SOAP-SLINGERS, DRUMMERS AND AGENTS: LARKIN COMPANY MERCHANDISING 1875-1885

Margot C. Adams-Webber
Brock University

ABSTRACT

For the first ten years of operation (1875-1885) the Larkin Company of Buffalo used traditional channels of distribution - jobbers, wholesalers and door-to-door salesmen. In addition, retailer agencies were used to sell the soap products, and ordering by mail was initiated. The early development of the firm is examined in the context of industry conditions and the American economy.

INTRODUCTION

Throughout the nineteenth century, technological improvements and rising capital investment in factories increased both production and competition in the American economy. Soap making was one domestic chore gladly relinquished to commercial production. The soap industry, by 1875, consisted of many small firms serving local markets. This is not to say that domestic production ceased. It continued throughout the nineteenth century, and into the twentieth, either through habit or thrift (McCormick 1990). The structure of the industry, however, was changed as soap manufacturers applied new scientific knowledge and related technology to their processes. By the end of the century, the transition from an industry of many small producers to one dominated by a few large manufacturers was complete.

This paper will examine the merchandising methods of the Larkin Company of Buffalo in its earliest years of operation. While the focus of this paper is on the first decade of the Larkin Company story, the topic is part of an ongoing project tracing the evolution of the company's unique organizational structure. From 1875 to 1885, the Larkin Company used the common channels of distribution of the time. Salesmen from the firm visited retailers, jobbers and wholesalers handled the products, and soaps were sold door-to-door. In addition, a laundry soap was customized for retailers who were encouraged to order the generic soap by mail. Exclusive agencies were offered for the customized laundry soap as well as the Larkin Company's own brand of toilet soap. These selling activities familiarized consumers with the Company's products and established its reputation for quality.

By the end of the nineteenth century the Larkin Company was a major player in the mail order industry in America. Historians rarely mention the firm, possibly because it operated on the periphery of mail order activities. The Larkin Company claimed to be the first manufacturer to cut out all wholesalers, jobbers, travelling salesmen, and retailers to go directly to the final consumer (LP). The Larkin Company made soaps and cleansers and sold them by mail order. But in a unique twist, it developed a premium redemption mail order division based on its product sales. It was the initial step of product purchase that set the Company apart from other mail order firms. Its premium redemption division was a cashless general mail-order operation. Customers sent in their orders for the goods they wanted and enclosed the required premium certificates obtained by purchasing Larkin products.

The firm began as a sole proprietorship, became a partnership between John Larkin and Elbert Hubbard, then went through a series of incorporations ending as the Larkin Company in 1904. Several wholly-owned subsidiaries provided goods to the Company. This hybrid manufacturing and retailing structure was enormously successful and, at least at the turn of the century, the Larkin Company was monitoring Sears, Roebuck and Company and Montgomery Ward as its competition. Sales in 1900 reached 8.8 million for Montgomery Ward (Nystrom 1930), 10.6 million for Sears, Roebuck and Company (Emmet and Jeuck 1974), and 8.3 million for Larkin Company (LP).

INDUSTRIAL CHANGE

A decade after the Civil War, the factory production of soap in America was benefitting from the application of scientific findings about the nature of fats and fatty acids. These discoveries by European chemists, Chevreul, Leblanc and others, linked soap manufacturing to the chemical industry. It became possible to standardize the manufacturing process and control the quality of the product. Soap is produced by combining fats (animal, vegetable or fish) with a caustic alkali (potash or soda). When boiled, the fats separate into glycerine and fatty acids. The glycerine can be isolated as a by-product or included in the soap. The fatty acids combine with the alkali to produce soap and water is left as a residue of the chemical action. After the basic mixture is made, various techniques are used to generate different types of soap (Clemen 1927).

With the post-war expansion of the American economy already underway in the seventies, the growth of textile manufacturing, in particular, provided a major impetus to soap production. Soap was used to scour raw wool, and for cleaning and lubricating purposes during the spinning and weaving stages of textile production. In the silk industry, soap solutions were used to degum the raw material for processing. The distribution systems in place for marketing soaps for industrial purposes were different from those which evolved to market household soaps to retailers (Rhoades 1929). Since the Larkin Company made soap primarily for household use, the retail soap industry will be the central focus of this paper.

Soap manufacturers were quick to apply engineering technology in their factories. More efficient boilers were used to melt and separate fats. Open steam coils were used to boil the soap stocks in bigger soap kettles. Mechanically driven crutchers replaced hand labour for mixing the cooling soap. Specialty machines appeared in almost all the steps of the manufacturing process (Depew 1968). Also, as the chemical industry developed in America, soap manufacturers were able to reduce costs by using domestically produced alkalis rather than imported English soda ash (Haynes 1983). On the raw material side, the increase in production of cotton-seed oil provided a less costly alternative to imported vegetable oils. While the chemical and technical advances improved quality and increased output, the growing railroad network gave manufacturers easier access to distant markets.

In 1875, when John Larkin started his business in Buffalo, the industry barriers to entry were still relatively low. Factories were generally rather small, the technical knowledge required to make soap was slight, and production was labour intensive. As Porter and Livesey (1971) point out, diffuse, fragmented market conditions were to be expected where commodities "... were simple standard items that exhibited almost no technological complexity. Customers did not require any instructions in the use of such products, and the goods called for no specialized repair services. Because of this immunity to merchandising difficulties, manufacturers were not pressured to integrate forward into wholesaling."

While soap manufacturing fitted this model in antebellum America, the postwar expansion of factory production destroyed any immunity soap manufacturers may have enjoyed. Since soap was not a perishable item, and storeowners could hold inventory, competition for store space was growing. Bigger factories housed more sophisticated equipment and more efficient production processes increased output. Manufacturers used a number of different approaches to get their products into more of the available retail outlets.

As a result, the established channels of distribution became less efficient. Price cutting, incentives to retailers, and an explosion in advertising all followed. Manufacturers such as Proctor and Gamble, Enoch Morgan's Sons, and Pears, were producing on a large scale even while the economy was in the trough of the 1873-78 recession. The environment, if not the basic product, had become more complicated and the industry was poised for a shakeout. The managing genius of the Pears Soap Company, Thomas J. Barratt, described the complex situation succinctly, "Any fool can make soap, it takes a clever man to sell it" (Rowsome 1959). John Larkin had just such a clever man in his brother-in-law, Elbert Hubbard.

Larkin first began soap-making in partnership with his sister's husband, Justus Weller. The brothers-in-law moved from Buffalo to Chicago after the Civil War and opened a soap factory there. The reasons for the move are not clear, but Weller had relatives in the area, the city had grown rapidly during the war years, and the Chicago stock yard was the largest in the country. The family connection produced a sixteen year old Weller cousin, Elbert Hubbard, to act as a travelling salesman. He covered Indiana, Iowa, Wisconsin and Minnesota. Arriving in town by rail, he would collect the soap samples from the freight depot and hire a team of local men. They would go door-to-door leaving soap on a trial basis and returning to collect payment or to retrieve unused samples (Heath 1929). When the Weller marriage ended in divorce, John Larkin severed the connection. He returned to Buffalo to open a factory and brought Elbert Hubbard with him as salesman.

Buffalo was a major port on the Great Lakes and an important terminus for railroads to the east, south and west. Because of the density of rail traffic, freight rates to and from Buffalo were generally advantageous. Raw materials and finished products could be transported relatively cheaply. A primary raw material, tallow, was readily available from the nearby Buffalo stockyard. The early outlets for Larkin products were in the factory and mill towns of the populous northeast as well as the seaboard cities. These markets were easily reached by rail from Buffalo. The growing cities offered expanding markets as urban dwellers had to purchase soap, having neither the space nor time to make it. In 1880, the population of the New England, Mid-Atlantic, and Great Lakes states accounted for almost fifty-four percent of the nation's population (Perloff et al. 1960). Over the years, as the population expanded west, so did the Company's marketing activities.

Larkin and Hubbard started business in a small, two-storey factory on Chicago street, making a yellow laundry soap called 'Sweet Home'. A soap powder, Boraxine, was added and a fluid version of Sweet Home soap developed (Altman 1969). Larkin supervised production and Hubbard was in charge of sales. He used wholesalers and jobbers, he contacted retailers directly, and he organized teams of salesmen to cover towns and cities leaving samples door-to-door. Soap was even sold wholesale to individuals who peddled it door-to-door independently. Hubbard's mission was very simple: sell. And sell he did to any and all comers.

In marketing Larkin products, Hubbard faced the restrictive state and municipal laws aimed at protecting local merchants (Hollander 1964). Earlier in the century, licensing laws had been enacted in many states to protect established merchants from itinerant peddlers offering goods similar to the ones they stocked. The local authorities either charged fees (licenses) for the privilege of marketing in a given area or prohibited selling activities entirely. These tactics were used during the seventies and eighties to harass the agents of manufacturers with factories far away (Hollander 1964 p. 491-2). The issues were the loss of local market control and competition from manufacturers based elsewhere. Under pressure, state and local governments used their legal powers to help their constituents by creating barriers which inhibited the free passage of goods to final consumers.

In his examination of the decisions be the Supreme Court during the period 1875-1890, McCurdy (1978) finds that, although tariff barriers between states were clearly prohibited by the Constitution, state governments could and did pass laws that were *de facto* protection for local manufacturers and retailers. The fight to acquire equal access to consumers was waged by the Singer Company and the Big Four meat packing companies. Smaller industries and manufacturers benefited from the Supreme Court's ruling (1880) that local fee and tax ordinances were indeed unconstitutional when the intent was to force the use of local wholesalers (McCurdy p. 641). The powers of the states to regulate the activities of out of state merchandisers was not affected and license purchase continued to be a cost of doing business for many firms. Legislative restriction of marketing activities continued to be challenged when it was perceived as a means of prohibiting merchandisers from operating (Gould 1941). Restriction of competition issues continued to be addressed through anti-trust legislation.

SOAP-SLINGERS

For the first few years, Hubbard travelled extensively organizing and supervising door-to-door selling teams. Sales crews dubbed 'outfits' were formed to go house to house in towns throughout the northeast United States. The crew members, or 'soap-slingers', were boys or young men hired locally by the 'outfit' organizer who was a Larkin employee. The 'soap-slingers' would persuade the customer to accept some variety of Larkin soap products on trial, then return to collect either for the whole order or that part of it which the customer had used. Unwanted soap was reclaimed but, at the customer's request, unused soap would be left in what amounted to an extension of credit or instalment buying. This door-to-door selling familiarized consumers with the Larkin name and products.

One young man who spent time as a soap-slinger was Darwin Martin. He was to remain with the Larkin

Company for the rest of his working life. His personal papers are a rich source of information on this early period of the Company's history. Martin first came into the employ of the Larkin Company in 1878 at the age of thirteen (Martin Papers [MP] 6-6). He joined his brother Frank in Newark, New Jersey, and sold soap door-to-door. Frank Martin had met Elbert Hubbard in Dayton, Ohio, and been hired to work for Larkin as an 'outfit' organizer. He was paid ten dollars a week and five dollars for board expenses. Frank earned commission of five percent on sales over two hundred dollars a week.

Darwin's diaries describe his experience of door-to-door selling techniques during the year he worked in cities of the eastern seaboard. The brothers lived together and seemed to keep the inventory with them: Darwin reports spending a wet Sunday reconditioning soap boxes and replacing bars of soap to make them ready for 're-slinging'. A wagon, decorated with brightly coloured Larkin signs, was used to haul the soap boxes. Each box held twelve bars of soap, weighed three pounds, and cost fifty cents. Members of the 'outfit' worked each side of street carrying two boxes each time they left the wagon. Another drove the wagon slowly along the street as they moved from house to house (MP 6-6). Payment for the soap, or the unused sample, was collected about a week later.

It would seem that sales areas for 'outfits' were defined with this time frame for delivery and collection. Unused inventory was shipped back to Buffalo before the organizer moved on to the next town. Frank and Darwin went to Boston in October of 1878 and stayed there till the following April. They then moved to Brooklyn, New York for four months, and then to Patterson, New Jersey for a month. At that point, Frank was promoted to travelling salesman (drummer) and Darwin was given a place in the Buffalo office (MP 2-4).

Door-to-door selling was not a particularly cheap way to make sales, given the various licensing laws for itinerant salesmen. It was an appropriate method for selling soap because the cost of manufacture relative to price was low, the variety of product was limited, and the approach was aggressive. Customers were generally rather indifferent to brands so that having soap available at the door was an effective selling tool. The crews covered one town or city and then moved on the next, paying local operating fees as required by ordinances. By separating the delivery of soap and collection of money, however, some of the costs were reduced because the salesman was classified as a canvasser leaving samples rather than a peddler selling goods (Nystrom p. 297). In addition, there was little difficulty finding crew members, for, as Nystrom points out (p. 302), business depressions, including that of 1873, resulted in an increase in direct selling until unemployment declined.

Elbert Hubbard's sales emphasis was that the customer would be satisfied with Larkin soaps and could be trusted to pay for what was used. He was employing the technique he had found successful with customers in the hinterland of Chicago. His energy was boundless and he was a born salesman with a fertile imagination and a gift for advertising. Many years later, as a visiting lecturer in Baltimore, he was asked if he knew the city. He replied, "When I was a soap-merchant, I pulled every doorbell in this town" (Shay 1926). The partnership between John Larkin and Elbert Hubbard ended in 1892, and Hubbard moved on to a second career in publishing and self-promotion (Walle and Brimo 1985).

DRUMMERS

In late nineteenth-century America, the general store was still the most common form of retail outlet carrying a large variety of goods. The storeowners were reluctant to invest in a large inventory of any particular product, negotiating with wholesalers and jobbers for price advantages and incentives. Most manufacturers relied on sales or consignments to independent middlemen (jobbers and wholesalers) to get their goods to consumers. These middlemen contacted a network of retailers in a routine process which left producers little control over where or how much of their product was available for purchase. While manufacturers were not necessarily happy with the dependent relationship, they may have been reluctant or unable to assume the costs of wholesaling. On the retailing side, advertising was viewed with suspicion. Patent medicine salesmen advertised, reputable businessmen did not - a position that weakened steadily throughout the seventies.

During their first ten years of operation, Larkin and Hubbard used wholesalers and jobbers selectively to distribute their products. For example, one brand of laundry soap, Ideal White, was sold only to jobbers who were offered an initial order of ten gross of the soap with a minimum re-order of twenty-five gross. The soap powder, Boraxine, was sold in ten and five cent packages. It was offered directly to retailers and handled by jobbers as well. Differential prices were quoted to retailers and jobbers on a case of thirty six, one pound, ten cent packages. Retailers paid two dollars and eighty cents and jobbers two dollars and forty cents. In the case of the five cent packages, which came one hundred to the case, the retailer price was three dollars and sixty cents, the jobber price three dollars and fifteen cents (MP 8-4). The jobbers were required to take a minimum of twenty-five cases. How they disposed of the products was beyond Larkin and Hubbard's control. While there was no minimum order for retailers, the markup of twenty-eight percent of sale price would have made the five cent packages attractive. The retail markup on one pound packages was only twenty-two percent of sale price.

As output and competition increased during the late seventies, manufacturers overcame their ambivalence to advertising. They began to focus on the final consumer as a way of controlling their market. By creating demand for brand-name products, they could reduce their dependency on middlemen. In 1881, Hubbard inserted a chromo picture in each Boraxine box to encourage sales. Promotional materials were generally given to the retailer to hand out with the product. Putting the picture inside the box was unusual, but it did make sure the customer received it, or even asked for Boraxine to get the picture. Boraxine promotion was aimed at the shopper rather than the retailer. Coloured postcards were first used in 1882 to advertise Boraxine as 'cheaper than soap' (MP 8-1). This phrase may well have been borrowed from the familiar Sapolio slogan "Better and Cheaper than Soap" (Tull 1955). In one campaign, Hubbard used paper dolls because he intended "... that they [women] shall keep dealers reminded of Boraxine" (MP 8-4). Hubbard was ingenious in his use of premiums - handkerchiefs with toilet soap, towels with soap powder, one cent coins. Eventually, certificates were included with the products. These certificates had to be returned to Buffalo for the buyer to get the premium.

In addition to premiums for consumers and incentives for retailers, larger soap manufactures turned to national advertising to promote brand names, laying the foundation for advertising as we know it today (Norris 1990). Initially, the aggressive approach taken by manufacturers seemed advantageous to storeowners. As Atherton (1954) indicates. "The growing volume of brand advertising seems to have pleased country towns. Editors liked the increased revenue, and storekeepers were more than willing for manufacturers to underwrite advertising costs. Additional help with store displays, salesmanship procedures, and accounting methods impressed merchants who often knew little about such things". The change, of course, was the beginning of a new distribution pattern for soap products. The role and power of middlemen in the distribution network declined. Gradually, storeowners were tied to the producer through consumer demand created by brand advertising.

As well as outside jobbers and wholesalers, Larkin and Hubbard employed up to eight Larkin Company drummers. Frank Martin worked in Illinois and another Martin brother, Will, worked in Ohio. Meanwhile, Darwin was working in the Buffalo office as clerk and assistant to Hubbard. He became the bookkeeper, then office manager, and eventually Company treasurer. Another pair of brothers, Daniel and William Coss worked together in Indiana until Daniel was arrested and fined for posting 'snipes' (handbills). They never went on the road again but remained with the Company, in other capacities, until retirement.

While travelling for the partners, some drummers were paid ten dollars, expenses, and commission on sales over two hundred dollars. Others, such as Will Martin, possibly less experienced, were paid half the salary and expenses, but began earning commission on sales of one hundred dollars. The Buffalo office kept tight control on the salesmen and discouraged the use of extended credit to make sales. The firm paid freight costs on orders, and John Larkin would deduct freight charges before computing commission if too much credit had been allowed to close the order. Commission was determined at the end of each month, and sixty day credit sales were not popular at head office in Buffalo. Company drummers were used only until 1881, when a new sales strategy was implemented.

AGENTS

It was not unusual for the larger wholesalers to have their own lines of soap stamped with their name. This was a way of guaranteeing quality to retailers ordering sight unseen from salesmen. When operations began, and the Larkin name was unknown, a 'Best' soap line was made on order for retailers. Direct selling of a customized line depended on the reputation of the producer. The retailer had to feel that his customers would be satisfied with 'his

Best' soap. The early sales of Best soap were made to local retailers in Buffalo. Their endorsements were then used for sales further afield.

In the case of Best soap Hubbard emphasized sixty days of credit as part of the order solicitation. Of course, discounts were available to encourage prompt payment. Each bar of general laundry soap was stamped with the dealer's name. His advertisement was printed on the wrappers and box labels and a promotional advertising card was provided. Orders were taken by Hubbard and other representatives until a network of retailers using Larkin soap as their own brand was established. The quality of the soap was guaranteed, credit terms were available, and Hubbard promised that the offer would not be made to any other store in town. Re-ordering was required, of course, to maintain the exclusive service. By allowing thirty days for delivery, Larkin Company could produce stamped soap as required from planned production runs.

In 1881, when a new laundry soap was to be introduced, Hubbard contacted retailers by mail in the first instance, hiring additional office staff to send out advertising circulars. Frank Martin was extremely upset to find out that retailers in his territory had received the circulars for this new Larkin soap. Merchants had been encouraged to re-order 'Best' soap by mail, but introducing a new product by letter was a different strategy. In effect, Hubbard was competing with his salesmen for orders and with the generic 'Best' soap line for market share. The aim was a new product with the Larkin name on the retailer's shelf. A new design of box was used for the line and production was geared to orders received to reduce the risk. Hubbard offered exclusive agency status to retailers ordering the soap. That is, he promised not to sell that Larkin soap to any other retailer in town.

The idea worked so well that within the year, all Larkin Company drummers had been retired and the factory had gone from twenty-five to eighty employees (MP 4-1). Darwin had encouraged Frank to apply to Procter and Gamble, among others, using John Larkin as a reference. Frank Martin went to work for Justus Weller, to Darwin's chagrin, while Will Martin opened a stove polish factory in Chicago (MP 4-1). By 1885, the firm was dealing directly with thirty-five thousand trade accounts through most of the postal offices east of the Rocky Mountains. The administrative activities in Buffalo increased rapidly as the processing of orders was completely centralized.

Darwin Martin initiated the use of index cards to keep track of these accounts. He claimed that this constituted the first card ledger ever used for accounting purposes (Larkin Papers [LP]). The cards were an odd two and a half by four and a half inch size. When Frank Lloyd Wright designed the central administration building in 1903, filing drawers were built into the walls to accommodate the cards.

As well as general laundry soaps and cleansers, John Larkin made an oatmeal toilet soap. This first toilet soap, which Hubbard dubbed 'creme oatmeal' to capitalize on the popularity of French names, was introduced in the late seventies. Social attitudes toward cleanliness had been changing in Europe (Vigarello 1988) and, as the century progressed, in America. These changes were partly a reaction to the effects of urbanization and industrialization, and partly a response to social pressures. In America, personal cleanliness became associated with morality and gentility. As one study concludes, "During the nineteenth century soap little by little gained precedence, first as the best of the cosmetics and then as a necessity for cleaning the skin" (Bushman and Bushman 1988). The output of perfumes, cosmetics and toilet preparations more than doubled between 1869 and 1889 and more than tripled by the end of the century (Shaw 1947). Smaller manufacturers had to develop their own competitive strategies to cope with the rapidly changing environment (Porter 1979). For example, Justus Weller was marketing a soap so similar to creme oatmeal, called creme de la creme, that Larkin and Hubbard took the situation seriously. They began (1881) stamping all their letters with a warning to consumers to beware of counterfeits. The problem was solved in 1883 when the Weller factory burned down (MP 1-6).

Creme oatmeal was a hard white soap competing with castile soaps produced by many other manufacturers. The castile soap (Ivory) produced by Proctor and Gamble of Cincinnati was first marketed in 1879. Advertising for Ivory emphasized the purity and gentleness of the soap as well as its various uses (Lief 1958). Manufacturers generally assumed multiple uses for soap. For example, Sapolio cleaned metal and brass (Tull p. 129) and Ivory washed clothes, dishes and people (Lief p. 54-57). Salesmen, however, were reporting increasing retailer resistance to the customary packaging of twelve bars of soap to a box. Shoppers were unwilling to buy so much at one time, and the retailers complained of being left with odd inventory. Hubbard's response to the problem was intuitive and aggressive. He packaged three bars of the creme oatmeal toilet soap in a box lined with lace paper and priced it to sell at ten cents. Consumers were still relatively indifferent between brands of toilet soap in the early eighties in spite of the growth in advertising campaigns. Toilet soaps were not subject to the same performance judgements as laundry soap, so non-essential aspects, for example, perfume or shape, became important. For a consumer to select a particular brand, an additional factor was needed to finalize the choice. The pretty packaging of creme oatmeal made it an affordable indulgence and set the soap apart from its competitors.

Hubbard was gambling on the appeal to the final consumer to create demand, and he won. The quality of creme oatmeal soap was good, and the focus on luxury tapped the emerging trend of consumption as an end in itself (Jackson Lears 1983). Creme oatmeal was presented as a cosmetic soap for personal use only. Nor were storeowners unaware that twelve bars of soap now generated forty cents in revenue rather than twenty-five cents from the earlier packaging of twelve bars to a box. Hubbard capitalized on his success and initiated retailer agencies for the creme oatmeal soap. The first call in town the Larkin Company drummer made was to the agent storeowner to pursue replacement orders. Agency status seems to have required a minimum order of five gross of creme oatmeal soap per ten thousand residents. The drummers were encouraged to solicit bigger orders or more frequent re-ordering, and used the loss of agency tactic to obtain sales (MP 1-1).

Sales of creme oatmeal were good enough to warrant factory expansion: a forty horsepower boiler was added to the factory in 1880. By June 1882 Martin noted profits of $13 000 which increased to $23 000 the following year. The slight decline of four percent in reported profit for 1884 ($22 000) should be considered against the capital expenditures on a new smokestack and boiler; on renovations to the factory and offices, and on a new delivery wagon (LP). By appealing to final consumers, Larkin and Hubbard's choice of high volume, small (ten cents) value sales allowed them to survive and even expand in a period of general economic contraction. During the seventeen month period of June 1883 to November 1884 overall business volume for the economy, measured by bank clearings, declined 32.2 percent (Hubbard 1930).

The poor economic conditions did not deter the major manufacturers. Proctor and Gamble established a consumer advertising budget for Ivory in 1881 (Lief p. 52). The advertising budget for Sapolio was $28,000 in 1884 and $69,000 in 1885 after Artemus Ward was hired (Tull p. 129). The Proctor and Gamble Company was encouraging quantity sales in 1883 by urging customers to buy boxes of soap and then stand the twelve bars on end on a shelf to dry so that they would 'last as long as thirteen' (Lief p. 56). The following year the Cincinnati firm borrowed one million dollars to fund expansion. In the case of the Larkin Company, Martin's recollection was that demand for the creme oatmeal soap was such that the factory operated day and night production runs and expanded to five stories at a cost of $12 000 in 1886 (MP 6-8).

Although successful, the partners were far from being industry leaders. In 1886, however, Hubbard initiated the marketing strategy which let the Larkin Company carve its own niche in the highly competitive retail soap industry. Six thousand families throughout the American northeast were sent a booklet offering a 'combination box' of Larkin products for six dollars (LP). A premium was to be included in every order. Although there is no direct evidence, the addresses probably came from the door-to-door sales customers the firm had served. This advertising booklet was the starting point of a multi-million dollar mail-order enterprise.

What becomes clear from a study of the first ten years of operation is the willingness of the partners to try a variety of approaches to selling. Some of these pushed the common practices a little further, for example, including premiums in the soap boxes and customizing soap. Others were innovative, for example, the packaging of creme oatmeal soap. Elbert Hubbard was the force behind the innovations and his greatest contribution was the initiation of direct sales of soap to families. The first ten years were essential to the success of the new strategy. The firm had established its reputation in the retail field, had increased its production capacity, and had capital to support the initiative of bypassing all middlemen and going to the final consumer. Consumers knew and liked Larkin soaps and were willing to order directly from Buffalo. The added incentive of substantial premiums encouraged initial orders. The organizational structure changed almost immediately as a variety of premiums had to be acquired to maintain and expand soap sales. The Larkin Company quietly established a position in the mail-order industry that was never successfully challenged.

CONCLUSION

Soap is a generic good, produced in large quantities, available from many sources, and relatively inexpensive per unit to produce. In the nineteenth century, the marketing of soap to industrial users was accomplished through advertising in trade journals and by the use of specialized salesmen who were technically knowledgeable about the purchaser's manufacturing process. The marketing of retail soaps developed differently. Final distribution was through small quantity sales to a large number of customers spread over a wide geographic area. The advertising used for retail soaps appeared on billboards, barns, railcars and trolleys. Family, farm and religious magazines as well as newspapers carried advertisements for the emerging brands. As America changed from a rural to an industrial economy after the Civil War, the growth of population generally and of urban centres in particular, had a tremendous impact on the production of that most ordinary of items, soap.

The transition of the soap industry from a fragmented multi-manufacturer one at the beginning of the nineteenth century to a dominant group industry (one with oligopoly core and small firm fringe) took place during the last quarter of the century. Only when the benefits of wholesaling outweighed the costs, did soap manufactures move to control the distribution of their products. As North (1981) outlines the process, the introduction of change leading to significant economies of scale relative to the size of the market means the efficient size of firms increases, the number of firms declines and the competition for survival is intense. Clearly, this was the pattern in the soap industry in late nineteenth century America.

However, other factors also had a role in the transition. It was fuelled, in part, by a cultural change in attitude toward personal cleanliness. Gentility and personal grooming became identified with social status. Demand for soap was also encouraged, and created, through advertising expenditures by soap producers in search of market control. The increase in demand for soap was met through technological improvements, capital investment in factories and quality control of soap production. To survive and grow, as Larkin and Hubbard did, required keen understanding of industry conditions, a good product, a willingness to take risks to implement new strategies, and a strong sense of what would appeal to neophyte consumers. John Larkin and Elbert Hubbard met all the challenges successfully.

REFERENCES

Altman, Violet, and Seymour Altman. 1969. *The Book of Buffalo Pottery*. New York: Crown Publishers Inc., 12.

Atherton Lewis E. 1954. *Main Street on the Middle Border* Bloomington, IA: Indiana University Press, 223-224.

Bushman, Richard L., and Claudia L. Bushman. 1988. "The early history of cleanliness in America." *The Journal of American History*: 1233-1234.

Clemen, Rudolf A. 1927. *By-Products of the Packing Industry*. Chicago, IL: University of Chicago Press, 183-200.

Depew, Chauncey M., ed. 1968. *One Hundred Years of American Commerce, Volume II*. New York NY: Greenwood Press, 422. Originally published by D.O. Haynes and Co. in 1895.

Emmet, Boris and John E. Jeuck. 1974. *Catalogues and Counters A History of Sears, Roebuck and Company*. Chicago IL: University of Chicago Press, 172.

Gould, Joseph Sidney. 1941. "Legislative intervention in the conflict between orthodox and direct-selling distribution channels." *Law and Contemporary Problems* 8: 318-333.

Haynes, William (Ed.). 1983. *American Chemical Industry 6*. New York and London: Garland Publishing Inc., 341-343.

Heath, Mary Hubbard. 1929. *The Elbert Hubbard I knew*. East Aurora, NY: The Roycrofters, 150.

Hollander, Stanley C. 1964. "Nineteenth Century Anti-Drummer Legislation in the United States." *Business History Review* 38: 479-500.

Hubbard, Joseph B. 1930. "Business Volumes During Periods of Decline and Recovery." *Review of Economic Statistics* XII (November): 183.

Jackson Lears, T.J. 1983. "From Salvation to Self-Realization: Advertising and the Therapeutic Roots of the Consumer Culture, 1880-1930." In Richard Wightman Fox and T. J. Jackson Lears (editors). *The Culture of Consumption: Critical Essays in American History, 1880-1980*. New York, NY: Pantheon Press, 1-37.

Larkin Papers. Buffalo and Erie County Historical Society, B76-1. Darwin D Martin. 1932. *The First Card Catalogue*. This is an unpaged description of how he designed the system.

Lief, Alfred. 1958. *It Floats*. New York, NY: Rhinehart & Co., Inc., 56.

Martin, Darwin D. Family Papers, 1878-1935. State University of New York, Buffalo, NY: University Archives: MS 22.6 Box 6-6. Hereafter, Martin Papers [MP].

McCormick, Virginia E. (Ed). 1990. *Farm Wife A Self-Portrait, 1886-1896*. Ames, IO: Iowa State University Press, 66. In a two week period in 1894, Mrs. Gebby, the farm wife of the title, noted three instances of soap-making.

McCurdy, Charles W. 1978. "American Law and the Marketing Structure of the Large Corporation, 1875-1890." *The Journal of Economic History* XXXVII (September): 631-649.

Norris, James D. 1990. *Advertising and the Transformation of the American Society, 1865-1920*. New York, NY: Greenwood Press. Chapter 3, in particular, deals with advertising by soap manufacturers.

North, Douglass C. 1981. *Structure and Change in Economic History*. New York, NY: W.W. Norton & Co., 138.

Nystrom, Paul H. 1930. *Economics of Retailing*. 3rd edition. New York, NY: The Roland Press Company, 179.

Perloff, H.S., E.S. Dunn, Jr., E.E. Lampard and R.E Muth. 1960. *Regions, Resources, and Economic Growth*. Baltimore, MD: Johns Hopkins Press, 12. The figures are drawn from Table 1 "Regional distribution of U.S. population, 1870-1957, and population of regions, 1870-1957".

Porter, Glenn and Harold C. Livesay. 1971. *Merchants and Manufacturers: Studies in the Changing Structure of Nineteenth-Century Marketing*. Baltimore, MD: The Johns Hopkins Press, 225.

Porter, Michael E. 1979. " How competitive forces shape strategy." *Harvard Business Review* (March-April):137-145. The simple model presented by Porter has provided an organizing framework for this paper since government regulation was not an issue.

Rhoades, E. L. *1929. Merchandising Packinghouse Products*. Chicago, IL: University of Chicago Press, 361-376.

Rowsome, Frank Jr. 1959. *They Laughed When I Sat Down. An Informal History of Advertising in Words and Pictures*. New York, NY: McGraw Hill Book Company, Inc., 3.

Shaw, William Howard. 1947. *Value of Commodity Output since 1869*. National Bureau of Economic Research. The figures given are based on Table II 1, p. 110.

Shay, Felix. 1926. *Elbert Hubbard of East Aurora*. East Aurora, NY: The Roycrofters, 27.

Tull, Donald. 1955. "A Re-examination of the causes of the decline in sales of Sapolio." *Journal of Business* 28 (January): 128-137.

Vigarello, Georges. 1988. *Concepts of cleanliness Changing attitudes in France since the Middle Ages*. Cambridge, UK: Cambridge University Press.

Walle, Alf H. and Marcello Brimo. 1985. *From soap to society: Elbert Hubbard and his Saga of Selling*. Proceedings: Second Workshop on Historical Research in Marketing. Michigan State University, East Lansing, MI.