce or attempt to induce the breach of an existing contract between an establishment and its employee or customer or source of supply; nor shall any establishment interfere with or obstruct the performance of such contractual duties or services.

6. **Commercial bribery.**—No establishment of this Industry shall give, permit to be given or directly offer to give, anything of value for the purpose of influencing or rewarding the action of any employee, agent or representative of another in relation to the business of the employer of such employee, the principal of such agent or the represented party, without the knowledge of such employer, principal or party. Commercial bribery provisions shall not be constructed to prohibit free and general distribution of articles commonly used for advertising except so far as such articles are actually used for commercial bribery as hereinabove defined.

7. **Threats of law suits.**—No establishment shall publish or circulate unjustified or unwarranted threats of legal proceedings which tend to have the effect of harassing or intimidating competitors or their customers.

8. **Submitting bids.**—No establishment shall make a fictitious bid for the purpose of misleading or deceiving

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## Kentucky Press

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### Minnesota Editor Advises Percentage Advertising

By HAROLD S. CURTIS, Editor  
Plaindealer, St. James, Minnesota

The percentage system of collecting advertising revenue from merchants by newspapers is one of the greatest business builders which has yet come to attention of country newspaper editors.

Through it the country merchant is made advertising conscious. He realizes that the newspaper is intent on serving him and interested in the results he obtains from his advertising. It is no longer a question of selling space to such a merchant, but it is selling advertising that produces results.

The Watonwan County Plaindealer has used the percentage system three years, and every year finds it more satisfactory. The start was made in the spring of 1933, the first account starting the month that President Roosevelt declared a banking holiday, which brought business to a standstill. The rate for a clothing store the first month was three cents an inch. An

eight page paper had to be printed, and a half page ad at three cents an inch was an improvement over a paper with no advertising. The highest rate per inch collected in this period was 95 cents from a hardware store.

Through percentage, the Plaindealer has built business. The volume of local advertising has increased greatly. From a start of one store the interest has grown until six stores now work on this plan.

Percentage advertising is a confidence proposition. The newspaper must have accurate information as to the actual volume of business done by the store for the preceding year before such a campaign can be started. The newspaper should use its low sliding scale rate. This is divided by the volume done by the store to give the total number of inches to plan on for the year. To this 10 per cent is added as an inducement. This is then allocated to the different months to suit the needs of the store.

The newspaper takes its pay at the end of each month. During certain months the rate may be low, but during the busy season a higher rate will prevail, so the pre-determined average will be maintained for the year. If the business of the merchant has been increased more than 10 per cent, a higher rate will be received by the newspaper.

Does this pay? Let me cite several instances. Our principal department store decided to spend 1 per cent of its volume. This would buy nearly a page of advertising a week. In 1932 this store had spent \$816.09 with us. After the percentage system started the total went up to \$1,197.74 the next year, and last year it was \$1,636.58. The business of the store increased 10 per cent the first year, 25 per cent the second and will be up 50 per cent the third year.

A clothing merchant had spent \$23.13 with us in 1932. We got him onto a percentage system and he spent \$333.71 the second year and \$485.93 the third year. His business was 100 per cent greater the third year than the first.

Another clothing merchant spent \$303.55 with us in 1932. His percentage system brought us \$633.91 the second year and \$790.30 the third year. He has signed for another year.

A hardware store allocated three-fourths of one percent. The store did a gross of less than \$50,000. The second year this volume increased 20 per cent, and this year the gross of the store will be 100 per cent higher than when the campaign started. In this case the inch rate has been left the same and the number of inches has been increased as the advertising money purchased the increased amount of space.

A new firm purchased the general

business of an old established firm. The new people wanted to build business, so they put two per cent into the advertising budget. The first month the business increased 50 per cent. A 300 per cent increase is expected for the first year.

When a merchant knows the size ad he will have for a month, or up to six months in advance, he can buy merchandise with a view to advertising the product. He can plan his business to take care of the seasonal fluctuations, and he can allocate his space to suit his needs. He can have plenty of space to take care of sales and make it up during the dull seasons. He becomes advertising minded.

The greatest value in the percentage system, however, lies in the spirit of confidence and co-operation which is built between merchant and newspaper. Each realizes that the success of the other is dependent on getting results from advertising. Both work to make the advertising produce.

Merchants no longer put off their advertising preparation until the last minute. It is easy to get advertising on Thursday and Friday for the next week's paper. The work of the shop is spread out so there are no dull week-ends with nothing to do for the compositors and linotype operators.

If a newspaper editor is careful to keep his rate up and not give too many inches, percentage advertising is a most satisfactory innovation for newspaper editors.

A paper with a large volume of advertising is an asset to a community. People become advertising conscious. They become careful readers of advertising and go where they are invited. As merchants become more advertising conscious they demand more advertising from jobbers and distributors and carry their request for co-operation direct to manufacturers. This, in turn, builds the volume of national advertising carried by the newspaper.

St. James has seen the greatest increase in its volume of business of any town in southern Minnesota, traveling men tell us. We have the figures, so we know how much the business of our percentage accounts have increased. This city is constantly drawing in business from further out. There has never been a time that advertising has produced the results that it does today in this community.

To take care of the need of more than the paid circulation of a country weekly, the Plaindealer prints a free circulation Advertiser with a total of 3,000 copies. This goes to those not taking the regular Plaindealer in St. James city and routes, and then blanket the box holders of outlying communities. A total of 800 circulation for a town of 3,000 is comparable

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to a daily circulation of 5,000 for a town of 6,000 or of 13,000 for a city of 15,000. We charge our merchants 10c an inch extra for carrying ads from preceding or current issues in the Advertiser. It is printed every other week. After two years this paper has grown in size until today it runs from six to eight pages, which run about 90 per cent advertising. Holes are filled with feature material, but little news from the regular paper. The size of our regular weekly edition now runs from 12 to 14 pages of seven column 12 ems. The Plaindealer increased its gross business 38 per cent during 1934 over 1933, by sheer hard work and giving a superior service to its merchants, which brought them results.

**EDITOR'S NOTE:**

For the benefit of those who have had no experience with percentage advertising, the following brief description is given:

A percentage (such as 1, 2 or 3 per cent) of the gross business of a merchant the previous year is divided by the inch rate of the newspaper. This total amount of space is "given" to the merchant for the coming year, the publishers to receive in return this same percentage on the future business of that store. For example: Gross business, \$50,000; 2 per cent, \$1,000; total inches at 25c per inch, 4,000 inches. The merchant uses these 4,000 inches automatically, though the space may vary for different seasons. At the end of each month, the publisher receives 2 per cent of the gross business done by the store during that month. If the gross business the first month was \$5,000, the publisher would receive \$100 for his 333 inches of space. If the gross business was \$3,000, the publisher would receive \$60.00.

**Codes Being Reinstated Under Trade Commission**

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a customer or competitor, or attempt thereby to cause any bid already submitted on a specific proposal to be rejected for the purpose of securing an

advantage over other bidders in a subsequent proposal.

**9. Official Notices of Publication.**—In each state where a rate is established by law for the giving of official notice by newspaper publication, the price to be charged for all notices required to be published by state or Federal laws shall not be less than such statutory rate. Failure to comply with this provision shall constitute a violation of fair trade practices.

**10. Inaccurate records.**—No establishment shall keep records of facts which are inaccurate in any material particular or use misleading or deceptive methods of determining costs in general or of a specific job, or withhold from or insert in any quotation or invoice any statement which makes it inaccurate in any material particular.

Walter Robinson of Stanford has bought the controlling interest in the Paintsville Herald, from the heirs of the late Charles Kirk, and assumed charge of its activities on November 14. Mr. Robinson has had successful experience with several newspapers, including the Danville Daily Messenger. He is young, capable and aggressive, and should be a credit to Kentucky and its newspapers.

At a meeting of the stockholders of the Paintsville Herald the following were elected: President, Mrs. Charles A. Kirk; vice president, Whitley Kemper; secretary and treasurer, W. W. Robinson. The active management of the Herald has been passed over to Mr. Robinson. The family of the late Charles A. Kirk continues to retain the interest in the Herald.

With their edition of November 1, the Pioneer-News, published by J. W. Barrall at Shepherdsville, printed number 1, volume 51.

Lowell Lusby, son of J. W. Lusby, publisher of the Kentucky Journal at Grayson, sponsors a full, front-page column under the head of "Current Events."

Publication of the Big Sandy News, Louisa, will henceforth be made under the firm name of the Big Sandy

Publishing company, Inc., a firm recently organized and incorporated under the laws of Kentucky. The following men have been elected as officials of the company: M. S. Rice, president; S. C. Babey, vice president; Jay B. Moore, secretary-treasurer, and Earl K. Kinner, as editor-manager. All are local men with the exception of Mr. Babey, who is a resident of Louisville.

**LINOTYPE**

**GIVE YOURSELF  
A NEW LINOTYPE  
FOR CHRISTMAS**



• Have you been wishing for years that you could see your way clear to replace your old composing machine with a modern Linotype? Why not do it now? All indications point to several years of good business ahead . . . years when you will need the help of a Linotype with greater range and capacity.

A modern Model 14 Linotype would set your display and job work, as well as the news matter. It would cut your composition time and eliminate distribution almost entirely. It would give you time to get out and develop your business.

And the cost can be spread out over monthly payments so that the new Linotype can pay its own way. Perhaps a new Linotype for Christmas isn't so remote as you thought when you read the headline. At least talk it over with the Linotype representative.

MERGENTHALER LINOTYPE COMPANY  
Brooklyn, New York  
San Francisco · Chicago · New Orleans  
Canadian Linotype, Ltd., Toronto, Canada  
Representatives in the  
Principal Cities of the World  
LINOTYPE EXCELSIOR AND ERBAR



**Printers of Kentucky:**

We appreciate greatly the courtesy you have shown our Mr. Weeks as he calls on you.

It is gratifying to learn that Ed must have gained your friendship, evidenced by the nice orders you have been giving him.

We in the house will do our best to back him up with good service.

Sincerely,  
BUSH KREBS CO. INC.

By *[Signature]*  
Pres.

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## What Are We Up To

With the utility industry under scrutiny and suspicion everywhere these days, perhaps you are curious to know what we're up to . . . . In other words, what is our policy. Fair enough. Here it is:

—To make available to all our customers adequate and satisfactory electric service at the lowest possible rates which will enable us to meet our tax bills, keep our power stations and lines in proper condition, treat our employees decently, and pay our stockholders a fair return on their money.

—To sell month by month more and more electricity: because the unstinted use of electricity for domestic, commercial, industrial and agricultural purposes will mutually benefit both our customers and ourselves.

That's the whole story. . . . and it's true.

## Kentucky Utilities Company

Incorporated

AND ASSOCIATED COMPANIES