At The Operative Level . . .

RETAIL CREDIT FUNDAMENTALS, fourth edition

by Clyde William Phelps

(St. Louis, Missouri: International Consumer Credit Association, 1963, Pp. vii, 265. $5.00.)

Neither Clyde William Phelps nor his *Retail Credit Fundamentals* needs any introduction to readers of the JOURNAL OF MARKETING. Professor Phelps's writings on credit span a quarter of a century and have appeared in both book and monograph forms. *Retail Credit Fundamentals* itself first appeared in 1938 and has gone through 4 editions and 15 printings.

This volume has played a distinct role in the whole of the credit literature: it has been designed to present the *why* and the *how* of credit work on the operative level to those who are employed at that work. Thus, the book avoids dealing with managerial aspects of retail credit, and it entirely omits any reference to mercantile and other forms of credit. This is pointed out not to criticize but to orient its contribution.

The Foreword, written by William H. Blake, Executive Vice President of the International Consumer Credit Association, makes the following succinct statements about its purpose and contents: that it treats only "those basic functions which every employee in the credit department should be expected to know"; that "the treatment in this volume is practical rather than academic"; that the analysis is "organized under the three logical phases of (a) acquiring, (b) controlling, and (c) collecting the account"; and that it deals with the ways in which "these functions are being performed in large, medium size, and small credit operations."

In the Preface, Dr. Phelps claims for the book a managerial approach, while saying that the "social implications are not neglected."

Within the scope of these objectives and proposed coverage, the book generously accomplishes its purpose. Meticulously written in a direct, easy-to-comprehend style, it conveys well the message to the audience to which it is directed. Being practical, it could not be characterized as theoretical; and while it attempts to give the why of credit practice on the operative level, it does not get into the why of credit itself or of the various forms and concepts of credit.

No fault can be found with the contents of the book, but a reader from any other than its intended audience involuntarily searches for broader views of credit: its managerial aspects, its social role, policy decisions which underlie the why of credit as it is presented. Such searching is wishful thinking, however, and any unfulfillment which it breeds is compensated by the satisfaction that the job which Professor Phelps has undertaken to do in this volume has been so well done.

While scrupulous about details, Phelps has never been one to overlook some of the broad or moral relationships which arise in business. It is interesting, therefore, that this book ends with a strong statement that while individuals may be absolved legally from their debts through bankruptcy, they should have a continuing moral obligation to pay these debts. One might question the consistency of this *business* attitude with the *social* philosophy expressed in bankruptcy legislation, but there is much sanity in his recommendation that creditors of bankrupts should not provide further credit service to individuals who have so repudiated their debts.

Such moralizing for managers seems an appropriate transition from this book to Phelps's *Retail Credit Management.*

ROBERT BARTELS

The Ohio State University

Discount Store Behavior Too . . .

SHOPPING BEHAVIOR OF DEPARTMENT STORE CUSTOMERS,

by Stuart U. Rich

(Boston: Harvard University, 1963. Pp. xix, 291. $5.00.)

Most of the material comes from what seems to be a carefully-planned, well-analyzed consumer survey in New York and Cleveland. In all, 4,500 women shoppers were interviewed and the findings appear fairly consistent and logical.

Following are some major points made by the author:

1. Most women do at least some of their shopping at discount stores. Discount shopping tends to be more popular among lower and middle income women. A sizable portion even of the low income group, however, have not shopped in discount stores.
2. Young women patronize discount stores more than older women do. The best discount store customers are young women with children. This is not a function of lower income, since at all income levels young women shop more often at discount houses than older women do.
3. For hard goods lines, discount stores are as well accepted among high-income discount shoppers as among low-income ones. Purchase of all soft-goods lines goes down as income rises. This decline is less marked for children's clothing and for men's socks and shirts than for women's clothing and for towels, sheets, and the like. In general, where style and quality are important in an item, it is less apt to be bought in the discount store.
4. Main strengths of department stores lie in the quality of their merchandise, their reputation and reliability, their salesclerk service, and other services. Price appeal stands out for discount stores, in terms of both good value and lower prices. Ac-

cording to the author, it seems unlikely that either type of store can convince customers that they will find both low prices and high quality there. Salesclerk service and other traditional department store services, such as delivery, charge accounts, and so on, are of major importance to the large portion of women who say that department stores are easier to shop at than are discount stores. Self service, on the other hand, is of major importance to women who prefer discount stores.

5. While services are an important element of department-store shopping convenience, the more informal, non-service atmosphere of discount stores plus their greater emphasis on night openings appeals to many customers. Evening shoppers, those who shop with their husbands, and time-conscious shoppers tend to be frequent discount shoppers. In New York 31% of the frequent discount-store shoppers are evening shoppers compared with 18% of the non-discount shoppers who shop in the evening. In Cleveland, these percentages are 36% and 21%.
6. All women, including high frequency discount shoppers, expect to find a full range of services when they go to department stores. Their acceptance of self service at discount stores is no guarantee of their enthusiasm for it on any large scale basis in department stores.
7. Neither the department store nor the discount store can claim any clear advantage in satisfying the "psychological" needs of women in their shopping.

From the findings of the study, the author believes that the most profitable strategy department stores can follow is this: upgrade merchandise lines and emphasize fashion but at the same time add certain features of the discounters on a limited basis.

For certain types of merchandise (such as fashion apparel) the great majority of women rely on the quality and reputation of the department stores to assure getting the best buys. Such merchandise requires salesclerk service and delivery. For other types of merchandise, such as kitchen utensils, small appliances, staple lines of household linens, men's socks, children's clothes, and so on, price is a major factor and self service can be quite as convenient as salesclerk service.

Converting some departments, such as the basements, to self service does not mean curtailing delivery, liberal credit and return policies, phone orders, and so on.

The author warns that if management decides to convert some of its departments to self service, it means more than just eliminating the salesclerks and putting merchandise on open display. Careful attention must be paid to fixturing, to traffic flow, and to the best way of educating customers, store buyers, and salesclerks about the reasons for the change and expected benefits to be derived from it.

In addition, the importance of salesclerks to assist in making the purchase of a new dress or a coat a more exciting experience for the average housewife is reemphasized by the author.

The book is well planned, its material is well organized, and it is clearly written. Although it does not in general reveal new facts, it clarifies information in a meaningful way for both department stores and discount store managements.

HERBERT LANDSMAN

Federated Department Stores, Inc.

Toward Future Theory . . .

DEVELOPMENT OF MARKETING THEORY,

by George Schwartz

(Cincinnati, Ohio: South-Western Publishing Co., 1963. Pp. viii, 152. $4.50.)

The expressed purpose of this volume is "to determine the extent to which empirically-valid marketing theory has thus far been developed and to make suggestions for the future development of marketing theory." It is primarily intended for the marketing professional, although use as a supplemental reading in advanced seminars is a possibility.

The major areas of marketing theory covered are: (i) Reilly's and Converse's laws of retail gravitation; (ii) Stewart's work on "Social physics," wherein mathematical models derived from the laws of classical physics are statistically-fitted to aggregate socioeconomic data; (iii) introductory game theory; (iv) Grether's writings on market area determination and the geographic location of economic enterprises;; (v) the definition of the functions of marketing enterprises, with particular reference to the work of McGarry; (vi) Alderson's theories about organized behavior systems and their importance to marketing; and (vii) analyses of the efficiency of marketing channels, as performed by Cox and Goodman, and Breyer. The author prefaces the book with an introductory chapter broadly discussing the development of theory in marketing and stating his aims in writing the book. Short evaluative comments are made at the end of each of the chapters; six pages at the end are devoted to a summary and some general conclusions.

This reviewer disagrees with the author on a number of points. First, the selection of materials is somewhat curious in that many of the most modern contributions to marketing theory are ignored, particularly those that have their basis in other areas of discipline. In the chapter on location theory (and this is certainly not meant to detract from the work of the authors who are considered), nothing about the work of Isard or the other regional scientists is mentioned. And yet they are doing highly relevant work in the areas of mathematical and statistical models. Game theory receives a similarly truncated treatment: the chapter is devoted mainly to a description of how the theory works rather than of its implications for marketing. Shubik's important work is relegated to a single footnote reference. None of the recent quantitative work on brand switching or the impact of price and promotional strategies on consumer buying behavior is mentioned. As far as aggregative statistical analysis is concerned, the broad literature of econometrics—in particular that part dealing with household economic behavior—has more to offer than that of social physics confined, as it is, largely to the ideas of a single author. Finally, none of the