

INFORMATION

C O N S U M E R S

MAIL ORDER SALES IN THE EUROPEAN COMMUNITY

17/72

Mail order selling has been growing fast in Europe for some years past. The pattern is the usual one. There are a few specialised firms; but normally the goods offered cover a wide range. Catalogues come by post, or can be bought from the newsagent. Most of the articles are illustrated and all are fully described and priced. In the catalogue is the order form, and instructions on how to pay. The terms are cash-with-order or cash-on-delivery and in many cases deferred payments over a stated period for a slightly higher price. The purchaser has only to fill in the number of the article, or articles, adding a note of size, colour or voltage, specify his choice of payment terms and post it off to the company. The goods will be delivered to his home, usually soon enough to avoid the need for a pro forma acknowledgement.

In this type of business, the good faith of the selling organisation naturally plays a very important part. The firm must build up a reputation on a value-for-money basis and regarding the quality and serviceability of the goods and fidelity to the catalogue specifications.

This system is rapidly finding its place in commercial practice and securing acceptance, both by consumers and by the various consumer protection organisations. The turnover of the European companies handling the business has shown a continued increase. In some countries it has led to takeovers, though usually not on a big scale and limited, during the last three years, to the absorption of some of the smaller firms and the formation of many subsidiaries.

Precise turnover figures, covering wholly and exclusively the mail order business, are not generally available. The following list shows, in order of size, the turnover of the ten chief companies in the Six-nation European Economic Community which currently include mail order sales:

1. QUELLE (Germany)	DM 3,570 million in 1970 (subsidiaries in France, Belgium, Italy, Luxembourg, Switzerland and Austria).
2. NECKERMANN (Germany)	DM 1,671 million in 1970 (subsidiaries in Holland and France)
3. OTTO VERSAND (Germany)	DM 1,140 million in 1970 (subsidiaries in France).
4. LA REDOUTE (France)	FF 990 million in 1970 (subsidiaries in Belgium and Italy).
5. BAUR (Germany)	DM 450 million in 1968.
6. SCHWAB (Germany)	DM 450 million in 1968 (subsidiaries in France and interests in Italy).
7. LES TROIS SUISSES (France)	FF 520 million in 1970.
8. WEHKAMP (Holland)	Nfl. 130 million in 1970.
9. COOP (France)	FF 170 million in 1970.
10. VESTRO (Italy)	Lit. 12 milliard in 1970.

Among the prospective new members of the EEC, Great Britain is the only one which would figure in this list. GREAT UNIVERSAL STORES has a turnover of £ 150 million sterling and has subsidiaries in the Netherlands, Switzerland and Austria. It thus stands out clearly at the top of the list; while GRATAN WAREHOUSES would come between the third and the fourth places.

These are the main organisations, but there are also a number which limit their mail order sales to specific categories of goods. According to the latest statistical estimates, the total mail order sales in the Community countries and Great Britain in 1970, were as follows:

Great Britain.....£ stg	565 million	.....	4 - 5 % of the market
Germany.....DM	10,000 million	.....	5 % of the market
France.....FF	3,500 million	.....	1.2 % of the market
Italy.....Lit	52,000 million	.....	0.5 % of the market
Belgium.....BF	3,000 million	.....	1 % of the market
Netherlands.....Nfl	400 million	.....	1 % of the market

The only foreign ownerships in the continental mail order business are the German firm SCHWAB (controlled by the American group SINGER) and the Dutch firm WEHKAMP (controlled by the British GREAT UNIVERSAL STORES). It is estimated that the mail order firms as a whole, trading inside the Community, and handling the same products as the large stores, are responsible for a fraction which varies from country to country between a third and a tenth of the trade in these products. In many cases the mail order houses themselves are owners of large store establishments and vice-versa.

The expansion of mail order companies was, until the last few years, limited to organisations which could distribute a large number of catalogues over the widest geographical area. The trading freedom in Common Market conditions now favours increasing cross-frontier penetration, involving the creation of export agencies, storage facilities and similar action.

A further encouragement to cross-frontier business has been the standardisation of postal charges. On the other hand, the absence of common legislation, especially in the tax field and for customs purposes, is still a sizeable obstacle. Even today, 15 years after the signing of the Treaty of Rome, it too often happens that officials in the customs, or in the railway parcels office, regard a postal package with suspicion, as if it were a sinister package of unwelcome contraband, instead of a normal and legitimate instrument for the quick delivery of goods.

Admittedly it sometimes happens that this catalogue selling works out to the customer's technical disadvantage; but it cannot be said that the system, as such, is inimical to his interests. In any case, it must be stressed that the protection of the consumer is more important than ever when goods are sold by mail order and payable by instalments. For this purpose the Commission of the European Communities is preparing a Directive on hire purchase contracts in the consumer credit field. Its principal aim is to secure the harmonisation of national legislations and regulations, especially from the consumer protection standpoint. Though it is not aimed specifically at mail order transactions, it goes without saying that these will come within its scope when deferred payments facilities are granted.

According to a recent survey, it is rare for the consumer, and still more for the members of his family, to be unattracted by the great assortment of goods so pleasingly presented in catalogue form. Nearly always they end up by purchasing at least one article, yielding to the persuasions of this classic example of indirect advertising. If there is any negative aspect, it is that the big world of consumers is offered goods for which the individuals concerned had not felt the need until they looked through the catalogue. This, however, is just one of the reasons why the civilised world of today has seen the triumph of the consumption society.