

More on Graphology and Marketing: An Empirical Validation of Marketing Graphology

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A recent article by James McNeal [3] outlined the foundations of graphology (the study of handwriting) and suggested ways in which it might be useful to marketers. This article presents results of a study designed to see if graphology would be useful in screening credit risks for a major oil company.

The retail credit field has traditionally been more the property of financial management than of marketing management. Yet it is increasingly recognized that consumer credit has definite marketing overtones, and at least some companies are reevaluating their credit operations in terms of sound marketing and financial management. Work by this author in several companies has shown the value of such an approach [4-6].

Newer tools for improving credit decisions include point credit-scoring systems, which assign numerical values to various items of information on retail credit application blanks. The applicant receives a certain number of points for having a bank account, home phone, late-model car, oil company credit card, etc. All points are added to produce a single "quality index" score for an applicant; the higher the score, the more likely he will honor his credit obligations, promptly and fully. Such a score is used not only to reject bad applicants formerly accepted but also to accept good applicants formerly rejected, thus increasing the firm's volume of good credit business.

METHOD

The study reported here was done for the west coast operations of a major, nationwide oil company. The primary objective was to develop a point scoring system for incoming credit card applications to reduce bad risks and to increase the acceptance rate of potentially good business that was previously rejected.

All of the personal information available on the credit application form was coded for each applicant, and the following graphological type information was obtained:

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- writing instrument used
- spelling errors
- general appearance of application form
- signature-initials pattern
- signature legibility
- signature slanting
- color of ink
- printing.

It was hoped that one or more of these items would add to the discrimination between good and bad risks that could be accomplished by the more conventional items of application. Some of the items were suggested by various books and articles on graphology [1, 2, 7]; others were simply intuitive. All had to be reasonably *objective* to be usable by credit-screening personnel with no training in graphology.

A sample of approximately 400 each of good and bad credit accounts was drawn randomly (using a systematic sampling procedure) from company files, and both conventional and graphological information was coded from the application form of each case. The resulting data were keypunched and analyzed to determine items that discriminate between good and poor credit risks. Only the graphological items are presented here.

RESULTS

Two of the eight items differentiated between good and poor risks at beyond the .001 level: "signature-initials," with applicants who write out all names (using no initials) showing up as the poorest risks, and "writing instrument," with typed applications definitely poorer than those written by pen. (There were very few pencil applications so they were omitted from the analysis.) The printing item was significant at the .005 level, with the three sloppy categories indicating poorer risks. "Color of ink" showed significance at the .02 level, but only because of the "other-typed" category, again reflecting the poorer risk of typed applications. "Spelling errors" were significant at beyond the .05 level.

Thus, four of the graphological items considered showed some value in discriminating between good and poor risks for the oil company studied. However, none

of these items could improve on the discrimination produced by a total credit score derived from the more conventional personal and financial information items on the application form.

DISCUSSION

That four of the eight graphological items were found useful in this study can be considered an indication that graphology has some use in marketing. Actually, these four items would be of real value in identifying high-risk applicants, without point scoring and using conventional application information.

Also note that the criterion used here—good versus poor credit risks—constitutes only a small portion of the marketing field. Many other, more relevant criteria might have been used, such as purchasing patterns, purchasing amounts, heavy versus light users, etc. There were many other graphological information items that might have been tried as predictors. Some of these were not suitable for later use by untrained credit evaluators; others were not even available to trained graphologists

because of the terse and incomplete information called for by the credit application form used in this study.

REFERENCES

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Graphology as a Marketing Aid

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I was interested in Professor McNeal's article on graphology [1]. He comments that there is no evidence of the use of graphology by marketers, but this is not the case.

More than 25 years ago, a graphologist tested the handwriting of various senior members of a very well-known American market research company. In relation to one senior member he told the head researcher that certain undesirable characteristics were present. The researcher dismissed the idea, but six months later the graphologist was proved to be correct.

When this market researcher was later asked to investigate ways to reduce credit risks for a mailing house,

he recalled his experience with the graphologist and engaged him as a member of the team. By examination of past records, the graphologist was able to identify those risks that had been good and those that had not. The owner of the mail-order house was so impressed that he gave the graphologist a place on his staff, and for some time the graphologist worked, examining all new credit applications and reducing very considerably the loss through bad risks. In fact, he was so successful that two assistants were recruited whom he trained. Unfortunately, as soon as he had done this, he found himself out on the street.

REFERENCE

1. James U. McNeal, "Graphology: A New Marketing Research Technique," *Journal of Marketing Research*, 4 (November 1967), 363-7.

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