

THE R. S. I. CONSIGNMENT SCHEME

Throughout the Industry financial credit has shrunk. The average Cycle Dealer is particularly affected and it is vital that he uses his financial resources in the most profitable manner.

We all agree that the Motorised Cycle is here to stay, but will the Cycle Dealer profit by this new line?

The enthusiasm shown by the Dealer at the London Cycle Show has been somewhat blunted by some home truths. He has neither the financial resources nor the floor space to enable him to add motorised cycles to his business. To stock only a few machines takes several hundred pounds in cash and a good deal of floor space.

Yet he knows, and we know, that the Cycle Dealer must go into the Motorised Cycle business (preferably with a single-speed model) to improve his business and, in some cases, to avoid closing down.

The main deterrent is CAPITAL and SPACE. Some Dealers are not affected by shortage of either, but the less fortunate ones are faced with having to "squeeze" their cycle business if they wish to go in for Motorised Cycles. We feel that this course would be fatal, not only to the Dealer but to the Industry as a whole, the prosperity of the latter depending on that of the former. Here are the reasons: Bicycle parts take up little space and, in many instances, bring to the Dealer who pays cash a return of 40% on capital laid out. When the Dealer diverts his cash into Motorised Cycles he loses his ability to pay cash for his bread-and-butter lines and the return on his money becomes the standard 33 $\frac{1}{3}$ %. Money diverted into Motorised Cycles brings him a 20% return as against 40% on cycle parts. Thus he loses £20 profit on every £100 he diverts into Motorised Cycles.

The picture is even less rosy when one considers the space taken up by the machines and, also, the fact that included in the £100 purchase value is 30% Purchase Tax on which he gets no profit at all. The available margin on Motorised Cycles is, thus, reduced still further and is, in reality, appreciably below the 20% return on the capital involved.

What conclusion can the Dealer draw from this? Only one thing: He must go in for Motorised Cycles to improve his trade and, if he does, without the required facilities, he will go "bust". We, too, were faced with this problem but we found a solution.

THE SOLUTION: It will be readily understood from the foregoing that the only solution which will enable a Dealer to go in for Motorised Cycles must cover the questions of capital and space. The space required must be the minimum, damage through "shop soiling" must be eliminated and the Dealer (in everyone's interest) must be protected from financial loss. At the same time his capital must not be diverted from his cycle business to that of Motorised Cycles.

THIS IS OUR SOLUTION:

A. SPACE—"SHOP-SOILING". Our machines are packed in sealed cartons which need not be opened until the machine is sold. Thus they can be stored out of the way. This solves both questions.

B. CAPITAL. Dealers who sign a Stocking Agreement with our Company are asked to purchase one RSI Model S and one Model L. These two machines are for display and demonstration.

For re-sale, we send to the Dealer, on a consignment basis, an adequate number of machines, packed in sealed cartons. These latter remain our property and the Dealer has nothing to pay until he sells them. When the actual sale takes place we invoice the machine to the Dealer, who is THEN expected to pay at 30 days from date of invoice.

If he is unable to dispose of his stock he simply notifies us, and we arrange for the return of the machines at our expense. This protects the Dealer from loss due to lack of sales or bad stocks.

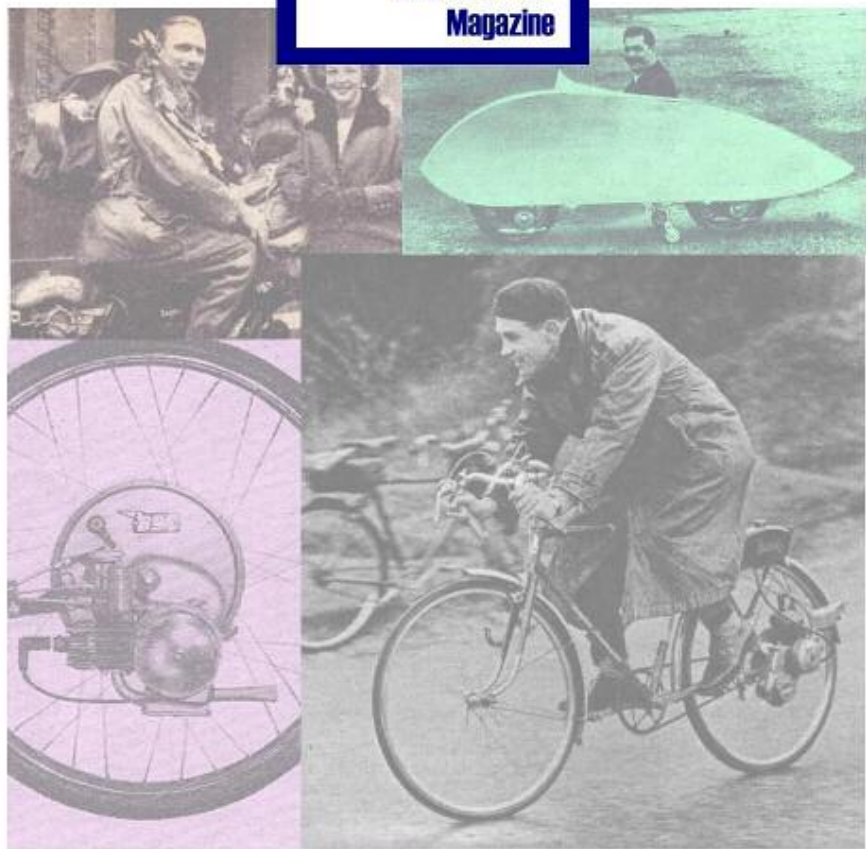
We believe that this scheme protects the Dealer's interests for it allows him to take up Motorised Cycles without tying up the precious capital he needs for his cycle business or the risk of financial loss.

Many Dealers are already Appointed RSI Stockists under this scheme. Many more can still be accepted. If you are interested, write to us; you will not be disappointed.

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