The Company They Keep

One of the tasks of the Federal Trade Commission, according to the Encyclopaedia Britannica, is to order business organizations to stop using deceptive advertising when such organizations are found to be so engaged. A few weeks ago Encyclopaedia Britannica, Inc., was ordered by the Federal Trade Commission to stop using advertising that misrepresented its regular prices as reduced prices available for a limited time only. Besides the familiar 24-volume Encyclopaedia, the company sells such things as a book case, an atlas, a reference service, and the Britannica book of the year. Sales are made directly to the public through the publisher’s 2500 or so salesmen, with advertising in national magazines backing up the sales force.

Some of the company’s sales practices are ingenious. The FTC shows, for example, how the prospective customer, once he has gained the impression that he is being offered the Encyclopaedia and accessories at reduced prices, is led to believe that the purported reduced prices are good only for a limited time. This is done by two kinds of statements, each being true enough if regarded separately.

The first kind of statement, which appears in written material, says such things as “This offer is necessarily subject to withdrawal without notice.” Such a statement, as the company pointed out at the hearings, is not untrue. The offer certainly could be withdrawn, although, as a matter of fact, with the exception of a version of the Encyclopaedia bound in something called “Blue Levantex,” there has been no change in prices since 1949. The second kind of statement is made orally by the salesmen. Upon conclusion of the sales presentation, if the prospective customer wants to think things over, the salesman will say that the prospect had better make his mind up right away, for the salesman will not return. And again, as the company also argued, the statement is true enough. The threat is not empty, for, in fact, salesmen generally do not call again.

But the two kinds of statements taken together, according to the FTC, create an illusion. The refusal of the salesman to return, viewed against the warning that the offer is subject to withdrawal—and also viewed against the impression, created by other means, that a reduced price is being offered—leads the prospect to believe that the salesman’s refusal means the withdrawal of an opportunity to obtain reduced prices. Interestingly enough, although the threat not to return is not empty, carrying it out involves no loss to the company. Experience has shown that when a sale is not completed on the first call, the salesman will do better trying his luck on a new prospect rather than going back to the old one.

In volume I of the Britannica, after the dedications to John Fitzgerald Kennedy and Queen Elizabeth II, there are acknowledgments to the many persons whose “cordial cooperation,” as the editors put it, makes this enterprise possible. These many persons are the professors of the Universities of Chicago, Oxford, Cambridge, and London who provided editorial advice, and the thousands of authorities in different fields who wrote the actual articles. Perhaps, then, the FTC should not be the only group reviewing the business practices of Encyclopaedia Britannica, Inc. A committee of these authorities might also have some thoughts on the methods by which their efforts are being sold. Should these methods not earn the committee’s approval, it might advise contributors to make their cooperation a bit less cordial.—J.T.