

Middlemen don't like the cost of COST

By CHRISTINE KOSERSKI
Staff Reporter

A direct-sales computer-order company which effectively cuts out the middleman has been introduced to Markham and the middlemen don't like it.

Some long-established Markham retailers are up in arms because they feel COST is unfairly undercutting them.

Computer Order Saving Terminus Inc. (COST) sells appliances, furniture, and other products at dealer cost plus 10 per cent directly to the consumer. They keep costs down by not having an inventory, a warehouse or advertising.

They can sell products at up to 45 per cent off manufacturer's list price, according to John Hawco, a Markham COST sales agent.

"He (Mr. Hawco) comes home from a steady job and takes away our business in his spare time," said Curt Fleischer, owner of Toromark Furniture in the Sherwood Plaza. "We don't mind competition — we have competition — but we want fair competition."

A COST sales agent keeps a catalogue which lists products, manufacturer's list prices and COST's prices. Customers can look at the catalogue in their own home or just call for a price.

"Residents are not allowed by law to sell any kind of business in their private homes," said Mr. Fleischer.

According to the Ontario Ministry of Consumer and Commercial Relations, COST sales agents are classified as "itinerant salesmen" and are doing nothing illegal.

"There's nothing untoward with what they're doing," said Linda O'Leary, Information Officer at the ministry. "It's a relatively new way of retailing and people are always suspicious of new things — not unlike when Consumer's Distributing came in."

There are zoning bylaws in the town of Markham which prohibit retailing in a residential area.

But according to Chief of Bylaw Enforce-

ment, Ken Spence, a sales agent taking orders through a catalogue does not classify as running a business. "They're not making deliveries, they don't have a display or inventory," he said.

Both the Ministry of Consumer Relations and the Better Business Bureau (BBB) report no complaints about COST.

The BBB, of which COST is a member, said the company has an A rating. An A rating means there have been no complaints which remain "undisputed or unadjusted," said Debra Merowitz, public relations officer. "In the case of COST there have been no complaints whatsoever."

COST was incorporated as a company in February 1980. It is classified with BBB as a retailer of general merchandise, generally priced \$50 and up, using direct selling as a means of marketing.

A Montreal-based company called Compucard sells nation-wide using methods similar to COST's. It is also a member of BBB and has an A rating.

Mr. Fleischer feels that he and other Markham merchants contribute more to the community at large.

"We are here to stay, we continue to support the town of Markham by paying our taxes," he said. "We support the community by sponsoring different organizations."

Mr. Fleischer is also concerned about jobs that he claims may be taken from residents of Markham.

He said three appliance and furniture stores in the Sherwood Plaza employ about

40 people and that Agincourt Appliance Service alone employs 20.

"What if someone else started selling other things such as groceries, shoes, housewares?" he said. "If this goes on, there would be no need for stores and shopping centres — Markham would have a few thousand unemployed."

But a store offers the customer a different kind of service, said Alasdair McKichan, president of the Retail Council of Canada. "It's a different class and service — the ability to see the merchandise and to exchange if necessary, and to receive advice from salespeople and consultants," he said.

The Retail Council doesn't distinguish between different types of distribution. "They all compete with each other," Mr. McKichan said. "We can't favor, applaud or criticize, as long as people are within the law."

Mr. Fleischer pointed out that his store offers a five-year guarantee on furniture and a six-month repayment plan with no interest charge. He also has a service man available at no cost to the customer if anything is not in perfect condition.

A customer pays for a purchase from COST in advance and then either picks the item up himself or pays for delivery, which for a large item such as furniture, may take as long as three weeks.

President of the Canadian Federation of Independent Business, John Bullock, said

the federation could not make a comment without researching and investigating the matter through questionnaires and surveys.

"We sympathize with the problem, but would have to look at things in depth and in national terms, not just local," he said, adding that a company such as COST could conceivably be a member of the federation. "It's not an illegal practice and, at this point, not an issue with us."

Mr. Hawco, the Markham COST sales agent, is not surprised by the controversy.

"I can see the traditional retailer being upset," he said. "But the traditional retailer has had to adjust over the years to customers' demands — this is the next generation of retail shopping."

"We perceive the shopper wants the convenience of shopping in their own home or through a computer," he added. "And the bottom line is the customer will shop at the location that will give the best price as long as the product is of the best quality."

About 25 people showed up at the Markham Community Library recently to attend the first COST information seminar held in the area. "People are interested," Mr. Hawco said.

"We recognize the retailers are there," he said. "We're not trying to drive them out of business — we're just offering an alternative. The customer makes the choice — we don't force them to shop with COST."

Industrial Growth Fund

The "Look both ways" RRSP.



When you buy an RRSP, the best way to tell the future is to look to the past. So it pays to look both ways. Because a long-term record of consistently high growth is your best gauge of prospects to come.

With Industrial Growth Fund, the numbers in our past speak for themselves.

One year: 32%
Ten years: averaging 19%

...and we're just as excited about the future! To talk about an Industrial Growth Fund RRSP in your future return the coupon below or contact:

224-5115

I'd like more information about an Industrial Growth Fund RRSP

NAME: _____ ADDRESS: _____
CITY: _____ PROV: _____ POSTAL CODE: _____ TELEPHONE: _____

Pitfield Mackay Ross
Limited

Suite 1704, 2 Sheppard Ave. E., Willowdale Ont. M2N 5Y7

All figures to November 30, 1983 representing compound average annual return with dividends reinvested. Any offer is made by the prospectus.

FREE SEMINAR

THE SELF-DIRECTED R.R.S.P.
HOW TO MAXIMIZE
PERSONAL INVESTMENT INCOME

TIME: 7:30 p.m. Thursday, February 18th

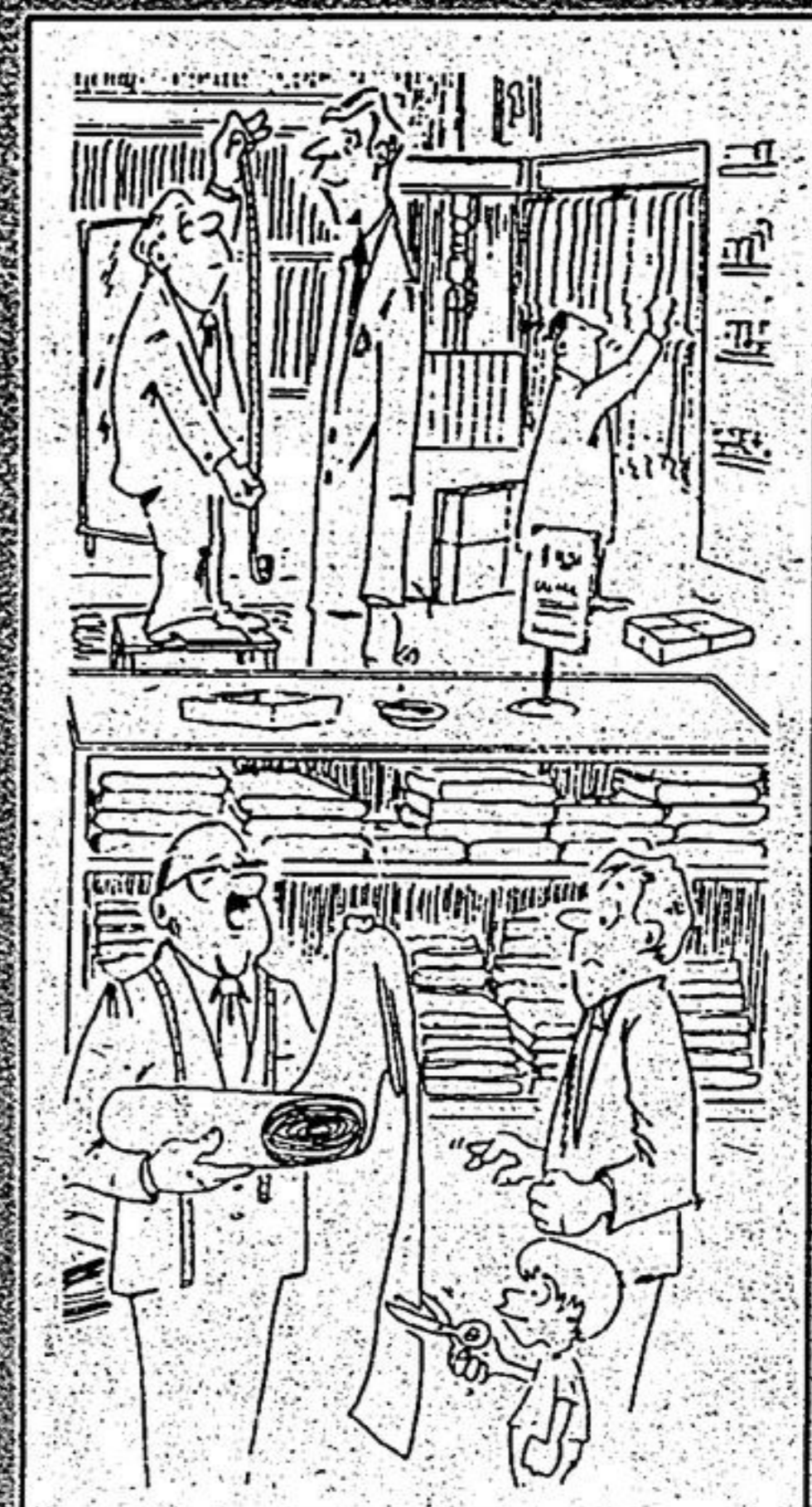
PLACE: Markham Public Library (S.E. corner of Hwy's #7 & 48)

SPONSORED BY: Wood Gundy, Markham
Please call 294-9151 to confirm attendance



Wood Gundy.

3 Centre, Suite 205, Markham Ont. L3P 3P5
Mr. Bud Patton



FEBRUARY

Sale

Made To Measure Suits

by

CAMBRIDGE

Save 20%

Reg \$535 to \$750
NOW \$429 to \$599

SPECIAL NOTICE
STOCK SPECIAL, SUITS by CAMBRIDGE

Save 30%

Expert alterations done on the premises



Appleton and Hughes
THE MAN SHOP

MARKHAM SHOPPING CENTRE-MARKHAM

64 WELLINGTON ST. W.

294-3520

R.S.P.

95/8%

subject to change

1 Year G.I.C. Option

Annual Compounding

Other rates and terms available

Station Plaza, Unit B
231 Main St. North 294-3207



Member Canada Deposit Insurance Corporation
Member Canadian Payments Association



TOWN OF PICKERING

1984 TAXES

The 1984 instalment due dates and penalty and interest charges, as established by By-Laws 1778/84, 1780/84 and 1779/84 are as follows:

TOWN AND REGION

First Instalment - February 24, 1984
Second Instalment - April 25, 1984

EDUCATION

First Instalment - June 26, 1984
Second Instalment - September 25, 1984

Tax bills have now been mailed to cover the 1984 taxes for the TOWN AND REGION. Ratepayers who do not receive their bills should make immediate application to the Tax Department.

The PENALTY charge for non-payment of 1984 taxes is 1.04% per month starting March 1, 1984. The INTEREST charge for all other tax arrears is also 1.04% per month. The effect rate is 12.5% per annum.

Failure to receive a tax bill does not release the Ratepayer for payment of taxes nor the penalty and interest charges imposed because of default.

683-2760

1710 KINGSTON ROAD, PICKERING.
OFFICE HOURS 8:30 a.m. to 5:00 p.m.
Monday to Friday

150% RSP GROWTH

Guaranty Trust's Managed RSP

- Equity Section grew 150%* in 5 years
- Gained 32%** in 1983

OTHER GUARANTY TRUST RSPs

- GIC-RSP—guaranteed interest rate for a fixed term
- Daily Interest RSP—high savings rate
- Mortgage Fund RSP—for investment growth
- Self-Administered "Special" RSP—you decide your portfolio contents

*Jan. 1/79—Dec. 31/83. Includes income. **Jan. 1/83—Dec. 31/83. Includes income.

TORONTO AREA CALL:

366 Bay Street
(Head Office) 863-5012
121 Bloor Street East ... 863-5285
1719 Avenue Road 781-4661
2425 Bloor Street West ... 767-1191

939 Lawrence Ave. East (Don Mills Shopping Centre) 447-6453

875 Eglinton Ave. West 789-7802
2555 Victoria Park Ave. 491-7230
2376 Yonge Street 485-0453
3204 Yonge Street 483-3541

4841 Yonge Street

(Sheppard Centre) 223-0030
255 Morningside Avenue
(Morningside Mall) 281-6701

MISSISSAUGA:

4141 Dixie Road
(Rockwood Hill) 625-8400
RICHMOND HILL:
10132 Yonge Street 884-1188

HAMILTON:

82 King Street East 525-3630
OSHAWA:
32 King Street East 579-8181
STOUFFVILLE:
81 Main Street West 640-4000



"Call us and let's get growing!"

Guaranty Trust
COMPANY OF CANADA