

RETAIL MANAGEMENT IN THE DECLINING
TRADING AREA OF ELOY, ARIZONA

by

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CHAPTER I

INTRODUCTION

This thesis is concerned with the description and analysis of retail operating procedures in a declining agricultural trading center. The basic criteria used by the author to classify the area were: the population size, geographic location, composition of the economy upon which the town rested, and seasonal fluctuations in retail activity.¹ The population size of rural trading centers varies from 2,000 to 10,000.² The bulk of this population usually is employed in farm production which serves as the base of the local economy. The volume of retail trade reflects the seasonal variations in agricultural employment, which in turn is directly affected by variations in the acreage under cultivation and agricultural production methods.

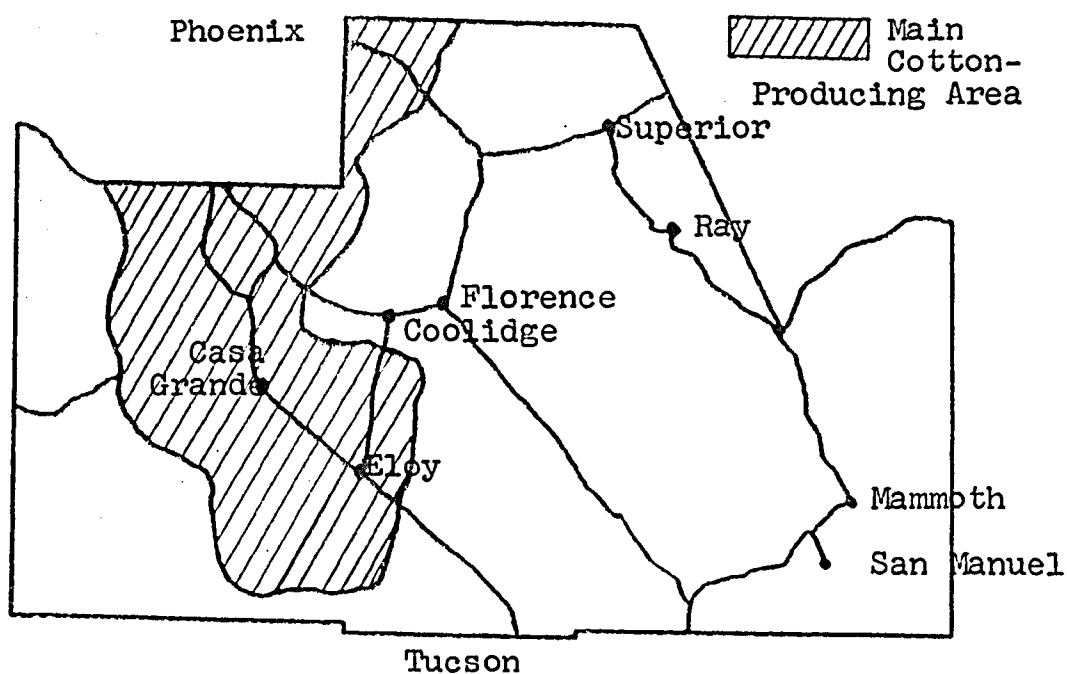
¹Philip G. Olson, "Arizona Cotton Town," Arizona Business and Economic Review, (Tucson: The University of Arizona Bureau of Business and Public Research), Vol. V, No. 12 (1956), p. 4.

²Donald W. Scotton, Trends in Rural Retailing in Two Illinois Districts 1938 to 1950, Bulletin 76 (Urbana: Bureau of Economic and Business Research, University of Illinois, 1953), p. 12.

Eloy, Arizona, population 4,864,³ is located in the outskirts of the cotton farming area in southern Pinal County. Its location, roughly half way between Phoenix and

FIGURE I

THE LOCATION OF PRINCIPAL TRADING
CENTERS IN PINAL COUNTY, ARIZONA



Tucson as the primary trading center of the region, and twenty-four miles from other rural trading centers, partially explains its classification as a rural trading center.

³This population figure was obtained from an interview with Mrs. Alexander Baird, District Supervisor for 1960 U. S. Census of Population, June 24, 1960.

Employment in cotton production and first processing provides the primary source of consumer income for the area.

Over the past five years, Eloy has experienced a considerable decline in the seasonal migrant population as a result of increased mechanization in the cotton industry. Much of the migrant labor required to cultivate and harvest the extensive cotton acreage has left the area. Total cotton acreage under cultivation has steadily declined over the past six years. The increasing diversification of economic activity in the metropolitan centers of Phoenix and Tucson has not yet spread to the Eloy area. There has been no substitute productive effort to absorb that quantity of labor lost through technological advances in cotton farming. The migrant workers normally spend over sixty per cent of their earnings in the area during the period worked; their loss has had a direct influence on the volume of retail trade in the area.⁴ What impact has the technological change in cotton farming had upon the volume of retail trade in the Eloy area? What have the Eloy retailers done to offset this loss in income to the area?

The continued improvement and rerouting of the highway system within the county has increased consumer mobility, thereby compounding the problem facing retailers. Consumers

⁴Olson, op. cit., p. 1.

appear to be going outside their trading center to purchase goods and services comparable in quality, variety, and price with those available in Eloy. How has increased consumer mobility affected the long run outlook for retail growth in the area? Are there any weaknesses in the array of goods and services offered by the Eloy merchants which would contribute to the flow of patronage to other trading centers?

As there has been little literature developed on retail management in declining trading areas, emphasis in research has been upon the use of primary data obtained by personal interviews with Eloy residents and businessmen. In an attempt to develop fully the desired data, the methodology consists of adapting the basic steps of marketing research procedure to the situation in Eloy.⁵

The Businessmen's Association of Eloy brought the general problem of their declining retail trading center to the Bureau of Business and Public Research, University of Arizona. As these merchants had neither the financial resources nor the back-ground training required to conduct a thorough analysis of the problem, the Bureau of Business and Public Research agreed to the task of surveying the

⁵Lyndon O. Brown, Marketing and Distribution Research, (New York: The Ronald Press Company, 1955) Ch. 6. See Appendix A - Methodology for a description of the detailed methodology used in the survey, an explanation of changes made in Brown's marketing research procedure to fit the conditions in Eloy, and a definition of each step as it was used in the survey.

socio-economic structure of the Eloy area. The author was able to participate in the Eloy Self-Help Program by surveying retail operations.

It is on the basis of the limited findings of several researchers on retail management in rural areas, that the investigation of retail operations in the declining trading center of Eloy was developed.

Statement of the Problem

The town of Eloy, Arizona, has suffered from a considerable decline in migrant population owing to a reduction in the migrant labor force occasioned by technological changes in the cotton economy on which Eloy rests. In addition, remaining residents appear to be doing more and more of their purchasing in other towns. In large part, this is attributed to recent improvements in local highway conditions that permit greater consumer mobility. These two factors pose a difficult problem for the merchants of Eloy. They are faced with resultant declining sales volumes and an increased retail mortality rate.

Objectives of the Study

General objectives. - This study will attempt to indicate retail management change and attitudes toward change in response to a changing environment.

These objectives concern the facets of retail operation which influence retail success.⁶ For the purposes of this study, these factors have been broken down into two basic classifications; external environmental factors and internal managerial factors.

The environmental factors examined in connection with retail success are the extent of the town's trading area, population characteristics, market structure, attitudes of the community, and availability of auxiliary services which facilitate operations, such as advertising media and services, source of suitable employees, and suitable banking and credit facilities.

The second group of factors bearing upon retail success are termed managerial in that they depend to some extent upon the judgment exercised by the manager. These include such factors as: managerial competence, managerial experience, availability of adequate capital resources, and other managerial aspects contributing to retail success. Although availability of adequate capital resources is in part an environmental condition, it is discussed here from the managerial viewpoint in terms of managerial ability to increase profitability. Therefore,

⁶See Appendix A, p. 114, for definition of retail success.

an evaluation of these environmental and managerial factors which significantly influence retail success, from the consumer's and the retailer's point of view, will afford a valuable insight into attitudes and adjustments to the forces of change in the area.

Also, it is hoped that these objectives will provide the foundation necessary for further investigation which would be able to prescribe additional adjustments to aid retailers in improving their operations.

Specific objectives. - The specific objectives are to analyze those determinants of retail success outlined by the general objectives. For example, in connection with the first objective, it is hoped that by constructing a trend for migrant population in the Eloy area, and then computing the disposable income lost through reduction of the migrant labor class, the full impact of the decline in migrant population in the area can be effectively set forth. Also, through comparison of the rate of change in the number of migrant workers with selected growth factors, such as postal rates, bank debits, electric meters, etc., the declining importance of Eloy as a trading center will be further verified.

Another example, related to the second general objective, would be to judge the extent to which Eloy merchants have adjusted their operations to changes in population, and shifts in consumer buying habits. What is the retailer's attitude toward these forces of change? How has this attitude influenced the adjustments made?

Statement of Hypotheses⁷

Central hypothesis. - The central hypothesis is: variations in environmental and managerial factors are associated with variations in retail success. The central hypothesis is designed to measure the extent to which the primary requisites for retail success, i. e., managerial competence, managerial experience, and adequate financial resources, plus the varied environmental factors peculiar to each trading area, combine to influence retail success in Eloy. The general absence or deficiency in any one of the primary requisites for retail success could result in definite negative variation in the observed phenomenon of retail success.⁸ Inefficiency in retail operation on the part of even a small number of retailers could possibly result in a degrading or negative influence to be cast onto the bulk of the retailers in that area.

⁷L. O. Brown, op. cit., p. 79.

⁸C. H. McGregor, Retail Management Problems, 2nd ed. rev. (Homewood: Richard D. Irwin, Inc., 1957), pp. 1-2.

It is the interaction of the criteria for retail success, and other managerial factors, which, along with the environmental factors present in the retail trading center, explain the degree of success attainable by retail operations. The need for cultivating judgment, and the ability (financial and managerial) to exercise this judgment through sound decision-making, comprise the primary requisites for retail success and are vital to the future growth of the retail firm.

For the purposes of clarification and economy of effort, the central hypothesis has been broken down into the following segments:

a) hypotheses relating to the environmental factors:

As these aspects were cited earlier in the report and are found in the Appendix, the hypotheses are simply listed without explanation. Further discussion of these hypotheses will be postponed until they are tested in Chapter II.⁹

(1) Increased mechanization in the cotton industry has seriously reduced employment and income in the Eloy area, causing a resultant decline in retail sales.

⁹See Appendix A, p.114.

(2) Most families in the Eloy area with the larger incomes are going outside their trading area to purchase goods and services of quality, price and variety comparable with those available in Eloy.¹⁰

(3) The dearth of adequate secondary environmental factors, advertising media and services, banking and credit facilities, and the unavailability of suitable employees have stimulated the flow of retail patronage out of the trading area.

(4) The absence of retail competition within the town appears to be responsible for the declining importance of the trading center.

b) hypotheses pertaining to managerial factors:

As the relevance and nature of the first three hypotheses concerned with the managerial aspect of the central hypothesis have previously been discussed, they will simply be listed without further explanation.¹¹

(1) The degree of managerial competence as exercised over a period of several years (at least three) is responsible for the degree of retail success which each merchant will enjoy.

¹⁰High income is here defined as those families whose income is \$6,000 per year and over.

¹¹Definitions of managerial competence, managerial experience, and adequate financial resources are found in Appendix A, p. 114.

As no standards of comparison could be found, managerial competence will be analyzed on the basis of profitability, ability to survive, ability to keep abreast of current trends, ability to adjust, and intent to leave. Although there are a wide range of standards and attributes associated with managerial competence, the above mentioned were developed in lieu of investigating retail management in a declining economy.

(2) The general lack of managerial experience in present or related lines of business explains the lack of relative growth in retail operations.

Managerial experience is evaluated in terms of the extent of previous managerial experience and formal training before entering into retail operations.

(3) The Eloy merchants' inability to obtain adequate financial resources contributes to management's inability to effectively compete in Eloy and with other trading centers.

(4) The high prices, poor quality and limited variety of goods in Eloy represent a condition which is driving the Eloy consumer to do the majority of his purchasing in other trading centers.

The viewpoints of the consumer and retail store owner will be contrasted in order to gain evidence to test this sub-hypothesis and further explain the decline of Eloy

in terms of the dissatisfaction registered by those families having the larger incomes in the area; presumably those families that constitute the bulk of the outflow of consumer dollars from the area.

(5) The failure of the Eloy merchants to develop and to utilize advertising and other sales promotional methods as a means of holding patronage and attempting to curb the outflow of consumers to other trading centers has added to the decline of Eloy in importance as a trading center.

(6) The effects of previous consumer exploitation, i. e., higher prices relative to other trading centers, by the Eloy merchants might be a contributory factor to present consumer movement outside the Eloy trading area.

The consumers maintain that Eloy prices are too high. The question is not whether the prices are higher; if the Eloy consumer believes prices to be higher, this could explain in part the increasing loss of Eloy's market to other trading centers.

(7) The influence of a brief period of retail prosperity (1949-1954), enticed many of the present merchants of Eloy into business who initially had little in the way of requisites for retail success. These retailers could comprise the majority of present retail merchants, and therefore might be responsible for the lack of relative growth in

retail operations in the area.

It would appear from preliminary observation that these retailers are one of the primary reasons for the general declining importance of the town as a trading center. They constitute the bulk of that class of marginal operators which probably will soon leave the business scene in Eloy due to their inability to effectively compete for business. Their inefficient procedure could contribute to the inability of the remaining Eloy merchants to compete effectively with the surrounding rural trading centers in Pinal County.

Universe

The study covers all retail establishments having an annual sales volume over \$2,500, carrying on retail operations within the city limits of Eloy, Arizona, and constituting retail activity as classified by the Standard Industrial Classification Manual of 1957.

Boundaries of the Study

This study is concerned with the attitudes and operational procedures of the merchants currently in business; and, also, the shopping habits and attitudes expressed by the consumers interviewed.

Research Design Employed

In order to provide the evidence required to test the hypotheses developed, a descriptive statistical research

design was employed.¹² The central objective of this study is to describe present operating procedures and methods used by the retailers, and through statistical arrangement of the data collected, to determine whether or not these merchants have adjusted their retail operations to the existing consumer class of the area. Through a precise statement of the problem area under investigation and careful specification of the data to be analyzed, the cause and effect relationships contained in the hypotheses will be accepted or rejected.

¹²Harper W. Boyd and Ralph Westfall, Marketing Research - Text and Cases, (Homewood, Illinois: Richard D. Irwin, Inc., 1956), pp. 63-66.

CHAPTER II

THE ENVIRONMENTAL FACTORS INFLUENCING RETAIL MANAGEMENT

Environmental factors provide one of the foundations upon which retail activity in a given area rests. Variation in environmental factors will bring about variation in retail activity over which the manager has little or no control. However, through his ability to identify and analyze, he may better cope with the environmental variations, and hence insure his long run profit objective. Therefore, those environmental factors prevailing within Eloy will be discussed first.

The General Trend for Rural Trading Centers

From the turn of the century, there has existed a secular decline in the physical volume of sales in small rural towns and villages.¹ There are many factors contributing to the decline of a rural trading center. The widespread use of the automobile from 1917 to 1925 caused a shift in trade movement in most rural areas. As the country's network of roads began to improve and expand, consumers went outside their trading area confines in

¹Scotton, op. cit., p. 1.

increasing numbers, further accentuating and accelerating the rise and decline of most rural trading centers.²

As increased consumer mobility brought about corresponding changes in rural trading habits, the fortunes of many rural trading centers fluctuated significantly; one trading center would increase in importance at the expense of another; trade shifted to one center would hasten the end for those marginal businesses left in the vacated trading center.

Other factors contributing to the decline in physical volume of sales in small rural towns, hence their decline in importance, were the declining rural population and decreasing employment in rural areas. These factors tended to have an adverse effect on the volume of business done by the small town retailers.

The Cotton Industry and Eloy

Around 1945, the Sunshine and Santa Cruz Ranches, the two largest ranches in the Eloy area, changed ownership and redirected their productive efforts from vegetable farming to cotton farming.³ From 1941 to 1945 the market price

²Ibid., p. 1.

³Personal interview with Mr. Thomas H. Yee, owner of Eloy Market. Eloy, Arizona, April 3, 1960. Mr. Yee has lived in the Eloy area since 1903, and therefore is a qualified witness to many environmental changes.

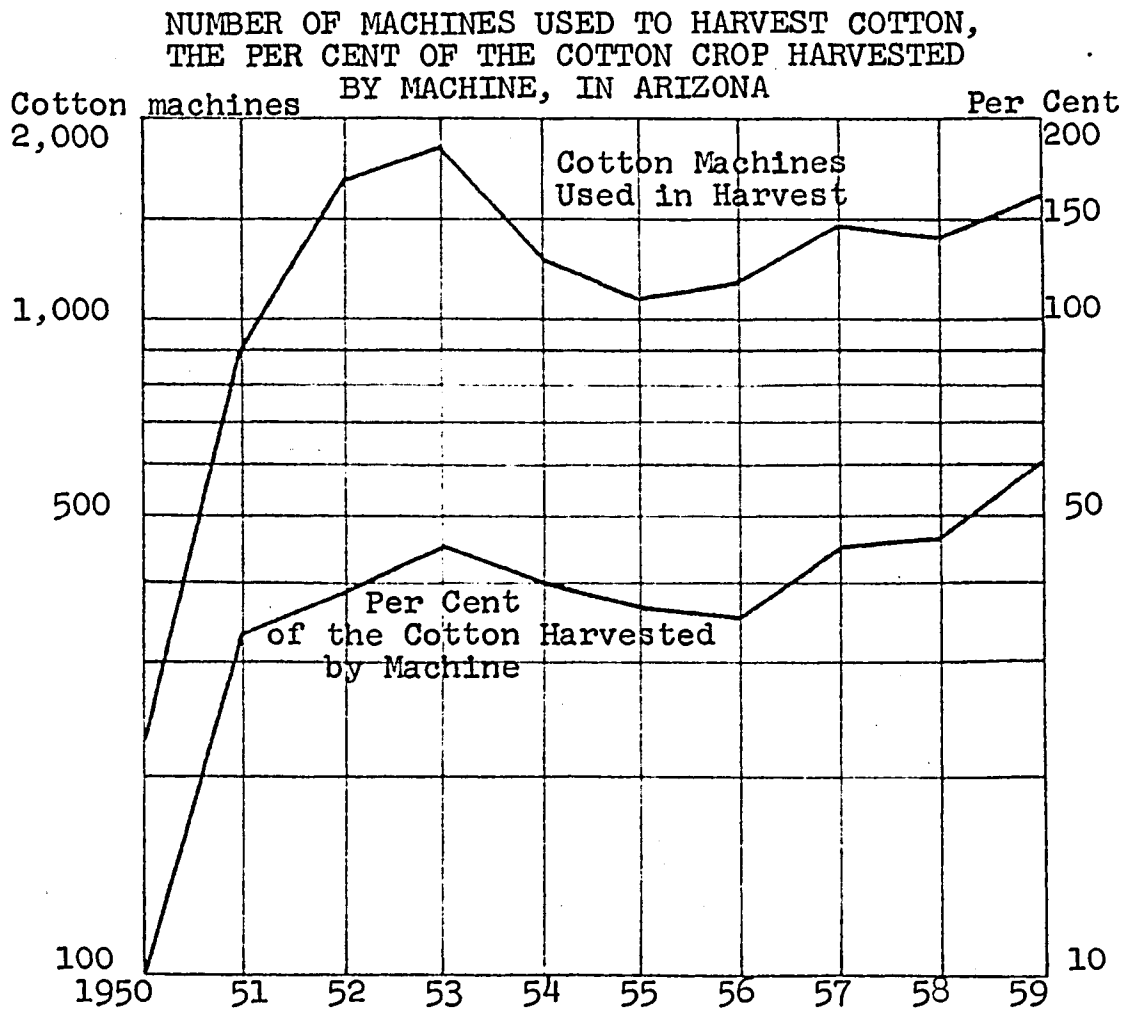
of cotton had increased over 65 per cent⁴, while the market price for vegetables remained relatively low. The significant increase in profitability of cotton, plus its high yield per acre, were responsible for the shift of productive efforts from vegetables to cotton in the Eloy area. The value of cotton produced, the total cotton acreage, and the labor force required in cotton farming, as shown in Figure 2, attained their highest levels in 1953 and 1954.

Employment in production and first processing of cotton provides the primary source of consumer income for the Eloy area. The cotton industry gave impetus to the rise of Eloy's prosperity. The large labor force required from August through February to thin, weed, and harvest the cotton crop greatly increased the income and bolstered retail prosperity for the Eloy area.

A primary reason for the decline in importance of Eloy as a trading center was change in the method of cotton farming. Figure 3 shows that between 1950 and 1952 the number of machines used to harvest the Arizona cotton crop increased 673 per cent. Although the size of the farm labor force required to harvest cotton during the peak month

R. E. Seltzer and E. E. Pfuehler, Prices and Production of Arizona Farm and Ranch Products, Special Report No. 1, (Tucson: University of Arizona Agricultural Extension Service and Agricultural Experiment Station, July, 1959), p. 8.

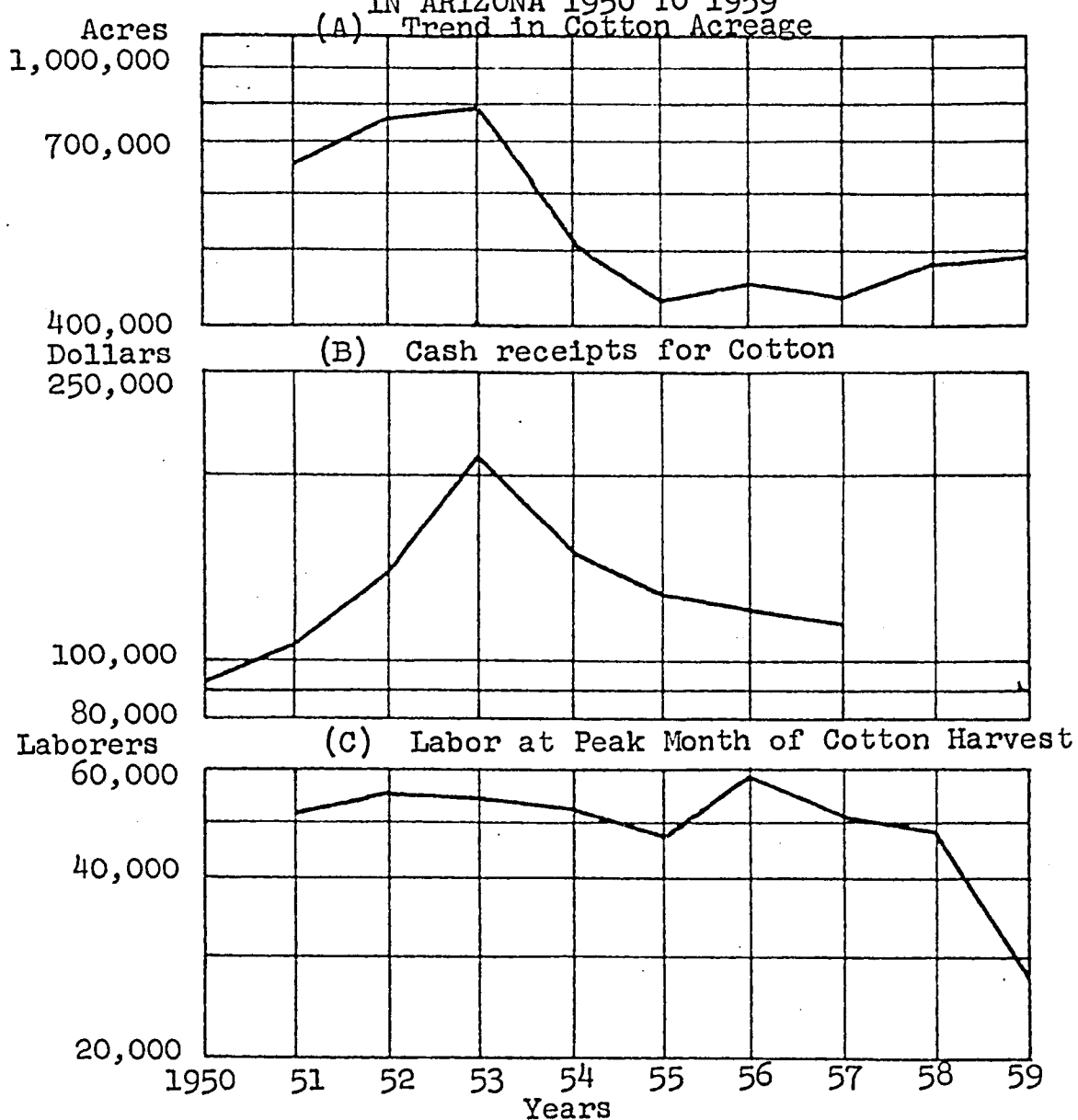
FIGURE 2



Source: Arizona Post-Season Farm Labor Report,
(Employment Security Commission of Arizona, Farm
Placement Division, Phoenix, Arizona, 1951-1959).

FIGURE 3

TREND IN COTTON ACREAGE, CASH RECEIPTS FOR COTTON,
FARM LABOR AT PEAK MONTH OF COTTON HARVEST
IN ARIZONA 1950 TO 1959



Sources: Figures for cotton acreage taken from Arizona Post Season Farm Labor Report, (Phoenix: Arizona State Employment Service, Farm Placement Division, 1951-1959); figures for the cash receipts.

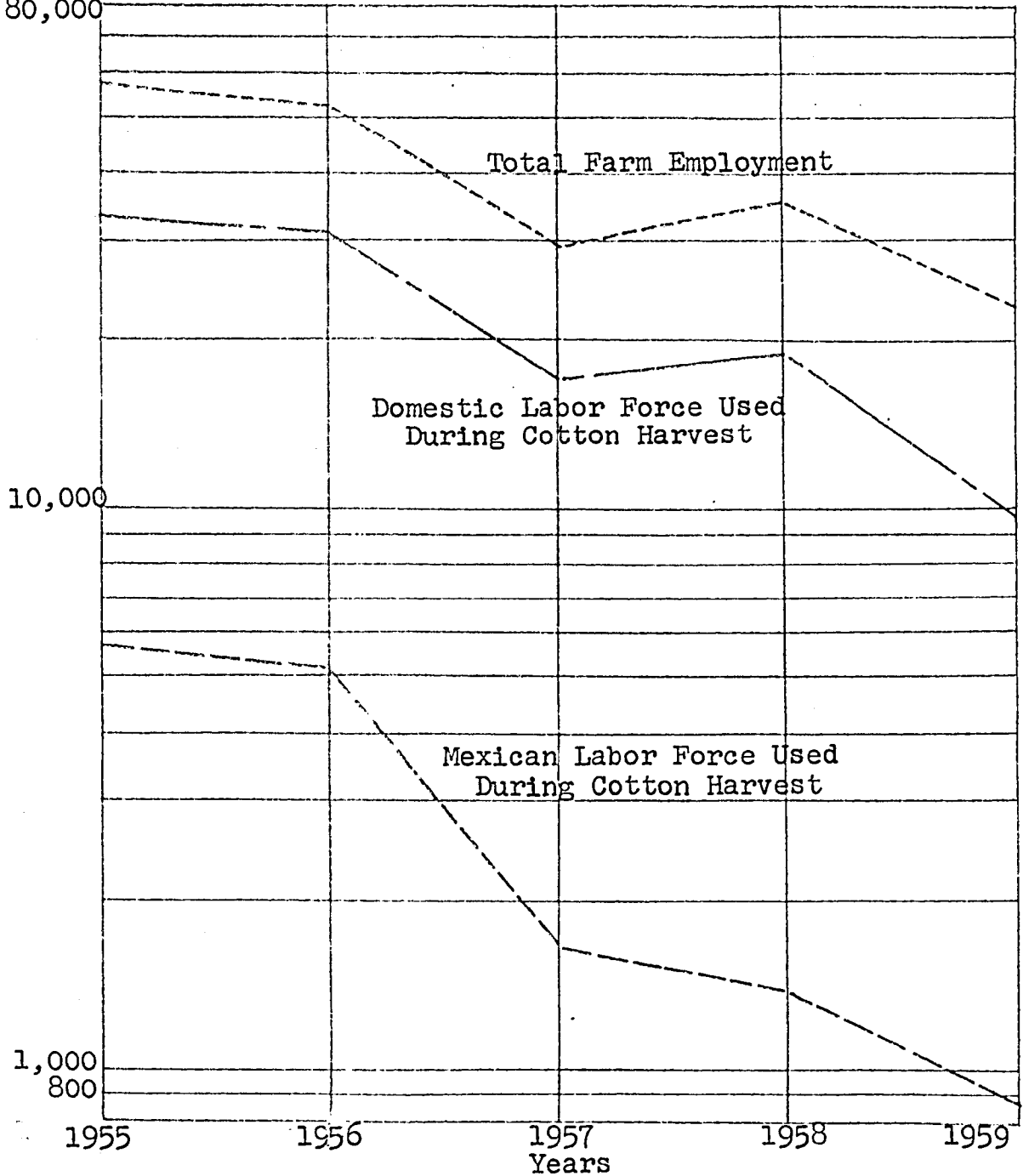
of the harvest remained somewhat stable over the 1950 to 1957 period, the per cent of the cotton crop picked by machine rose from 10 per cent in 1950 to 44 per cent in 1957. By 1959, over 60 per cent of the Arizona cotton crop was harvested by machine, and the labor force required to harvest the crop during the peak month of the harvest had declined 47 per cent in two years.

The decline in Arizona's cotton acreage from 555,000 acres in 1951 to 392,000 acres in 1959, as shown in Figure 2, is further evidence of the declining use of farm labor in cotton production. Also shown in Figure 2 is the decrease in cash receipts for the Arizona cotton crop. Although considerably above the \$92,868,000 for 1950, the cash value of the Arizona cotton crop has declined from \$218,608,000 in 1953 to \$129,246,000 in 1957.

The farm labor hirings out of the Eloy Employment Office reflect the impact of mechanization in cotton farming. Figure 4 shows the decline in domestic and national labor along with the corresponding drop of 59 per cent in total farm employment from 1955 to 1959 for the Eloy area. The combined domestic and national labor forces participating in the 1955 cotton harvest accounted for 73 per cent of the total farm labor employed by the Eloy Employment Office. In 1959, however, this same combined labor force engaged in the cotton harvest represented 44 per cent of the total farm

TOTAL FARM EMPLOYMENT, DOMESTIC AND MEXICAN LABOR
USED DURING COTTON HARVEST
ELOY, ARIZONA 1955-1959

Number of Laborers Hired
80,000



Source: Data obtained from Mr. Frank White, Pinal County Area Supervisor, Arizona State Employment Service, Casa Grande, Arizona.

labor force in the area. The increased mechanization from 1955 to 1959 explains the drop of over 29 per cent in farm employment hired at the Eloy Employment Office.

The effect this decline in migrant labor had on the income of Eloy cannot readily be measured in terms of dollars. However, when the 1955 resident population of 6,010 and total farm labor force of 39,004 is contrasted to the 1959 resident population of 6,170 and the total farm labor force of 10,430, the force of the declining labor population for the Eloy area can be partially visualized.

TABLE 1
POPULATION LOSS OF ELOY, ARIZONA
FROM 1955 to 1959

	Estimated Resident Population ^a	Cotton Labor Hirings ^b	Estimated Total Population ^c
1955	6,010	39,004	45,010
1956	6,220	36,945	43,175
1957	6,290	19,701	25,990
1958	6,220	20,503	26,720
1959	6,170	10,430	16,600

^aThese data are population estimates for the Eloy area. The number of electric meter connections in the Eloy district was multiplied by four, and rounded to the nearest ten to give an estimate of the resident population for each year.

^bFigures represent total hirings of domestic and national farm labor at the Eloy Employment Office engaged in the entire cotton harvest.

^cRepresents the approximate population for Eloy and surrounding area.

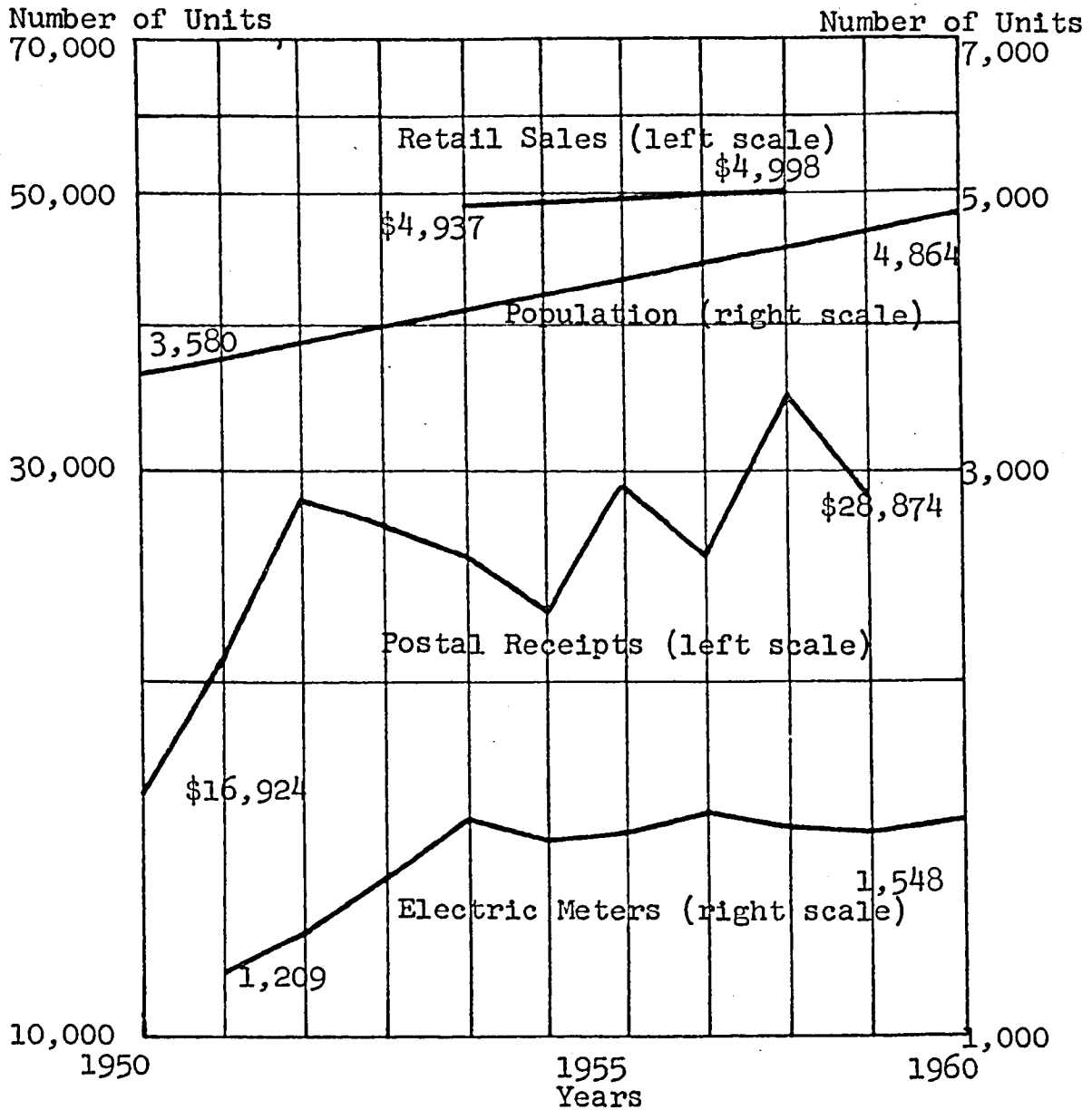
Eloy as a Declining Trading Center

Growth Versus Depressant Factors

Growth Factors. - The various indicators of Eloy's development do not reflect much in the way of alarming decline. In Figure 5 it can be seen that Eloy's base (or resident) population increased from 3,580 in 1950 to 4,864 in 1960. Retail sales have increased from \$4,937,000 in 1954 to \$4,998,000 in 1958. Postal receipts and electric meter connections show similar increases to evidence growth.

Depressant Factors. - However, when Eloy's growth in population and retail sales is compared with that of the two other trading centers of primary importance within Pinal County, and with that of Pinal County, the declining relative importance of Eloy as a trading center can be clearly recognized. Figure 6 shows the rate of change in retail sales for Casa Grande, Coolidge, and Eloy from 1954 to 1958.

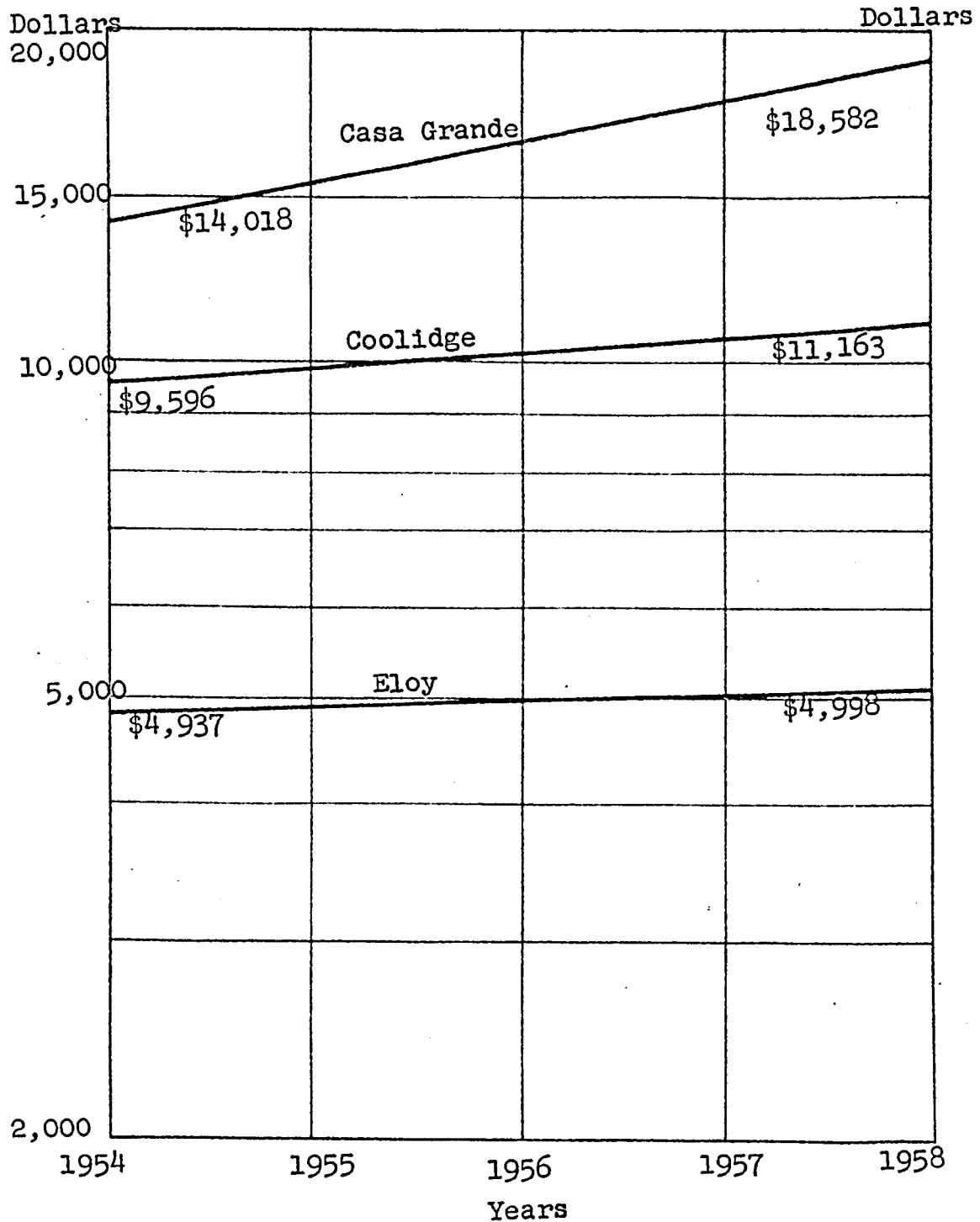
RATE OF CHANGE: RETAIL SALES, POPULATION, POSTAL RECEIPTS, AND ELECTRIC METER CONNECTIONS, ELOY, ARIZONA 1950 TO 1960



Sources: See Appendix D for retail sales figures; 1950 population figures from the U. S. Census of Population 1950 and the 1960 population figure obtained from Mrs. A. Baird, District Supervisor, 1960 Census of Population, Tucson, Arizona; postal receipts obtained from Mrs. Pauline Clark, Post Mistress, Eloy Post Office, Eloy, Arizona; and electric meter connections obtained from Mr. J. Slyby, Supervisor of Revenue Accounting, Arizona Public Service Company, Phoenix, Arizona.

FIGURE 6

GROWTH IN RETAIL SALES FOR CASA GRANDE, COOLIDGE, AND ELOY, ARIZONA 1954 TO 1958



Source: All retail sales figures taken from the U. S. Census of Business, Retail Trade: Arizona, 1954 and 1958, See Appendix D, p.130.

TABLE 2

PER CENT INCREASE IN PHYSICAL VOLUME OF GOODS
SOLD FOR ARIZONA AND SELECTED AREAS^a

Areas	Per Cent Change 1954-1958 in:	
	Actual Dollar Sales ^b	Physical Volume of Goods ^c
Arizona	41.1	35.0
Pinal County	30.6	24.5
Casa Grande	32.6	26.5
Coolidge	16.3	10.2
Eloy	1.3	(4.8)

^a Based on retail sales volume shown in Appendix C,
p.

^b Not deflated for price change.

^c Adjusted to recognize 6.1 per cent change in Consumer
Price Index during this period.

The increase in retail sales for Eloy, as shown in Table 2, was only a fraction of that for Pinal County, Casa Grande, and Coolidge. Total Eloy retail sales in current dollars, increased 1.3 per cent from 1954 to 1958. This reflects no great loss in physical volume of sales as was believed to be the case by the local merchants and residents of Eloy. However, when this 1.3 per cent increase in retail sales is compared to the 6.1 per cent increase in the Consumer Price Index for the same period, it can be seen that the physical volume of goods sold in Eloy has actually

declined approximately 4.8 per cent.⁵

The physical volume of retail sales for all selected areas in Table 2, increased from 10.2 per cent to 35.0 per cent from 1954 to 1958. While the physical volume of goods sold in Eloy declined, the volume sold in Casa Grande and Coolidge rose significantly.

It must be remembered that total retail sales by all retail establishments were considered above. While there exists an increase in the volume of goods sold when retail establishments with payroll are compared, this increase is nonetheless slight relative to other areas.

The lack of growth in retail activity in Eloy, as shown in Table 3, can be seen in the relative changes in retail sales per capita for Casa Grande, Coolidge, and Pinal County. The 0.5 per cent increase in sales per capita in Eloy, as compared with other towns, illustrates the level of retailing.

⁵The January Consumer Price Index for all commodities was taken from Survey of Current Business, U. S. Department of Commerce, Office of Business Economics, (Washington, D. C.: April, 1954), p. S-6, and Survey of Current Business, U. S. Department of Commerce, Office of Business Economics, (Washington, D. C.: April, 1958), p. S-5.

TABLE 3

CHANGES IN RETAIL SALES PER CAPITA
FOR PINAL COUNTY, CASA GRANDE, COOLIDGE
AND ELOY, ARIZONA, 1954-1958

Areas	<u>Retail Sales Per Capita</u>		Per Cent Increase
	1954	1958	
Pinal County	\$ 838	\$ 953	13.7
Casa Grande	2421	2507	3.6
Coolidge	2103	2317	10.1
Eloy	1038	1043	0.5

Sources: Population figures interpolated from the 1950 and 1960 Census of Population figures of each area; and retail sales figures based on 1954 and 1958 U. S. Censuses of Business, pp. 3-6 and 3-8.

The fact that sales per capita remained constant while retail stores per thousand population declined significantly from 1.91 in 1954 to 1.12 in 1958 (see Table 4), and sales per store over the same period increased over 70.5 per cent, would suggest the departure of many smaller business operations. The total number of retail stores in Eloy dropped from ninety-one to fifty-one over the four year period, while those stores with payroll, which account for the bulk of retail sales, declined from 54 to 48.⁶ Many of the businesses that prospered with increased migrant labor

⁶ See Appendix D, p.130, for total number of retail stores and total retail sales.

were apparently unable to survive the effects of mechanization in the cotton industry.

TABLE 4

CHANGES IN NUMBER OF RETAIL STORES PER CAPITA,
AND SALES PER STORE FOR PINAL COUNTY, CASA GRANDE,
COOLIDGE, AND ELOY, ARIZONA, 1954-1958

Area	Retail Stores Per Thousand Population		Per Cent Increase in Sales Per Store
	1954 ^a	1958 ^a	1954 - 1958 ^b
Pinal County	1.18	1.04	29.1
Casa Grande	2.57	1.66	60.5
Coolidge	2.52	2.57	16.2
Eloy	1.91	1.12	70.5

^aBased on population figures which were interpolated from the 1950 and 1960 U. S. Census of Population.

^bTotal retail sales used in calculations.

Source: Survey of Retail Operations, Eloy, Arizona, April, 1960.

Changes by Kind of Business

Out of the ten business classifications listed in Table 5, seven declined in number of establishments, while two show no change. The 100 per cent increase in Drug and Proprietary Stores represents an increase of one store. Of the five classifications in which sales data was not withheld, three show a percentage increase ranging from 61 per cent to 119 per cent. Eating and Drinking places, while

suffering a 25 per cent reduction in number from 1954 to 1958, show an increase in retail sales of 119 per cent. Overall the number of establishments declined 20 per cent, while retail sales dropped 9 per cent.

TABLE 5

CHANGES IN RETAIL SALES AND NUMBER OF
STORES BY KIND OF BUSINESS
ELOY, ARIZONA, 1954-1958

Kind of Business	Per Cent Change In Number of Retail Establishments 1954 to 1958 ^a	Per Cent Change in Retail Sales 1954 to 1958
Lumber, building materials, hardware farm equipment dealers	0%	61%
General merchandise stores	-67%	(D) ^b
Food stores	-62%	-42%
Automotive dealers	0%	75%
Gasoline service stations	-42%	-33%
Apparel, accessory stores	-57%	(D)
Furniture, home furnishings equipment stores	-60%	(D)
Eating, drinking places	-25%	119%
Drug stores, proprietary stores	100%	(D)
Other retail stores	-22%	(D)

^a For retail establishments sales data see Appendix E, p.

^b Withheld to avoid disclosure.

^c Source: Survey of Retail Operations, Eloy, Arizona, April, 1960.

Along with the decline in retail stores, the number of active proprietors of unincorporated businesses declined 44 per cent from 108 in 1954 to 64 in 1958. Again, this decline is more significant when compared to the percentage change in active proprietors from Pinal County, Casa Grande, and Coolidge.

TABLE 6

PERCENTAGE CHANGE IN NUMBER OF RETAIL PROPRIETORS
IN PINAL COUNTY, CASA GRANDE, COOLIDGE, AND ELOY,
ARIZONA, 1954-1958

Area	Per Cent Change
Pinal County	4
Casa Grande	-8
Coolidge	9
Eloy	-44

Source: Calculated from U. S.
Censuses of Business 1954 and 1958,
p. 3-6 and p. 3-8.

Retail Turnover

The retail turnover for Eloy, Pinal County, Casa Grande, and Coolidge can also be contrasted for 1958 and 1959 to develop further the trend in retailing. Turnover for 1958 and 1959 was calculated in terms of net change in applications for new licenses and cancellations from the Arizona State Tax Commission records. New license applications would include those businesses already established and renewing their licenses, and those starting operations

during the year. Cancellations would include those firms which ceased to exist, and those that changed ownership during the year. The net changes shown in Table 7 for Eloy and comparative areas give a rough estimate of those businesses ceasing to exist and those starting operations.⁷

TABLE 7

NEW LICENSES AND CANCELLATIONS FOR PINAL COUNTY,
CASA GRANDE, COOLIDGE, AND ELOY, ARIZONA
1958-1959

Area	New Licenses		Cancellations		Net Change	
	1958	1959	1958	1959	1958	1959
Pinal County	222	221	207	271	15	-50
Casa Grande	55	64	43	62	12	2
Coolidge	35	31	25	40	10	-9
Eloy	29	16	29	40	0	-24

Source: Arizona State Tax Commission records for 1958 and 1959.

⁷ For further description of how turnover rate for Eloy was calculated, see William Korbel, Turnover of Retail Firms in Kansas, (Lawrence: Bureau of Business Research, University of Kansas, March, 1955), pp. 1-2 and pp. 35-38.

TABLE 8

RATE OF TURNOVER OF RETAIL FIRMS IN PINAL COUNTY,
CASA GRANDE, COOLIDGE, AND
ELOY, ARIZONA, FOR 1958

Area	Rate of Turnover Expressed as a Per Cent of Total Retail Estab- lishments for Each Area
Pinal County	2.5
Casa Grande	9.7
Coolidge	8.8
Eloy	0

Sources: Calculated from Table 7 and U. S. Census of Business, 1958, p. 2-8.

The rate of turnover of retail firms for Pinal County, Casa Grande, Coolidge, and Eloy, Arizona, for 1958 is shown in Table 8. Casa Grande, with 9.7 per cent rate of turnover, has the highest turnover rate of the four specified areas. Eloy's rate of turnover is zero, which further emphasizes the lack of growth in Eloy's retailing activity.

Inter-Trading Area Movements

In viewing the amount of retail trade lost by Eloy to Casa Grande and Coolidge, and the relative losses by these centers to Eloy and one another, Reilly's Law of

Retail Gravitation was employed.⁸ Though most often used to aid retailers in delineating their normal trading areas in order to plan and control sales promotion efforts more effectively, Reilly's Law is used here to measure the percentage outflow of trade from Eloy to Casa Grande and Coolidge.⁹ Although Reilly's Law applies primarily to shopping goods, it can be used in small rural areas such as Eloy to gain an approximate idea of the outflow in physical volume of goods.¹⁰

Through application of a modified version of Reilly's original trading area concept, a steady increase in the amount of trade lost by Eloy to Casa Grande and Coolidge can be seen. Eloy, in terms of 1950, 1954, 1958, and 1960 population changes, has lost an increasing amount of trade to Casa Grande. The flow of trade to Coolidge, however, has remained rather constant over the past six years.

⁸ P. D. Converse, "New Laws of Retail Gravitation," *Journal of Marketing*, XIV (October, 1949), pp. 379-384.

⁹ See Appendix C for further explanation of Reilly's Law of Retail Gravitation.

¹⁰ Roland S. Vaile, E. T. Grether, and Reavis Cox, Marketing in the American Economy (New York: The Ronald Press Company, 1952), pp. 564-565.

TABLE 9

PER CENT OF ELOY TRADE GOING TO CASA GRANDE
AND COOLIDGE FOR 1950, 1954, 1958, 1960^a

Per Cent of Eloy Sales
Lost to Specified Town

Area to Which Eloy Loses Trade ^b	1950 ^c	1954 ^d	1958 ^d	1960 ^e
Casa Grande	16%	25%	31%	32%
Coolidge	20%	23%	14%	14%

^aSee Appendix C, p. , for explanation of computations and Reilly's Law of Retail Gravitation.

^bCasa Grande and Coolidge are the other two major trading centers of Pinal County.

^c1950 population figures taken from 1950 Census of Population.

^d1954 and 1958 figures interpolated from 1950 and 1960 U. S. Census of Population figures.

^e1960 population figures obtained by personal interview, Mrs. A. Baird, District Supervisor, Tucson, Arizona, U. S. Census of Population, June 23, 1960.

Source: P. D. Converse, op. cit., p. 382.

Table 10 shows how Casa Grande has steadily increased its amount of trade at the expense of Coolidge and Eloy. Coolidge also has lost an increased amount of trade to Casa Grande but not as large in scale as Eloy's 32 per cent loss. These figures help to show the rising dominance of Casa Grande and the declining position of Eloy as

trading centers. The calculations in Table 9 and 10 are only crude estimates of the actual loss of trade that Eloy has suffered over the past ten years.

TABLE 10
TRADE LOST BY CASA GRANDE AND COOLIDGE
AMONG THEMSELVES AND TO ELOY, 1950,
1954, 1958, 1960

	Years			
	1950	1954	1958	1960
Trade lost by Casa Grande to:				
Eloy	19%	19%	15%	14%
Coolidge	17%	14%	11%	11%
Trade lost by Coolidge to:				
Eloy	25%	15%	15%	14%
Casa Grande	16%	20%	24%	24%

Source: P. D. Converse, op. cit., p. 382.

The Unawareness of Competition

Within Eloy

Most retailers do not recognize any real competition within Eloy. Many firms appear not to be forced to compete for business on the same level as in Casa Grande. When

interviewed as to the extent of competition faced within Eloy, only five firms could list three or more competitors, while twelve listed at least two. Although thirty-three respondents listed competitors in the same kind of business, fifteen responded that no competition existed whatsoever. The general unawareness of retail competition within Eloy could be responsible for the declining importance of the trading center.¹¹

Table 11 reveals the response of Eloy merchants to the extent of competition which exists in the area. The majority of opinions lean toward an indifferent appraisal of competition; thirteen merchants classify competition as so-so, while fifteen said no competition existed in their kind of business. The bulk of the thirteen opinions which classified business conditions in Eloy as being very competitive appear to be firms having a very narrow profit margin, thus more sensitive to the retail activities of others. The bulk of the thirteen retailers classifying competition as negligible consisted of the more profitable

¹¹Competition in the sense of awareness of business rivalry among Eloy merchants and sellers in surrounding areas; not in the sense of price, freedom of entry, etc., which characterize the economists' concept of competition. The fact that many Eloy merchants claim they have no real competition (see Table 11) could be a contributing factor to the overall decline of this rural economy.

operations. Apparently these merchants seemed to have satisfactory sales volumes, due to size or managerial ability, and appeared rather indifferent to surrounding retail activity. Although Table 11 does not fully support the prevailing indifference on behalf of most retailers to the need for change, existence of competition, or what should be done to improve their lot, it can be used as an indicator of the general unawareness of rivalry among the retailers.

TABLE 11

ELOY RETAILERS' OPINIONS AS TO COMPETITION
BY KIND OF BUSINESS

Kind of Business	Opinion of Competition			
	Very Competitive	Quite Competitive	Competition So-so	Not Really Competitive
Lumber, building materials, hardware and farm equipment	2	1	1	1
General merchandise	1	2	1	1
Food stores	0	2	1	2
Gasoline service stations	4	0	1	2
Automotive dealers	0	1	2	0
Apparel and accessories	1	0	0	2

(Continued)

TABLE 11 (CONTINUED)

Kind of Business	Opion of Competition			
	Very Competitive	Quite Competitive	Competition So-so	Not Really Competitive
Furniture, home furnishing & equipment	1	1	0	2
Eating and drinking	0	1	4	2
Other retail stores	4	0	3	3
Totals	13	8	13	15

Source: Survey of Retail Operations, Eloy, Arizona, April, 1960.

Outside Eloy

When questioned as to areas of competition outside of Eloy for their kind of business, sixteen mentioned Casa Grande, while Coolidge, Tucson, and Phoenix were mentioned by seven, six, and six respondents respectively. Although there seemed to be an awareness of the competitive inroads made by Casa Grande, Eloy merchants tended either to underestimate or overestimate the amount of trade they themselves were losing to outside centers.¹²

¹² Also see questions 8A, B, C, and D, in Appendix B, p. 124.

Auxiliary Commercial Facilities

It was believed after preliminary investigation that the dearth of adequate commercial facilities, such as local advertising media and services, banking and credit facilities, and suitable employees, had contributed to the uncompetitiveness of the majority of Eloy retailers; and, by so doing, further stimulated the flow of patronage out of the area.

Newspapers

The main source of local advertising media is the Eloy Enterprise. This independent paper was established in 1946, is published weekly, has a circulation of 3,477, and costs \$.10 per issue.¹³ The Eloy Enterprise is circulated through the mails every Thursday morning to families in and around Eloy. The editor assured the author that the advertising rates were in line with those of Casa Grande and Coolidge. There are approximately seven firms which use this medium weekly, and over fifteen which advertise from one to thirty times per year.¹⁴

When the 3,477 circulation of the Enterprise is compared with the 2,685 for the Casa Grande Dispatch, and the

¹³N.W. Ayer and Son's Directory of Newspapers and Periodicals, ed. W. F. McCallister (Philadelphia: N. W. Ayer and Son, Inc., 1960), p. 50.

¹⁴Personal interview with Mr. Vincent Taylor, Editor of The Eloy Enterprise, Eloy, Arizona, June 28, 1960.

2,061 for the Coolidge Examiner, it would seem the more favorable advertising medium was available in Eloy.¹⁵ However, while the Enterprise primarily uses advertising mats developed by distributors, the Dispatch and the Examiner have specialized personnel available to aid the merchant in development of more effective layout and copy. Although the Enterprise enjoys wider distribution,¹⁶ the overall quality of advertising work of the Dispatch and the Examiner is superior.¹⁷

Other Advertising Facilities

As for other forms of advertising facilities, much of the sign work needed for several of the larger food stores is done in Casa Grande and delivered to the Eloy merchants.¹⁸ Forms of direct mail advertising are worked up by the merchant and printed in Eloy. Though no radio

¹⁵N. W. Ayer and Son's Directory of Newspapers and Periodicals, op. cit., p. 50.

¹⁶Figures given on comparative newspaper distribution in the three areas are based on Post Office Statements of issues mailed to subscribers. Additional distribution through newsboy or news stand is not included.

¹⁷Based on observation during personal interview with Mr. Vincent Taylor, Editor of The Eloy Enterprise, Eloy, Arizona, April 3, 1960.

¹⁸Based on personal interview with Mr. W. S. Wing, manager of the City Market, Eloy, Arizona, March 29, 1960.

facilities exist, advertising of this sort is done through the Casa Grande and Coolidge radio stations. Several motels and restaurants use highway signs which are maintained by sign companies in Casa Grande and Mesa. Although most neon signs were purchased in Casa Grande or Phoenix, several Eloy appliance dealers handle the upkeep and repair work.¹⁹

Banking and Credit Facilities

Banking and credit facilities consist of the First National Bank of Arizona located in the center of town. Much of the desired data on the availability of loans, growth of annual bank debits, and terms of the loans were unobtainable. The nature and extent of credit availability is presented in the discussion of consumer credit in Chapter III.

It was believed before the survey that widespread inability of Eloy consumers to obtain credit was a further stimulus to consumer outflow. However, the consumer survey showed that forty-four out of sixty-six respondents felt credit was not hard to get. Only eleven voiced dissatisfaction at inability to gain sufficient credit.²⁰

¹⁹Findings on advertising media and services were made known to the author through successive interviews with retailers in Eloy.

²⁰This dissatisfaction is deemed insignificant inasmuch as eight out of the eleven were in the \$2,000 and under income group and probably would find it difficult to obtain sufficient credit in any trading center.

Apparently, credit from the consumer viewpoint is easy to obtain and would offer no explanation of consumer outflow through widespread consumer dissatisfaction.

Availability of Suitable Employees

It is the author's inference with reference to the availability of suitable employees, that there appears to be no problem at present. Should, however, there be any significant increase in retail activity, this general lack of available suitable personnel could pose a problem not easily overcome by the merchants of Eloy. A great percentage of the stores are family owned, and while one or two employees might be needed, the work, for the most part, is handled by members of the family. There is no reason to think the situation in Eloy is different from that of other Southwestern towns of similar size and economic base.

Attitudes of the Population

To know the attitudes of the Eloy consumer is in part to see the degree of effectiveness and success of retail practices and policies. These consumer attitudes were revealed by: asking what first came to mind when shopping in Eloy was mentioned, the degree of satisfaction with the retail goods offered, opinion as to their future in Eloy, extent of exposure to advertising and sales promotional forces in other centers, and feeling about the extent of

past consumer exploitation by Eloy firms.

Consumer Attitude on Shopping in Eloy

When asked, by personal interview, what first came to mind when shopping in Eloy was mentioned, several interesting patterns developed. Table 12 shows the distribution of the response to this question by income group. The majority of response criticized the higher prices. The under \$2,000 income group contained 50 per cent holding this opinion, while those in the \$8,000 and over group had no such impression. The response on limited variety was somewhat minimal and spread throughout all income groups in equal proportion. The fact that nineteen respondents mentioned groceries as the first thing that came to mind when shopping in Eloy was mentioned, could be indicative of the importance of the town primarily as a convenience goods center; the bulk of consumer buying, especially in the income groups under \$4,000, is probably in groceries and allied convenience goods. The uniformity of response associated with limited variety lends further credence to the author's supposition. Presumably there exists greater price sensitivity in these lower income groups, which would in part explain their attitude toward shopping in Eloy. When asked why they expressed this opinion, the majority supported their claim of higher prices based upon comparison shopping in other areas.

TABLE 12

CONSUMER RESPONSE WHEN ASKED WHAT FIRST
CAME TO MIND WHEN SHOPPING IN ELOY
IS MENTIONED BY INCOME GROUP

Income Group	Consumer Response			
	Limited Variety	Higher Prices	Groceries	Other
Under \$2,000	2	10	4	4
\$2,000-3,999	2	5	6	1
\$4,000-5,999	2	3	6	3
\$6,000-7,999	3	2	1	1
\$8,000 & over	2	0	2	2
Totals	11	20	19	11

Source: Questionnaires used in the Consumer Survey of the Eloy Area, Bureau of Business and Public Research, University of Arizona, Tucson, March, 1960.

Also, the fact that these consumers purchased groceries and allied convenience goods items in other centers shows the compound effect of what happens when a deficiency exists in the array of goods. When these people leave their natural center for one product or line of products, they tend to purchase other items and further expose themselves to the influence of increased promotion and salesmanship of the other center.²¹

²¹ Cf., Retail Trading Area Analysis of 11 Southwest Iowa Towns, (Ames: Bureau of Business and Economic Research, Iowa State University, July, 1950), pp. 2-5, and Isadore V. Fine, Retail Trade Area Analysis, Vol. I, No. 6 (Madison: Bureau of Business Research and Service, University of Wisconsin, 1954), p. 31.

Consumer Satisfaction With Retail Goods

The degree of consumer satisfaction with retail offerings was measured by asking respondents how they felt about the availability of goods in terms of their own needs. Table 13 shows, by income group, the extent of overall consumer satisfaction. Most of the consumers, forty-three out of seventy-two, were able to find most of the goods they needed in Eloy. Only five of seventy-two found nothing they needed in the way of consumer goods.

TABLE 13

CONSUMER OPINION AS TO GENERAL AVAILABILITY OF RETAIL GOODS IN ELOY IN TERMS OF THEIR NEEDS AND BY INCOME GROUP

Income Group	Consumer Opinion			
	Found Everything	Found Most Things	Found Only a Few Things	Found Nothing I Wanted
Under \$2,000	2	11	8	3
\$2,000-3,999	3	13	4	0
\$4,000-5,999	1	10	4	0
\$6,000-7,999	0	7	0	1
\$8,000 & over	2	2	0	1
Totals	8	43	16	5

Source: Questionnaires used in the Consumer Survey of the Eloy Area, Bureau of Business and Public Research, University of Arizona, Tucson, March, 1960.

Contrary to the findings in Table 12, Table 13 is evidence of general consumer satisfaction with the variety of goods offered in Eloy.

Evidence of the degree of consumer satisfaction with merchandise offerings is noted by the number of families owning and using mail order catalogues shown in Table 14. Although the \$6,000-7,999 and the \$8,000 and over income groups do not have the same weight as the other groups, it is very possible that a greater percentage of the higher income groups having mail order catalogues actually use them. It is not known whether mail order sales in Eloy are typical (compared to other areas).

TABLE 14

ELOY CONSUMERS OWNING AND USING MAIL
ORDER CATALOGUES BY INCOME GROUP

Income Group	Number of Respondents	Own Catalogues	Use Catalogues
Under \$2,000	36	23	18
\$2,000-3,999	27	15	12
\$4,000-5,999	29	17	11
\$6,000-7,999	12	9	8
\$8,000 & over	19	12	11
	—	—	—
Totals	123	76	60

Source: Questionnaires used in the Consumer Survey of the Eloy Area, Bureau of Business and Public Research, University of Arizona, Tucson, March, 1960.

Consumer Opinion as to Their Future in Eloy

The general opinion of consumers regarding their future in Eloy is shown in Table 15. The steady decline in

pessimism from under \$2,000 to \$8,000 and over income groups is in part explained by the inadequate representation in income groups over \$6,000. The main cause of pessimism for consumers in income groups under \$4,000 was lack of sufficient employment. There does not exist any form of steady employment in or around Eloy for this group.

TABLE 15

CONSUMER OPINION AS TO THEIR FUTURE
IN ELOY BY INCOME GROUP

Do you see a good future for yourself in Eloy?^a

Income Group	Total Respondents	Per Cent Seeing a Good Future	Per Cent Not Seeing a Good Future
Under \$2,000	25	44	36
\$2,000-3,999	20	50	35
\$4,000-5,999	15	40	20
\$6,000-7,999	7	43	28
\$8,000 & over	5	80	0
	—		
Total	72		

^a Per cent seeing a good future and per cent not seeing a good future in Eloy, by income group, do not total 100% because some respondents had no opinion on this question.

Source: Questionnaires used in Consumer Survey of the Eloy Area, Bureau of Business and Public Research, University of Arizona, Tucson, March, 1960.

Most of those who foresaw a good future for themselves in Eloy based their opinion either on the fact that they

presently held a good job, or that they owned their home and, from a financial standpoint, had to remain in Eloy.

When asked where they would rather be than in Eloy, thirty-five mentioned that they would not leave Eloy, twenty mentioned the name of the city and state they would rather be in, and thirteen wanted to move to those areas where out-of-state relatives and immediate family lived. Again, the major reason why these respondents wanted to move to a city was to find the job opportunity that does not exist in Eloy.

It was believed that one of the causes of consumer flow to other areas was due to the fact that many citizens worked in other centers, read newspapers of other centers, and were, therefore, being attracted to merchandise offerings of these centers. The consumer survey showed that of sixty-one respondents, fifty worked in Eloy; and of the eleven working outside of Eloy, six worked in Casa Grande. Table 16 shows the readership of Tucson, Casa Grande, and Phoenix newspapers compared to the Eloy Enterprise.

Although subject to outside promotional influences from Casa Grande and Coolidge radio stations and Phoenix newspapers, Eloy consumers appear subject to the same outside attractions as other trading centers in and around Tucson and Phoenix. These outside influences enable consumers to compare the offerings of other centers with their own, and thereby develop attitudes and habits.

TABLE 16
DISTRIBUTION OF NEWSPAPER READERSHIP
BY INCOME GROUP

Income Group	Eloy Enterprise	Tucson Papers	Casa Grande Dispatch	Phoenix Papers
Under \$2,000	18	4	3	9
\$2,000-3,999	13	1	0	11
\$4,000-5,999	13	0	3	11
\$6,000-7,999	7	0	3	7
\$8,000 & over	4	1	1	4
	—	—	—	—
Totals	55	6	10	42

Source: Questionnaires used in Consumer Survey of the Eloy Area, Bureau of Business and Public Research, University of Arizona, Tucson, March, 1960.

The Self-Help Program

Public attitudes were revealed by reactions to the Self-Help Program. In order to alert the area to the purpose and need of the survey and to enlist their support, several front page appeals were made in the Enterprise. School personnel and the Businessmen's Association further publicized the survey. Although outwardly there seemed to be positive response to the program, cooperation on many fronts was lacking. The interviewers, mostly members of the local Parent Teacher's Association, fell far short in completing the interviews necessary for the consumer survey. They were spurred on several times by members of the Bureau

of Business and Public Research, but to no avail. For the most part, they were unwilling to give the time to make the collective effort necessary to complete their task.²²

In order to obtain a more representative sample of consumer opinion, the questionnaire was shortened and mailed to the remaining families in the sample. Again, the non-response rate was exceedingly high.²³ Eliminating procedural error causing non-response, there still existed widespread indifference on the behalf of these people to help themselves. This unconcern for improving Eloy as a place to live and work pervades the area. This attitude has been apparent not only through interview work, but also through observation of the shabby, shoddy homes of these people. There seems to be almost a complete lack of pride toward their homes, their town, and the area.

²²As a matter of fact, after examination of the Consumer Survey questionnaires, many supposedly completed questionnaires had to be rejected due to excessive interviewer bias and cheating. It is suspected that one interviewer, when her questionnaires were examined separately, actually made less than half the completed interviews turned in. The other half she filled in herself. The interviewers had over a month and a half in which to complete their work; about 35 per cent of the sample required was obtained during this period. Further evidence of indifference to help themselves came in the form of a high refusal rate during the personal interviews.

²³In view of the extensive advance publicity and continued appeal for cooperation through radio, newspaper, and civic organizations, the 22 per cent return on the mail questionnaire was considered low.

CHAPTER III

RETAIL MANAGEMENT: ATTITUDES AND ADJUSTMENTS TO A CHANGING ENVIRONMENT

The general business objective of the entrepreneur is to realize a satisfactory rate of net profit by performing the buying, selling, and other functions involved in retail operation. For successful maintenance of net profit in the long run, the merchant must also fulfill the service objective. As in all marketing theory, retailing activity must first, last, and foremost, be consumer-oriented. The retailer should be able to interpret and understand the basic environmental forces that modify consumer needs, wants, motives, and attitudes. In general, attainment of profit objectives is largely dependent upon the degree to which the merchant is able to perceive changes occurring about him and to adapt his operation and merchandise offerings so as to increase customer satisfaction.¹

This chapter deals with those factors directly bearing on retail success which depend to some extent upon judgment exercised by the manager. The general level of

¹Paul L. Brown and William R. Davison, Retailing Principles and Practices. (New York: The Ronald Press Company, 1953), pp. 8-9.

managerial ability necessary to initiate and fulfill retailing objectives allied to the basic net profit objective, is perhaps the prime requisite of retail success. Ability to utilize retailing principles and concepts realized through past business experience, formal company training, classroom discussion, or other indirect means, enables the manager more fully to perceive the changes occurring about him and to adapt operation and merchandising methods in line with consumer needs, wants, and motives, thereby increasing retail success.

Other managerial factors dealt with in this chapter which are necessary to sustain satisfactory levels of net profit in the long run, are: managerial experience, availability of adequate financial resources, balanced merchandise and merchandising effort, development of successful sales promotional techniques, proper use of credit and other customer services, location, the physical facilities for operation, and store appearance.

Managerial Competence²

The ideal measure of managerial competence is net profit, the excess of gross sales over all business expenses and tax claims. As much of the desired profit data was

²For definition of managerial competence, see Appendix A, p. 114.

unobtainable, the author has substituted as indicators of managerial competence the ability to survive, ability to keep abreast of advancements within his kind of business, adjustments made to the changing environment, and intent on the part of the merchant to leave the business scene in Eloy.

Ability To Survive

Managerial competence as reflected by operations for at least a period of from three to four years is used here to indicate or measure degree of retail success.

TABLE 17

PERCENTAGE DISTRIBUTION OF ELOY RETAIL ESTABLISHMENTS^a BY DURATION OF OPERATION

Years	Number Starting Operation	Number Starting Operation as a Per Cent of Total Establishments
1960	4	7.5
1959	7	13.2
1958	4	7.5
1957	2	3.8
1956	4	7.5
1955	3	5.6
1950-1954	12	22.6
1940-1949	15	28.3
1930-1939	2	3.8
1929 & before	0	0
Totals	53	100.0

TABLE 17 (CONTINUED)

^aIncludes only those 53 retail firms interviewed. The author estimates that there were 63 retail establishments in business as of April 10, 1960; therefore the 53 firms interviewed represent roughly 85%-90% of retail activity in Eloy.

Source: Survey of Retail Operations in Eloy, Arizona, April, 1960.

Table 17 shows the distribution by age of business from the fifty-three retail interviews. Those merchants starting operation between 1940 and 1954 comprise 50.9 per cent of the total number of establishments interviewed, indicating some degree of managerial competence by surviving from between six and twenty years.

Ability to Keep Abreast of Current Trends

The ability and inclination of the merchant to keep abreast of current trends and recent advancements was judged by the extent to which he subscribed to trade publications in his kind or related kinds of business.³

Out of fifty-three respondents, twenty-nine were classified as reading trade publications, while twenty-four did not. The breakdown of the extent to which trade

³The respondents were asked to list the publications subscribed to; if they could name and produce a recent issue of the publication mentioned, they were considered as readers of the trade publications, thereby, presumably, exposing themselves to new ideas, trends, and methods of operation pertinent to their business.

publications were read by the Eloy merchants is given in Table 18.

TABLE 18
BREAKDOWN OF THE NUMBER OF TRADE
PUBLICATIONS AND SUBSCRIBERS BY ELOY MERCHANTS

Number of Publications	Number of Subscribers
1	18
2	7
3	2
4, or more	<u>2</u>
Total	29

Source: Survey of Retail Operations, Eloy,
Arizona, April, 1960.

Although 53 per cent read trade publications, the degree to which new ideas were actually employed in the business operation was not evaluated. The 53 per cent readership merely represents that segment of the total retail group who were exposed to new methods, improved procedures, and general trends associated with their kind of business from trade journals.

Table 19 shows no discernable relationship between length of time in operation and trade publication readership. The distribution of readers and non-readers by age groups is approximately the same.

TABLE 19
 COMPARISON OF LENGTH OF TIME IN OPERATION
 AND TRADE PUBLICATION READERSHIP
 IN ELOY, ARIZONA

Years in Operation	Trade Publication Readership				Distribution of Retailers Not Reading Trade Publications
	1	2	3	4 or more	
Under 3	5	3	0	1	7
4-6	6	1	0	0	4
7-10	0	3	1	0	4
11-14	4	0	1	1	5
15 & over	2	0	0	0	2
Totals ^a	17	7	2	2	22

^a Totals do not add up to 52 because three respondents did not answer the readership question.

Source: Survey of Retail Operations in Eloy, Arizona, April, 1960.

There appears to be little relationship between profitability and trade publication readership as shown by Table 20. In the two profit groups under 5 per cent, ten were readers, while there was only one non-reader. Non-readers, in general, seem to have greater profitability.

TABLE 20

COMPARISON OF TRADE PUBLICATION READERSHIP AND
PROFITABILITY OF RETAIL OPERATION IN
ELOY, ARIZONA

Profits as a Per Cent of Gross Sales	Trade Publications Read				Distribution of Retailers Not Reading Trade Publications
	1	2	3	4 or more	
Under 2%	3	2	0	1	1
3-5%	3	1	0	0	0
6-10%	5	1	1	0	5
11-20%	2	1	0	1	6
21% & over	2	0	0	0	4
Totals ^a	15	5	1	2	16

^a Totals do not add up to 53 because 14 retailers withheld profit information.

Source: Survey of Retail Operations in Eloy, Arizona, April, 1960.

Ability to Adjust

The next phase of managerial competence deals with adjustment to the changing environment. The forces of change underlying retail activity in Eloy were set forth in detail in Chapter II. The heavy loss in Eloy's total population from 1955 to 1960 brought about a shift in class structure. Over the past five years the migrant cotton worker has practically disappeared. This social phenomenon changed the consumer group to which Eloy merchants had adjusted their operations. After preliminary investigation, it appeared

that many of the present retailers had not aligned merchandising methods and business procedures to the existing class of consumers. Changes made to improve operations over the past five years are evaluated in terms of ownership of the building in which business is conducted, and estimated investment in building, fixtures, and equipment.

Ownership of building and change. - As was indicated in the hypotheses originally, there appeared to be relatively greater proportion of proprietors who leased or rented their place of business, and owners were reluctant to improve the appearance and physical facilities of their stores. It was further suspected that several of the more prominent landlords were obstacles to retail adjustment in that they had no desire to aid retail managers in improving their property.

TABLE 21

OWNERSHIP OF BUILDING AND CHANGES MADE OVER THE
PAST FIVE YEARS TO IMPROVE BUSINESS OPERATIONS

	Own	Occupancy Status	
		Rent (w/o Lease)	Lease
Made changes to improve operation	15	4	11
Made no changes	13	13	6

Source: Survey of Retail Operations, Eloy, Arizona, April, 1960.

Table 21, however, shows that this was not the case. First, more establishments were owned outright than leased; second, the bulk of those not making any changes in their methods of operation, or modernization of facilities, owned the place of business, and therefore were not subject to the overriding influence of the landlord; and third, 42 per cent of the merchants had made no improvements or adjustments over the past five years.

TABLE 22

ESTIMATED SIZE OF INVESTMENT IN BUILDING
FIXTURES, AND EQUIPMENT, RELATED TO IMPROVEMENTS
IN BUSINESS OPERATIONS

Estimated Investment in Building, Fixtures, and Equipment	Changes to Improve Business Operation Over the Past Five Years	
	Made Changes	Made No Changes
Under \$1,499	1	4
\$1,500-8,499	10	2
\$8,500-15,499	6	5
\$15,500-21,499	5	1
\$21,500-28,499	3	1
\$28,500-42,499	1	2
\$42,500 & over	5	3
Total	31	18 ^a

^a Does not equal total response of 22; 4 questionnaires had incomplete investment figures for building, fixtures, and equipment.

Sources: Survey of Retail Operations, Eloy, Arizona, April, 1960.

Investment in physical facilities and change. - In the preliminary observation phase of the survey, it appeared that managerial competence in the sense of altering present operations to fit changing conditions, was directly related to size of investment in the physical facilities of the business. The greater the investment, presumably the greater the desire to keep property and operations up to date. Eleven firms had an estimated investment of over \$28,500; only six made any improvements over the past five years. The greatest proportion of firms improving their operations⁴ occurred where size of investment was below \$21,499, while the greatest proportion of firms not improving business operations occurred at investment levels below \$15,499. Adjustment to changing conditions was greatest when investment varied from \$1,500 to \$8,499. The findings in Table 22 show no evidence to support the notion that the larger the investment, the greater the interest in maintaining building, fixtures, and equipment. The reverse seems true in Eloy.

Changes by Kind of Business

In analyzing adjustments to changing conditions, improvements made over the past five years by kind of business were evaluated.

⁴For definition of what constitutes a change to improve business operations, see Appendix A, p.115.

TABLE 23

IMPROVEMENTS MADE IN BUSINESS OPERATIONS
OVER PAST FIVE YEARS BY KIND OF BUSINESS^a

Kind of Business	Establishments Making Changes	
	Made Changes	Made No Changes
<u>Convenience goods</u>		
Food stores	3	3
Gasoline filling stations	5	4
Eating & drinking places	7	2
Drug stores	2	0
	<u>17</u>	<u>9</u>
<u>Shopping & specialty goods</u>		
General merchandise stores	3	1
Apparel & accessory stores	1	2
Furniture, home furnishings, & equipment stores	1	3
Automotive dealers	1	1
Lumber building materials hardware, & farm equipment	2	3
	<u>9</u>	<u>10</u>
Totals	25	19

^a The classification of "other" retail stores was not included here due to the lack of data available for adequate description.

Source: Survey of Retail Operation, Eloy, Arizona, April, 1960.

Adjustments by convenience goods retailers. - Adjustments to change by convenience goods retailers reflect the market structure⁵ formed as a result of increased retail

⁵ Market structure refers to the number and type of firms in the Eloy market.

turnover. All businesses, except drug stores, have experienced significant decline in number of establishments over the past five years. With reduction in the number of eating and drinking places from sixteen in 1954 to twelve in 1958, only those best suited to serve the public, presumably those with the ability to interpret and identify shifts in consumer habits, would exist. Confronted with the need to increase efficiency of operation, seven of the remaining twelve eating and drinking places made improvements.⁶

Adjustments by shopping and specialty goods retailers.

The fact that more retailers in this category made no improvements than those making improvements would indicate slowness in adjustment to change. Although customers would be attracted with greater intensity toward outside centers for shopping and specialty goods, it appears that this group of businessmen are largely responsible for the declining importance of Eloy through exercising lack of competence. This failure to improve or unwillingness to change with the times has contributed to Eloy's inability to effectively compete with surrounding trading centers.

The ratio of improvements made to improvements not made for convenience goods retailers is approximately 1.9 as

⁶ See Appendix D, p.130 for explanation of changes to improve business operations.

compared to approximately .86 for shopping and specialty goods. This, again, could be due to the probable increased rivalry resulting from a decline in total establishments over the past six years.

Improvements by kind of business by length of time in operation. - The last indicator of managerial competence which is examined is a contrast between number of establishments making improvements by length of time in operation.

Table 24 shows that a greater percentage of those businesses started prior to 1950 made improvements than those firms that started operations from 1957 to 1959. The fact that those firms in operation for the past three and a half years constituted a greater percentage making no improvements as compared with those prior to 1950, is in part attributable to their short length of time in operation, and to the general attitude toward improvement.⁷ Possibly the retailers not making any improvements in this group could reflect a high degree of uncertainty in Eloy's future. The basic attitude toward improvement seems to be one of "wait and see." The negative fluctuation in Eloy's economy over the past six years could have fostered widespread apprehension toward sinking funds into any form of improvement.

⁷This is also a matter of age. Those businesses starting out several years ago would not have the same need for change as those starting out 10 years ago.

TABLE 24

BUSINESS OPERATORS WHO MADE IMPROVEMENTS IN
THEIR BUSINESS OPERATIONS, CLASSIFIED BY
AGE AND KIND OF BUSINESS

Kind of Business	Number of Establish- ments	Made Improve- ments	Made No Improve- ments
<u>Business Operations Begun Prior to 1950</u>			
Food stores	2	2	0
Gasoline service stations	1	0	1
Eating & drinking places	4	2	2
Automotive dealers	1	1	0
Apparel & accessory stores	1	0	1
General merchandise stores	2	2	0
Furniture, home furnishings & equipment	2	0	2
Other retail stores	15	3	2
	<u>28</u>	<u>10</u>	<u>8</u>
<u>Business Operations Begun From 1957 to 1959</u>			
Food stores	2	0	2
Gasoline service stations	2	1	1
Eating & drinking places	1	1	0
Automotive dealers	1	1	0
Apparel & accessory stores	1	0	1
General merchandise stores	1	0	1
Furniture, home furnishings & equipment	1	0	1
Lumber, building material, & farm equipment stores	1	0	1
Other retail stores	3	0	3
	<u>13</u>	<u>3</u>	<u>10</u>
Totals	41	13	18

Sources: Survey of Retail Operations, Eloy, Arizona,
April, 1960.

Intent to Leave

The next indicator of managerial competence or lack thereof deals with the intent to leave Eloy.⁸ The widespread intent to leave, made evident through the survey design and observation during interviews, could be evidence of a general lack of managerial competence. Why do twenty-eight out of fifty-one respondents express a desire to leave Eloy? In general it would appear that the efficient and competent manager would have better chances for retail success in most geographic locations. The inability on the part of twenty-eight merchants to avoid the pitfalls of poor location, heavy operating expenses, inadequate sales volumes, and competitive weakness may be evidence of unsuccessful management; however, it may also be due to decline in economic conditions of the town.

When asked what line of work they would enter after leaving Eloy, fifteen of the twenty-eight had no idea what type of job they would seek.

Again, not much evidence was gathered to support the hypothesis that the higher level of investment in building

⁸ Respondents were asked where they would go if they decided to sell out of Eloy. If the respondent replied directly with the name of a state or area, and the town within that area, then he showed intent to leave in the sense that he had presumably done considerable thinking on the subject.

fixtures, and equipment, the less prevalent the intent to leave. Table 25 fails to show any definite relationship between intent to stay or leave where an investment level of \$21,500 or more is found. Of those sixteen firms above the \$21,500 investment level, seven expressed intent to leave, while only nine showed no overt desire to leave. Intent to leave seems most widespread in investment classes of \$15,499 and under.

TABLE 25
INVESTMENT IN BUILDING, FIXTURES, AND EQUIPMENT
AS COMPARED WITH INTENT TO LEAVE ELOY

Investments	Show Intent to Leave	Do Not Show Intent to Leave
Under \$1,499	4	1
\$1,500-8,499	6	6
\$8,500-15,499	7	5
\$15,500-21,499	4	2
\$21,500-28,499	2	4
\$28,500-42,499	2	11
\$42,500 & over	3	4
Totals	<u>28</u>	<u>23</u>

Source: Survey of Retail Operations, Eloy, Arizona, April, 1960.

When intent to leave is contrasted to the forms of tenancy, i. e., whether the retailer owns, rents without a lease, or leases the place of business, no discernible pattern indicating general lack or presence of managerial competence can be found. Those enterprisers owning their

place of business probably would be less reluctant to leave. Table 26 would indicate that roughly 50 per cent of the retailers are not satisfied with retail activity in Eloy.

TABLE 26
INTENT TO LEAVE ELOY COMPARED TO
OCCUPANCY STATUS OF BUILDING

Intent	Own	Rent (w/o Lease)	Lease
To leave	13	4	9
Do not intend to leave	14	4	9

Managerial Experience

Variations in ability to plan, organize, and control are not solely attributable to variations in native intelligence. Managerial ability can be, to a large extent, gained through experience. Experience in retailing can provide a background on which to establish sound operating methods and procedures. In general, the most successful retailers are those who have had broad experience in many phases of store operations.⁹ In and of itself, experience does not insure profitable operations. Development of

⁹Delbert J. Duncan and Charles F. Phillips, Retailing Principles and Methods, 5th ed., (Homewood, Illinois: Richard D. Irwin, Inc., 1959), p. 6.

mature judgment can be greatly aided by experience.

The hypothesis that the general lack of managerial experience in present or related lines of business explains development of inefficient retail operations in Eloy will be tested through evaluation of past managerial experience and formal training, why the operator decided to go into business, and intent to leave.

Previous Managerial Experience

The extent of previous managerial experience in present or related lines of business, before starting their present operation, is shown in Table 27.

TABLE 27

PREVIOUS MANAGERIAL EXPERIENCE IN PRESENT
OR ANY OTHER LINES OF BUSINESS BEFORE STARTING
RETAIL OPERATIONS IN ELOY

Had no Experience	Had Experience			
	In Same Kind of Business		In Other Kind of Business	
	Managerial	Work	Managerial	Work
17	11	16	4	6

Source: Survey of Retail Operations, Eloy, Arizona, April, 1960.

The fifty-three respondents revealed that thirty-six operators had some experience, while seventeen had none. Only 21 per cent of all operators had any previous managerial

experience in the same kind of business; 8 per cent had managerial experience in other kinds of business. While 29 per cent had previous managerial experience, 41 per cent had worked in the same or similar kinds of business. Thus the level of previous managerial experience could suggest a partial answer to their present problems.

Previous Formal Training

It would seem that formal training could, in some cases, make up for the general lack of past experience. From Table 28 it can be seen that twenty (38 per cent of all Eloy retailers) had previous formal training they considered to be of particular help. No evidence was found that Eloy retailers might differ in any way from other retailers in similar trading centers as far as previous managerial experience and formal training were concerned.

TABLE 28

EXTENT OF PREVIOUS FORMAL TRAINING
OF ELOY RETAILERS

Had No Formal Training	Had Formal Training	Kind of Training			
		School in General ^a	Dealer Instruction	Special Course Work ^b	Other ^c
33	20	6	5	3	6

^a Includes high school and college education.

^b Primarily bookkeeping.

^c Consists of teaching, training in similar businesses, and government training.

Source: Survey of Retail Operation in Eloy, Arizona, April, 1960.

Retail Entry

What prompted these merchants, lacking in previous managerial experience, and other forms of training, to enter into business? Why have they been able to survive as long as they have?

Influence of Cotton Production

Perhaps the influence of the boom in cotton production from 1950 to 1955 caused retail activity to rise to a high level relative to the actual prosperity in the area.

This notion can be partially confirmed by Table 29, for 57 per cent of those entering into business claimed that good opportunity existed in Eloy at the time. The other

reasons for entering business probably would reflect the nature and thinking of retailers in rural communities throughout the nation.

TABLE 29
PRESENT ELOY RETAILERS' REASONS
FOR ENTERING INTO BUSINESS

Reasons	Number of Retailers
Good opportunity for business in general at the time	15
Good opportunity for my particular kind of business	15
Carried on family owned business	5
Had limited amount of capital with which to start	3
Knew potential customers well	3
Liked people and the town	2
Opened up business as an additional source of income	2
Other	7

Source: Survey of Retail Operations in Eloy, Arizona, April, 1960.

In Table 30, reason for entering into business is compared with the age of the business. There seems to be little relation between those entering business due to good opportunity and increased cotton production. Table 30

becomes more meaningful when compared to Figure 2 on Page 18.

TABLE 30

DISTRIBUTION OF FIRMS STARTING OPERATIONS
BECAUSE OF GOOD OPPORTUNITY
IN ELOY BY YEARS

Year	Number of Firms Starting Business	Year	Number of Firms Starting Business
1959	1	1948	3
1958	0	1947	5
1957	1	1946	0
1956	2	1945	1
1955	1	1944	0
1954	2	1943	0
1953	1	1942	0
1952	2	1941	0
1951	0	1940	2
1950	0	1939	0
1949	0	1938	1
		1937	1

Source: Survey of Retail Operations in Eloy, Arizona, April, 1960.

It is quite possible that the bulk of retail entries over the past fifteen years occurred as a result of increased cotton prosperity between 1950 and 1955; however, Table 30 does not show this. Presumably, the firms entering business during that period constituted the greater part of retail mortalities from 1954 to 1958, and therefore would not be in operation in Eloy today.¹⁰

¹⁰This discussion should be compared with that on retail turnover from 1954 to 1958 on page 28.

Financial Resources

A third requisite for retail success is adequate financial resources. It is virtually impossible to fully attain the long run profit objective, to maximize managerial competence, and to maintain share of market, without sufficient funds.

Availability of Capital

Most retailers in Eloy responded that capital necessary to upgrade to the level of surrounding trading centers was not available. They claimed that additional financing was "just not available." On the basis of preliminary findings, the hypothesis was developed that inability to obtain adequate financial resources could have contributed to the Eloy merchants' inability to effectively compete with other trading centers.

In contrast with the preliminary findings, thirty of forty-eight respondents admitted they got all the financing they wanted, while seven had to struggle for, but did obtain financing. Further, twenty-three obtained additional finances from the First National Bank in Eloy, while fourteen went either to Casa Grande or Coolidge. Thus, the widespread feeling that financing was unobtainable in Eloy was partially unfounded. However, the fact that fourteen merchants went outside Eloy to obtain additional funds could

be further evidence of the uncertain future for the area.

Supposedly, from the Eloy bankers' point of view, no discrimination exists as to who can borrow, interest charged, and amount borrowed. In practice the farmer gains more financing, at better terms, because of his collateral. Crops are considered, by the Loan Office at the First National Bank in Eloy, to be a safer risk than the abilities and assets associated with a retail operation. Credit is available to the retailer, but at less favorable terms.¹¹ Apparently the bank would rather have its funds tied up in farm loans and more profitable paper than lend to retailers.¹²

The ability to get enough financing is apparently not responsible for the Eloy merchants' lack of rivalry with other trading centers. There are grounds to assume that if the bulk of retailers were able to get adequate financing, they might attempt to improve their competitive position within Eloy.

Table 31 shows that 59 per cent of the thirty-seven firms able to obtain adequate financing had made no improvements in their business operations within the past five

¹¹Personal interview with Mr. James Stevenson, President of the First National Bank of Arizona, Eloy, Arizona, February 10, 1960.

¹²Ibid. This appears to be the case throughout the southwest; most of the farmers enjoy more favorable credit terms than are available to the retailers.

years. Again, the ability or inability to obtain adequate capital resources does not seem to have any bearing on whether business operations are or are not improved.

TABLE 31
COMPARISON OF FIRMS WITH ADEQUATE FINANCING
AND THOSE MAKING IMPROVEMENTS
IN ELOY

Per Cent of Firms with Adequate Financing ^a	Per Cent Making Improvements ^b	Per Cent Making No Improvements ^b
70%	41%	59%

^aExpressed as a per cent of the total number of retail establishments interviewed.

^bExpressed as a per cent of the 37 firms which had adequate financing.

Source: Survey of Retail Operations in Eloy, Arizona, April, 1960.

Merchandise Lines

It was suspected that high prices, poor quality, and limited variety of goods offered for sale were driving the Eloy consumer, especially the higher income families, to do the majority of their purchasing in other trading centers. This hypothesis will be tested through analysis of consumer and retailer viewpoints as to price, quality, and variety of goods offered for sale in Eloy.

The Consumer Viewpoint

The extent to which these three merchandise characteristics are causing dissatisfaction which results in patronage outflow will be examined on the basis of aggregate consumer opinion and by income class.

In the consumer survey conducted under the supervision of the Bureau of Business and Public Research, consumers were asked to rank Eloy with Casa Grande, Coolidge, Tucson, and Phoenix as to prices, quality, and variety of retail offerings. Table 32 shows the total response to that question. Eloy clearly ranks last in all three categories of comparison, with prices and variety of goods given the lowest value possible. This represents the majority opinion of eighty-one consumers interviewed in the Eloy area. Although the opinions of only a small portion of total consumers, personal observation and informal interviews with Eloy consumers indicate that the rankings appear to be valid in relative ranking if not value.

TABLE 32

COMPARATIVE RANKING OF ELOY WITH CASA GRANDE, TUCSON,
AND PHOENIX FOR SELECTED CHARACTERISTICS OF GOODS
OFFERED FOR SALE BY ELOY CONSUMERS, MARCH, 1960^a

(Ranked - 1 best, 4 worst)

Category of Comparison	Ranking by Retail Trading Centers			
	Eloy	Casa Grande	Tucson	Phoenix
Lowest prices	4	3	2	1
Quality	3	2	2	1
Variety of goods	4	3	1	1

^a Tabulated from 81 personal interview questionnaires with Eloy consumers.

Source: Consumer Survey conducted by Bureau of Business and Public Research, University of Arizona, Tucson, March, 1960.

Consumer preference for Eloy goods can be more fully appreciated when the distribution of Eloy's market for retail goods is compared to other trading centers. Some idea of the array of goods is seen in Table 33.

Furniture, appliances, auto parts, and farm equipment goods constitute the major source of consumer flow to other trading centers. As would be expected, convenience goods, such as groceries and drug store items, are purchased mostly in Eloy. The main source of outflow appears to be in the

shopping goods lines. The influence of Casa Grande in these goods is made evident by the results in Table 33. The heaviest loss of market is in farm equipment; 38 per cent of the market is held by Casa Grande.

TABLE 33

DISTRIBUTION OF THE SHARE OF MARKET FOR SELECTED
RETAIL GOODS SOLD IN ELOY

Kind of Goods	Per Cent of Eloy Market Held by Trading Center ^a				
	Eloy	Coolidge	Casa Grande	Phoenix	Tucson
Groceries	89	-	4	2	-
Drug store items	93	-	4	-	2
Gas and oil	86	1	4	-	1
Clothing	71	-	15	3	9
Furniture	60	9	13	11	5
Appliances	63	9	13	9	7
Hardware	87	3	3	5	1
Jewelry	84	-	-	5	4
Auto parts	64	6	16	4	5
Farm equipment	46	5	38	9	2

^aShare of market by kind of good does not equal 100 due to market shares held by other trading centers not listed.

Source: Tabulated from Consumer Survey of the Eloy area conducted by Bureau of Business and Public Research, University of Arizona, Tucson, Arizona, March, 1960.

The Income Class over \$6,000. - Although only 123 consumer interviews were obtained, out of a specified 225 sample size, the following discussion is based on thirty-one interviews in the \$6,000 and over income group. Table 34 was developed to further present consumer viewpoint on retail

goods and test the hypothesis that it is primarily the higher income families that constitute the bulk of trade flowing out of Eloy. Presumably this income class would be more likely to purchase farm equipment, furniture, appliances, and auto parts elsewhere. If this were the case, families in this category would compound the underlying problem for Eloy retailers.

The loss of trade in furniture, appliances, and farm equipment becomes more pronounced as shown in Table 34.

TABLE 34

DISTRIBUTION OF THE SHARE OF MARKET OF RETAIL
GOODS PURCHASED BY ELOY CONSUMERS WITH \$6,000
AND OVER ANNUAL INCOME FOR 1959^a

Kind of Goods	Per Cent of Eloy Market Held by Trading Center				
	Eloy	Coolidge	Casa Grande	Phoenix	Tucson
Groceries	84	-	6	3	-
Drug store items	90	-	6	-	3
Gas and oil	76	3	7	-	7
Clothing	65	-	19	10	6
Furniture	53	3	23	20	-
Appliances	57	4	21	11	7
Auto parts	71	3	23	-	3
Hardware	87	3	7	-	3
Jewelry	80	-	8	8	4
Farm equipment	40	-	50	-	10

^aFor breakdown of sample size per income class see Appendix B, p. 116.

Source: Tabulated from questionnaires used in the Consumer Survey of the Eloy area conducted by the Bureau of Business and Public Research, University of Arizona, Tucson, Arizona, March, 1960.

The income class over \$6,000 is going to Casa Grande for approximately 50 per cent of all farm equipment purchases, and 23 per cent of furniture and appliance purchases. The share of market for other retail goods represented by the shopping habits of the over \$6,000 class is roughly similar to that shown in Table 33.

For higher income groups particularly, Casa Grande attracts the bulk of the trade flowing out of Eloy. This in part supports the general trend for rural trading centers advanced in Chapter II, that Casa Grande seems to be rising in importance while Eloy is not.

The Retailer Viewpoint

While the consumer voiced dissatisfaction with generally higher prices, poorer quality, and limited variety of goods, the retailers adamantly denied such was the case. The majority of retailers claimed, as shown in Table 35, that prices, variety, and quality offered in Eloy were equal to or better than goods offered in surrounding trading centers. No retailers indicated that the quality of goods offered for sale was lower than those sold in other trading centers. Only four merchants saw prices as higher in Eloy. Much of the data presented in Table 35 will vary by kind of business.

TABLE 35

RETAILERS' OPINIONS AS TO PRICES, VARIETY,
AND QUALITY OF GOODS OFFERED FOR SALE IN
ELOY COMPARED TO OTHER TRADING CENTERS

Opinions	Prices	Variety	Quality
Not as much or lower	11	14	0
Equal or same	30	27	35
Greater or higher	4	2	7

Source: Survey of Retail Operations in Eloy, Arizona, April, 1960.

Past Consumer Exploitation

Why the great variance in consumer and retailers opinion as to retail goods offered in Eloy? Is there any real basis for this consumer attitude toward opinion of Eloy retailing?

When the migrant labor force was at its peak in 1955¹³ so presumably was retail prosperity.¹⁴ The entry requirements for retailing, due to increased prosperity, were probably lower than for the previous four years (1951-1954). As a result, many of these retailers lacking managerial competence or previous experience could enter into business. Perhaps as profits swelled to excessive levels, so did prices charged by these merchants. With increased

¹³See Figure 2, p. 17.

¹⁴For definition of retail prosperity, see Appendix A, p. 114.

unemployment and decreased income for the area, no corresponding adjustments in price levels were made by the majority of the retailers. Perhaps these prices, which had risen significantly, also were maintained at unrealistic levels as the forces of change set in. The slowness of merchants to perceive declining conditions and to readjust their price levels from 1956 to 1958 could have created consumer resentment. At any rate, consumers were of the opinion that they were paying too much for retail goods in Eloy.

Now that the future of Eloy seems relatively uncertain and retail sales have failed to achieve comparative increases realized by the surrounding centers, the retailers have been forced to take notice. They have to offer goods of equal or lower prices, comparative quality, and increased variety if they are to continue operations. As a group, they must become more aware of their problems, and scale their merchandising efforts and offerings, as best they can, to a level comparable with Casa Grande, Tucson, Phoenix, and other surrounding centers.

The high prices and consumer exploitation of several years back could possibly influence consumer opinion at present.¹⁵ If the prices, quality, and variety are as

¹⁵ Revealed in questionnaires used in Consumer Survey of the Eloy area by Bureau of Business and Public Research, University of Arizona, Tucson, Arizona, March, 1960.

competitive as the retailer would like to believe, why then, aren't Eloy sales increasing as in other trading centers?

Differential qualities between retail goods offered in Eloy and in other trading centers may be real or imaginary. Where they are real it is the function of the retailers to coordinate their merchandise in terms of price, variety, and quality to the demand of the consumer. Where unfavorable opinion has no basis, it is the function of the retailers to overcome consumer ignorance by effective salesmanship and advertising.¹⁶

It would seem that Eloy retailers have failed to effectively promote the price, quality, and variety characteristics of their goods. The Eloy merchants either have been unable or unwilling to carry on effective promotional programs to dispel the unfavorable effects of previous consumer exploitation.

Inventories

Inventory adjustment to changing conditions over the past five years has been relatively slight. Failure of retail management to upgrade after the exit of lower class migrant workers is another example of managerial shortcoming.

¹⁶ Retail Trading Area Analysis of 11 Southwest Iowa Towns, op. cit., p. 2.

Only fifteen of fifty-four retailers made any changes in inventory over the past five years; six upgraded and five increased the variety of goods offered for sale. When questioned as to changes in the value of their inventory, 63 per cent, or thirty-three, had noticed no change in inventory valuation over the past five years.

Advertising and Sales Promotion

Advertising

Although advertising¹⁷ is usually considered as a segment of the sales promotional effort, in Eloy it is most commonly thought of as synonymous with sales promotional effort. As most Eloy retailers' sales promotion consists of advertising, such practices are discussed first.

The advertising effort in Eloy, in general, falls short of its task in many ways. The failure, or unwillingness of retailers to develop and utilize advertising and other sales promotional methods as a means of holding patronage and curbing the flow of consumers to other trading centers could be partially responsible for the declining importance of the trading center. This hypothesis will be tested in terms of present advertising practice.

¹⁷ Cf., Donald W. Davis, Basic Text in Advertising, (Pleasantville: Printer's Ink Publishing Company, 1955), p. 4, and P. L. Brown and W. R. Davidson, op. cit., p. 484.

Advertising usage. - The extent of advertising usage by kind of business is shown in Table 36. Only thirty-three or 63 per cent of the respondents used some form of newspaper or radio advertising. Though only 63 per cent advertise, there seems to be no general lack of effort in any one kind of business.

TABLE 36

NUMBER OF ELOY RETAILERS ADVERTISING^a
BY KIND OF BUSINESS

Kind of Business	Total Number of Respondents	Those Advertising
Lumber, building materials, hardware, and farm equipment	5	4
General merchandise	5	5
Food stores	5	4
Gasoline service stations	7	5
Automotive dealers	3	1
Apparel and Accessories	3	2
Furniture, home furnishings, and equipment	4	2
Eating and drinking places	10	4
Other retail stores	10	6
Totals	52	33

^aIncludes only those retailers using newspaper or radio advertising media.

Source: Survey of Retail Operations in Eloy, Arizona, April, 1960.

Advertising frequency. - While 63 per cent of the retailers interviewed advertised, only seven, or 13 per cent, advertised with any regularity as shown in Table 37.

TABLE 37

NUMBER OF ELOY RETAILERS ADVERTISING
AND ADVERTISING FREQUENCY

Total Number of Respondents	Do Advertise	Annual Advertising Frequency		
		1-8 Times	9-25 Times	Weekly or more
52	33	16	10	7

Source: Survey of Retail Operations in Eloy, Arizona, April, 1960.

The advertising is concerned with either newspaper or radio advertisements during seasonal sales peaks, such as Thanksgiving, Christmas, and Easter. Of the thirty-three retailers advertising, sixteen used newspapers, twelve used both newspapers and radio, and three used radio to convey their advertising messages. Newspapers used were the Eloy Enterprise and the Casa Grande Dispatch; seventeen used the Eloy paper, and seven used the Casa Grande paper. Only the Coolidge and Casa Grande radio stations were used.¹⁸

¹⁸ Newspaper and radio media used by retailers should be compared with the readership data in Table 16 and discussion of radio media on page 50.

Other forms of advertising media. - Other forms of advertising media used included the 4-H Magazine, school yearbooks, hand bills, movies, direct mail, billboards, calendars, and match book covers. These media were used by fourteen retailers as supplementary promotional effort, along with radio and newspaper advertising.

Advertising expenditure. - Table 38 shows the extent of advertising expenditure in 1959 as a per cent of 1959 gross sales. The majority of retailers spent under 1 per cent gross sales for advertising. Food stores did the most advertising of any one kind of business.¹⁹ In general, the retailers claimed very little return for their advertising expenditure. This, in large part, could explain the percentage of gross sales spent for advertising in 1959.

Most retailers responded that advertising was a waste of money; that word-of-mouth publicity was enough, and there was no need to advertise in Eloy. Most of these reasons, according to advertising theory and the declining sales volume, appear to be unfounded.²⁰

Even though some stores were long established, most consumers were exposed to some form of advertising by other

¹⁹See discussion of advertising media and services, p. 40 ff.

²⁰Cf., Philip W. Burton, Retail Advertising for the Small Store, (New York: Prentice-Hall Inc., 1952), pp. 2-12.

centers in practically all lines of business. Unless the Eloy merchants can effectively advertise their claim to equal prices, and similar quality and variety, that trade

TABLE 38

ADVERTISING EXPENDITURES OF ELOY RETAILERS
BY KIND OF BUSINESS

Kind of Business	Advertising as Per Cent of Gross Sales				
	Under 1%	1% to 2%	3% to 4%	5% to 6%	Withheld Information
Lumber, building materials, hardware, and farm equipment	1	0	0	0	4
General merchandise	1	1	1	0	1
Food stores	4	0	0	0	1
Gasoline service stations	2	1	0	0	2
Automotive dealers	1	0	0	0	0
Apparel and accessories	1	1	0	0	0
Furniture, home furnishings, and equipment	0	0	0	1	1
Eating and drinking	1	1	0	0	5
Other retail stores	0	0	2	0	4
Totals	11	4	3	1	18

Source: Survey of Retail Operations in Eloy, Arizona, April, 1960.

stimulated through a comparison of offerings between Eloy and other centers, made possible by means of radio and newspaper advertising, should continue to flow in increasing numbers to outside centers.

Some Eloy retailers justified their reason for advertising by size of operation. They said, in general, that because they were small, they could not afford to advertise. Again, this reasoning appears incorrect. It would seem that they did not realize the benefits of advertising and the fact that almost every large operation was at one time a small operation. Increased advertising usage has helped many small operations attain their bigness of today.²¹ It would seem that successful retailers could not afford not to advertise.

Only four of fifty-two respondents mentioned that their prices would remain lower if they continued not to use advertising. Again, past theory and practice would seem to refute this claim. Advertising can stimulate increased turnover rates, thereby giving rise to greater volume of sales and continued growth of the firm. This should enable, in the long run, the retailer to lower his prices, thereby supposedly further increasing volume and growth. Whether the manager will ultimately lower his prices after increased

²¹Ibid., pp. 7-9.

volume and size are attained will depend upon the type of establishment and the manager's profit philosophy.

If the small fraction of total expense attributable to advertising were applied in the form of price reductions, no significant overall price reduction would probably occur. The positive effects of increased turnover, reduction of selling expenses, and increased sales to be achieved through advertising have been ignored or passed over by most Eloy merchants.

Other Forms of Sales Promotion

Trading stamps. - Another form of retail sales promotion is the use of trading stamps. The findings show that twelve firms or 23 per cent of the merchants interviewed used trading stamps; seven out of twelve said trading stamps did help maintain or increase their volume of business.

Although this practice would not be useful in several kinds of business, it appears far from being fully developed as an instrument to build greater sales volume. Many retailers not using trading stamps claimed this practice would further reduce profits and increase prices. Past surveys and nation-wide studies have shown that trading stamps, used under favorable conditions, can actually

increase sales and net profit margins.²² In general, the cost of trading stamps passed on to the consumer has been found slight compared to the advantages to be gained from using stamps.²³

Internal promotion effort. - The sales promotional effort within the store such as window and other display work seemed far below that of Casa Grande and Coolidge. Also, out dated and unattractive display stands were widely used. Much of the interior sign and auxiliary display materials were developed by the store managers.

Consumer resistance to upgrading. - Some retailers cited instances of consumer resistance to store improvements and upgrading. These merchants said they suspected that the lower class patronage would not bother to adjust their shopping habits to patronize modernized stores. Apparently these consumers were accustomed to shopping in low class stores, and would not easily become accustomed to modern store layouts and facilities.

²²Ralph L. Andreano, "Effects of Trading Stamps on Retail Competition," Journal of Retailing, XXXV (Summer, 1959), p. 87., and Harvey L. Vredenburg, Trading Stamps, Indiana Business Report No. 21 (Bloomington: Bureau of Business Research, Indiana University, 1956), p. 100, and p. 102.

²³Ibid., p. 109.

Customer Services

Retail Credit

Retail credit²⁴ in Eloy, as in practically all other rural areas, is granted by practically all stores. If properly handled, there are many advantages for a retail credit operation: increased ability to gain new patronage, closer relationship with the customer, and, in general, credit customers are more profitable.²⁵ It has been found that credit customers tend to buy from three to four times as much as the cash customer.²⁶ This would especially be true in Eloy where, with the high percentage of agricultural activity, seasonal shortages in the family budget are bound to accrue.

It was found that forty-one retail merchants offered credit, while only thirteen did not. Credit was usually extended in the form of an open credit account. This offered the customers the opportunity of charging day by day purchases and settling for them at the end of each month. As is usually the case, this form of credit is unsecured,

²⁴For definition of retail credit used here, see Norris A. Brisco and Rudolph M. Severa, Retail Credit, (New York: Prentice-Hall, Inc., 1942), p. 15.

²⁵Pearce C. Kelley and Norris B. Brisco, Retailing Basic Principles, (Englewood Cliffs: Prentice-Hall, Inc., 1957), pp. 428-430.

²⁶Albert J. Wood, "A Charge Customer is Worth Nearly Four Times as Much as a Cash Customer," Credit World, (December, 1953), pp. 5-7.

based on the retailer's estimate of the buyer's character, capacity, and ability to pay.²⁷ No charge was made for this service, and credit was often extended two and three months for families with agricultural incomes.

The use of credit in Eloy, by kind of business, is given in Table 39.

TABLE 39

EXTENT TO WHICH CREDIT IS GRANTED AS A PER CENT OF GROSS SALES BY KIND OF BUSINESS

Kind of Business	Credit as a Per Cent of Gross Sales				
	Under 25%	26% to 50%	51% to 75%	76% to 100%	No Credit Granted
Lumber, building, materials, hardware & farm equipment	1	1	2	1	0
General merchandise	3	1	0	0	0
Food stores	3	1	0	0	2
Gasoline service stations	2	3	0	0	2
Automotive dealers	2	0	0	1	0
Apparel and accessories	1	0	0	1	1
Furniture, home furnishings, and equipment	0	1	0	2	1
Eating and drinking	1	0	0	0	8
Other retail stores	3	3	0	3	1
Totals	16	10	2	8	15

Source: Survey of Retail Operations in Eloy, Arizona, April, 1960.

²⁷Ibid., p. 431, and P. L. Brown and W. R. Davidson, *op. cit.*, pp. 571-572.

Consumer opinion as to availability of credit. -

Despite the relatively limited use of credit in several convenience goods businesses, most consumers found that no problem existed in obtaining credit, as shown in Table 40. As might be expected, the income group under \$2,000 found difficulty in obtaining credit, while the opposite is true of income groups over \$4,000.

Credit seems available to all who need and can afford it. It does not appear to be a major factor contributing to the flow of patronage to other centers.

TABLE 40

CONSUMER OPINION AS TO THE AVAILABILITY
OF CREDIT IN ELOY BY INCOME GROUP

Income Group	Do you find credit hard to get in Eloy?		
	Yes	No	Don't Know
Under \$2,000	7	9	6
\$2,000-3,999	2	15	2
\$4,000-5,999	2	12	1
\$6,000-7,999	0	8	0
\$8,000 & over	0	5	0
Totals	11	49	9

Source: Questionnaires used in Consumer Survey of the Eloy area, Bureau of Business and Public Research, University of Arizona, Tucson, Arizona, March, 1960.

Other customer services. - Other customer services consisted primarily of delivery service. Only twenty-two

or 42 per cent of all respondents maintained other customer services. Only five of the twenty-two charged for their services. This is further indication of the lack of rivalry between retailers in Eloy. It would seem that competition for increased patronage would demand expansion of store services over the years.²⁸ Few retailers cashed checks, and many were hesitant to grant credit to new residents. Other customer services in limited use included gift wrapping, free alterations, free installation, budget terms, and merchandise returns.

Store Location, Physical Facilities, and Appearance

Store Location

Store location determines to a large degree the sales made and profits realized.²⁹ The managerial competence, indicated by ability to select a good store location, will now be examined.

It was found that twenty-two of fifty-three retailers bought a going concern when they started operations in Eloy. There existed no significant difference between those buying

²⁸ It is also realized that with additional services the retailer will, in general, charge higher prices. Lack of services in this case does not give any indication of lower prices.

²⁹ D. J. Duncan and C. F. Philips, op. cit., p. 71.

a going concern and those starting a new business as far as intent to leave, profitability, and adjustment to change is concerned. Only seventeen of fifty-three have changed business addresses within Eloy. The majority of these seventeen have moved from Frontier Street to Main Street.³⁰ Around 1955, Frontier Street was the center of retailing activity. However, with changes in Frontier Street, diagonal parking has been eliminated. Now, with parallel curb parking, roughly 50 per cent of past parking space is available. At present, the center of retailing activity appears to be divided between Frontier Street and Main Street.

Table 41 shows the importance of location by kind of business as indicated by the operators. Of twenty-three firms classifying location as very important, seven are gasoline service stations. Most food stores responded that their location, as long as within or close to family living areas, was of little importance.

There exists mixed opinion as to which area in Eloy, if any, now constitutes the best location. For most rural trading centers, store location would seem of less importance compared to the value of location in metropolitan and city areas.

³⁰ See map of Eloy in Appendix E, p. 138.

TABLE 41

RETAILERS' OPINIONS AS TO THE IMPORTANCE
OF STORE LOCATION BY KIND OF BUSINESS

Kind of Business	How important is location in your kind of business?			
	Very Imp't	Imp't	Some Imp't	No Imp't
Lumber, building materials, hardware, & farm equipment	0	0	0	5
General merchandise	3	1	0	0
Food stores	0	1	3	2
Gasoline service stations	7	0	0	0
Automotive dealers	2	1	0	0
Apparel & accessories	2	0	1	0
Furniture, home furnishings & equipment	0	1	2	1
Eating and drinking	3	3	1	0
Other retail stores	6	2	0	2

Source: Survey of Retail Operations in Eloy, Arizona, April, 1960.

When asked why they picked their present location, most retailers replied they had the best location for their kind of business at the time they started operations. The second largest group of respondents replied that their location was the only available location at the time. Others selected their present location because the business

was already established, or they were able to build onto their living quarters.

Physical Facilities

The ability of retailers to adjust the condition of their buildings, fixtures, and equipment to the forces of change will now be analyzed.

A breakdown of owned and rented retail establishments, given in Table 21 on page 59, shows only 52 per cent of all retail establishments are owned by the operator. The majority of the 48 per cent renting their place of business pay a fixed monthly rent. Only seven merchants paid rent on a per cent of sales basis.

Four lessors own 40 per cent of the total retail establishments. One landlord owns a whole city block in the center of town. Although owning only two retail establishments (he also owns four service establishments), little evidence in the way of his curbing the occupants' abilities to adjust to changing conditions could be found. At any rate, this particular city block has been condemned for over four years, and many store exteriors and interiors are in poor condition.³¹

³¹Personal interview with Mr. William Ballard, City Manager, Eloy, Arizona, April 4, 1960.

Data on rental rates as a per cent of gross sales was not obtainable. This would have enabled analysis of the level of rental rates of the area. These rates appear to be too high.

Ability to adjust building, fixtures, and equipment was higher among those who rented their place of business. The general feeling of those who owned their place of business, as to whether changes should be made, was one of hesitancy. The extent of future improvements will depend upon the level of future business activity.

As total investment in physical facilities varies from business to business, Table 42 shows the distribution of estimated investment by kind of business. Investment in physical facilities range from \$1,500 to \$28,499. When these investment figures are compared with the changes made to improve business operation, the greatest proportion of changes made occurred in the \$1,500 to \$8,499 class.³² From these findings there appears to be a greater reluctance to invest in more facilities in the over \$28,500 than in the \$1,499 investment class. On the one hand, retailers investing over \$28,500 claim that present business conditions do not warrant further investment. On the other hand, most

³²In order to fully visualize this comparison, see Table 22 on page 60.

investing under \$1,499 indicated that lack of adequate capital resources was holding them back from making desired improvements.

TABLE 42

ELOY RETAILERS' ESTIMATE OF TOTAL INVESTMENT
IN BUILDING, FIXTURES, AND EQUIPMENT

Total Investment ^a			
Under \$1,499	\$1,500 to \$8,499	\$8,500 to \$28,499	\$28,500 to \$100,000
7	12	18	9

^aThe total of all investment classes does not add up to fifty-three due to information withheld by seven respondents.

Source: Survey of Retail Operations in Eloy, Arizona, April, 1960.

Whether the extensive modernization found in several newer stores has been accepted by the patronage is not known. Managers are of the opinion that lower class consumers do not appreciate their moves toward modernization.

The overall consumer appeal of the physical facilities is below average when compared to that of surrounding towns.³³ Many retailers are reluctant to upgrade their facilities on the grounds that the migrant workers might somehow return. If this should happen, the consumer class

³²Note consumer opinions in Table 32, on page 78.

structure would shift back to that level of five years ago. Migrant workers, retailers claim, would not appreciate the upgrading in facilities and goods. The migrant workers might express disapproval by not patronizing upgraded stores.

Store Appearance

The poor overall appearance of retail establishments in Eloy, when compared to surrounding towns, is evidence of further reasons stimulating consumer outflow. Both consumer and retailer opinion will be presented in order to test this hypothesis.

Out of fifty-three stores, twenty-seven were ranked fair and ten were ranked poor in outside appearance. As to inside appearance, twenty-two were ranked fair, and thirteen poor.³⁴ The sign work on the outside of most stores was poor.

Most consumers ranked store appearance in Eloy inferior to that of Casa Grande, Phoenix, and Tucson.³⁵ This comparison is not valid. Data for comparison of store appearance should have been gathered in Coolidge and other neighboring towns. However, comparison with Phoenix and

³⁴These rankings were based on the store's appearance relative to other stores in the town, not with stores in surrounding trading centers.

³⁵Tabulated from questionnaires used in Consumer Survey of the Eloy area, Bureau of Business and Public Research, University of Arizona, Tucson, March, 1960.

Tucson does enable a contrast in consumer opinion that partially explains the increased desire of Eloy consumers to shop in these areas.

On the other hand, thirty-seven or 71 per cent of the retailers responded that store appearance in Eloy was similar to other centers. The remaining 29 per cent indicated Eloy had, in general, poor store appearance. Again, consumer and retailer opinion is in conflict.

Attitudes of the Retailers

Future Plans

Through evaluation of future plans, more can be learned of the retailers' attitudes concerning Eloy's future. Only fifteen respondents gave any indication of future plans to improve their business. There existed no discernible trend by kind of business for retailers having or not having future plans. There is widespread hesitancy to invest any capital into improving operations due to the uncertainty of Eloy's future.

Those fifteen retailers having future plans could foresee no serious problems in carrying them out. However, most of their plans will, naturally, depend upon business conditions in the not too distant future. Many in this group are forced to plan ahead in terms of the business future of Eloy. They are in too deep as far as total

business investment, and to leave Eloy under any circumstances would be, for most, to lose a good deal of this investment.

The Eloy Businessmen's Association

Further illustration of adjustment to change made by retail management and retailer attitudes can be seen in the Eloy Businessmen's Association.

The Businessmen's Association replaces that town association lost through discontinuation of the Junior Chamber of Commerce two years ago. These merchants have taken it upon themselves to improve their status and the level of retail activity, and in so doing, constitute a form of adjustment to the changing environment.³⁶

Broadly, it is the combined impact of the numerous small businessmen in the local community which makes that community. Distributors of goods and services, with their payrolls and earnings, largely support the schools, the churches, the local government, the recreational and cultural activities of the community. When these small distributors are prosperous and flourishing, the life of the community is activated, thinking is alerted, and cultural and recreational facilities are stimulated. On the other hand, when small distributors are not prosperous, the desirable community activities are likely to become dulled and uninviting. Further, a multitude of well-managed retail and service establishments make a

³⁶Information on the Eloy Businessmen's Association is based on the author's observation during attendance of three weekly meetings.

live, colorful, and flourishing community in which many people can live better and enjoy more prosperity.³⁷

This group consists of fifteen to twenty of the town's leading merchants. They meet each Wednesday noon for lunch to discuss problems of the town and of retailing.

The Businessmen's association recognized the need for the Self-Help Program.³⁸ However, even with these men, there was a general reluctance to contribute information requested in the survey of retail operations. The overall indifference borders that met in the consumer survey. Although some members of the Businessmen's Association were of great help, most were highly reluctant to release the data requested.

³⁷ O. P. Robinson and K. B. Haas, How to Establish and Operate a Retail Store, (Englewood Cliffs: Prentice-Hall, Inc., 1957), p. 3.

³⁸ See Chapter 1, p. 4.

CHAPTER IV

CONCLUSIONS

The extent to which the environmental and managerial factors of retail management influence retail success have been examined in Chapters II and III.

The general trend for this rural trading center is one of decline. Increased use of the automobile and continued improvements and expansion of highway systems has increased consumer mobility and caused shifts in the shopping habits of rural inhabitants. Declining rural populations, and decreased agricultural employment also have had adverse effects on the physical volume of business done by the small town retailer. These are the general forces of change which underlie changes in the Eloy area.

The primary cause for Eloy's decline stems from the increased mechanization in cotton farming. From 1950 to 1959, the percentage of the cotton crop harvested by machine grew to 60 per cent; while from 1956 to 1958 over 40 per cent of the farm labor engaged in the cotton harvest had left the area. This heavy decline in agricultural employment was in part responsible for the reduced level

of retail sales, which showed a decline in physical volume when compared to the significant increases for Casa Grande and Coolidge. On the basis of these findings, there is considerable evidence to support hypothesis a(1). Increased mechanization in the cotton industry has seriously reduced employment in the Eloy area which has prevented retail sales from increasing proportionately with Casa Grande and Coolidge. The desired data on income loss in the area due to the great reduction in the migrant labor force was unobtainable; therefore, an accurate measure of income loss or redistribution was also unobtainable.

Further evidence of Eloy's decline is seen in the increasing turnover rate of retail business from 1954 to 1958, and the increasing amount of Eloy trade going to Casa Grande and Coolidge.

It was found that families in the \$6,000 and over income class are going outside their trading area to purchase goods and services of comparative quality, price, and variety available in Eloy. Although this income group did purchase a greater proportion of farm equipment, furniture, and appliances outside Eloy than did the bulk of consumers interviewed, there was not sufficient evidence to accept the above hypothesis.

Not much was found to support the notion that the inability of Eloy merchants to satisfy local demand for

shopping goods has further detracted from the importance of Eloy as a trading center. Although the preponderance of data showed consumer dissatisfaction with shopping goods in Eloy, the results in the main were inconclusive, and would not permit acceptance or rejection of hypothesis a(3).

The general unawareness of rivalry, and the apparent indifference of the population toward improvement or change, constitute additional barriers to increasing overall retail success in Eloy.

The overall shortcomings in the advertising media and services, banking and credit facilities, and availability of suitable employees found in Eloy are believed to be no different from other rural trading centers of similar size. Hypothesis a(4) is therefore not accepted.

Those managerial factors which depend to some extent upon judgment as exercised by the manager and thereby influence retail success, fall short in many respects. The nature of retailing in Eloy is revealed through analysis of such managerial factors as competence, experience, and judgment in such matters as merchandising, sales promotion, customer services, condition of the stores, and future plans.

For the most part, based upon the indices used, retail management is unable to locate, define, and analyze its problems in order to achieve objective and sound judgment. This is evidenced by the widespread intent to

leave, lack of successful adjustment to change, increasing turnover rate, and apparent disinterest in keeping abreast of current advancements. There seems little doubt that, in general, managerial competence is a definite factor in retail success. In part, hypothesis b(1) can be accepted. However, the extent to which managerial competence found in Eloy differs from that of other similar towns is not known.

Most retailers in Eloy lacked previous managerial experience before entering into business. For the majority of retailers, this lack of past experience plus deficient managerial competency, is responsible for the degree of retail success they have attained. Lack of previous managerial experience was not considered to be a serious handicap or barrier which prohibited retail success. Granted the merchant would possibly be better off had he had more in the way of previous experience, however, the connection between previous experience and retail success in Eloy is rather weak. In lieu of these findings, hypothesis b(2) is found to be inconclusive.

The inability to attain adequate financing has not been the great deterrent to change as was suspected in the preliminary investigation. Most retailers were able to obtain adequate financing; however, they continued to resist improving their operation. There seems no relationship

between ability to gain adequate financing and willingness to upgrade operations.

The higher prices, poorer quality, and limited variety of goods was to some extent stimulating consumer flow to other trading centers. While retailers claim equal or identical prices, quality, and variety, consumers apparently think the contrary. Irritation with past exploitive practices could further explain the decreasing share of the Eloy market for Eloy retailers. The validity of hypothesis b(4) hinged in part on an imaginary consumer conceptualization of prices, quality, and variety.

Based on observation and survey findings, most retailers have failed to adjust inventories and merchandise offerings in line with present conditions. Few retailers have made any change over the past five years in inventory composition.

If prices, quality, and variety of goods offered for sale are similar to offerings in other centers as most retailers claim, they have failed to effectively promote this fact. Probable insufficient advertising and sales promotional effort, in general, could partially explain the increased flow of patronage to other centers.

During the preliminary investigation it was felt that the excessive use of credit indicated managerial malpractice;

however, the findings proved inconclusive. In several kinds of business, as would be expected, credit extension was far from liberal. Overall, there was no evidence to support the notion that excessive use of credit was the case in Eloy.

The importance of store location was considered by the majority of retailers interviewed to be of little consequence as far as retail success was concerned. During the past five years a gradual shift in the center of retail activity has occurred. Many retailers have failed to upgrade facilities and appearance on a level comparative with surrounding trading centers.

The Eloy Businessmen's Association replaces the defunct Junior Chamber of Commerce. These merchants have taken it upon themselves to improve their status and the level of retail activity, and in so doing, constitute a form of adjustment to the changing environment.

As for the acceptance or rejection of the central hypothesis, that environmental and managerial factors result in variation in retail success, the preponderance of data gathered would indicate grounds for partial acceptance. The environmental factors analyzed have been, for the most part, directly associated with fluctuations in retail success. The managerial factors evaluated, however, leave some doubt as to the overall importance associated with these factors and

retail success. In general, it appeared that the requisites for retail success were not up to the level deemed satisfactory in terms of the problem facing these merchants; however, there was no way in which to compare the findings with prevailing conditions in similar towns and areas. While the Eloy merchants fell short in some respects as far as competence, experience, and other facets of management analyzed are concerned, there is good reason to suspect that this condition may be typical of most rural agricultural trading centers.

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APPENDIX A

DEFINITIONS

1. Retail success. - Retail success is defined in terms of the merchants' ability to increase volume of profit and share of market. Presumably experience, competence, and adequate financial resources, in general, enable attainment of retail success.
2. Managerial experience. - Managerial experience refers to that knowledge gained in the basic retail principles through previous experience in retail management. The longer the period of experience, presumably the closer the association with retail success.
3. Managerial competence. - Managerial competence as used here refers to ability to survive, degree to which the merchant keeps abreast of current trends, adjustments made to the changing environment, and intent to leave the business environment.
4. Adequate financial resources. - Adequate financial resources would be that capital required to sustain retail operations over the long run and to provide for continued growth of the firm.

5. Prosperity. - As used in this paper, prosperity refers to that period of retail success stimulated by increased cotton production (between 1950 and 1955).

6. Changes to improve business operations. - Although no adequate monetary standard could be established, this would include any major change made over the past five years to better business operations. Such changes as rearrangement of store fixtures and equipment and the accompanying minor painting and lighting alterations could possibly cost little; however, this would be a major change to improve business operations. Similarly, a new store front, new facilities and equipment that would improve operations in the sense of adjusting to conditions, thereby increasing ability to gain and maintain patronage, would be a change to improve operations.

APPENDIX B

DETAILED STATEMENT OF METHODOLOGY

The seven basic steps of marketing research procedure were adapted to the problem at hand in Eloy.¹

The Preliminary Investigation

This phase of the research procedure involved gathering all data concerning the environmental factors influencing retail success in Eloy. The author was briefed on the general problem area. A trip around Eloy was then undertaken. Several retailers and consumers were informally interviewed to shed more light on environmental conditions. Secondary data on the past history of Eloy was examined.² During this preliminary investigation phase tentative hypotheses were developed.

The Informal Investigation

The purpose of this step is to gain a greater "feel" of the problem. The author attended two meetings of the

¹Lyndon O. Brown, Marketing and Distribution Research, 3rd ed., (New York: The Ronald Press Company, 1955), Ch. 3.

²This consisted of reading several back issues of The Eloy Enterprise, and R. Mahoney, "The Eloy Story," Arizona Days and Ways, (October 13, 1957), pp. 31-42.

Eloy Businessmen's Association where he was able to meet several of the leading retailers, the mayor, and the newspaper editor. Further refinement of the tentative hypotheses was made.

The Formal Research Plan

The purpose of the investigation was established. The general and specific objectives of the project were then outlined. The numerous hypotheses were narrowed down to several workable hypotheses. The types and sources of data needed were compiled. All primary data came from the consumer and retail surveys, and other selected interviews. The primary data needed to test the hypotheses was outlined and incorporated into the questionnaire which was jointly worked up by a staff member of the Bureau of Business and Public Research and the author. The secondary data bearing on the problem was collected and further evaluated. The universe and boundaries of the problem were then set forth.

It was believed that much of the financial data needed to undertake a ratio analysis of retail operations would be best obtained by use of a second questionnaire. Practically all financial data required was included on this form. Over fifty-six of these forms were left with the respondents, with a self-addressed envelop to the Bureau of Business Research; only four usable forms were mailed in. This is further evidence of the general lack of cooperation

and suspicion with which most retailers viewed this survey.

It was hoped that the halo effect of the census enumeration underway at the same time would overcome most non-response in the personal interviews; however this was not the case.

Questions 9d. (1) and (2), dealing with financial data, were included in the personal interview questionnaire. Inasmuch as these two questions were of a personal nature, they were answered by handing the respondent a set of cards. He was then asked to give the code signifying the limits within which his sales volume and net profit for 1959 were located.

The author, along with two other graduate students, pre-tested the questionnaire on several of the more cooperative retailers belonging to the Businessmen's Association. Mutual agreement between interviewers as to the meaning and the purpose of the questions was also attained in the above manner.

Collection of the Data

Where refusals occurred these merchants were re-contacted by another interviewer. Where the owner or operator was not in at the time of interview, call backs were made until he was contacted.

The author estimates that sixty-seven operations, qualifying for the purposes of this survey as retail

establishments, exist in Eloy today. The fifty-four retailers contacted would represent the bulk of all retail activity in the area. Thirteen out of fifty-eight managers contacted refused to answer the majority of the questions; and twenty-one refused to give the financial data requested on the personal interview questionnaire.

The consumer survey was less successful as far as total response was concerned. A sample size of 225 consumers was selected on a probability basis from the electric meter connections made available by the Arizona Public Service Office in Eloy. The interviews were made by several members of the Parent Teacher's Association and teachers at the local grade school. After five weeks of interviewing, seventy-five questionnaires were returned; of these, only fifty-eight were usable.

In order to secure wider representation of consumer response, much of the information was deleted, and a one page questionnaire was mailed to the remaining sample consumers. Out of 200 questionnaires mailed, fifty-five were returned.

The information used in this report to calculate the extent of consumer flow to other trading centers was based on tabulations made from both the personal and mail questionnaires. The income data was arranged in four classes: There were twenty-eight respondents under \$2,000, twenty-four in \$2,000 to \$3,999, twenty-three between \$4,000 and \$5,999,

and twenty-nine in the \$6,000 and over class. Although this sample is far below the size required for adequate reliability, it was used on the grounds that some information was better than none.

Only five out of fifty-four of the financial questionnaires handed out during the retail operations survey were returned in usable form. Practically all the data needed to develop a ratio analysis of retail operations was unobtainable.

Tabulation and Analysis

The author edited most of the retail questionnaires, and compiled a master tabulation. From this master tabulation, and with occasional reference back to the completed questionnaires, the cross tabulations required for the report were attained. The data was arranged in tabular form.

Interpretation of the Results

From these tabular arrangements the hypotheses were tested and attitudes and adjustment to change were set forth. Much assistance was gained and help in interpretation of the findings was obtained from the two graduate students who participated in the interviewing. The recommendations were the final product of this stage of the procedure.

Presentation of the Results

The results of the author's analysis and work are presented herewith as a partial requirement for the Master of Science Degree.

The findings of the socio-economic survey of Eloy were presented by the Bureau of Business and Public Research to all interested citizens in a workshop in Eloy on June 1, 1960.

Follow Up

In market research, this step is used as the ultimate test of whether the recommendations and findings are actually put into use, and the desired results achieved. In Eloy's case, it will take several months before the impact of the findings and recommendations pertaining to the retail survey can be observed.

ELOY COMMUNITY SELF-HELP PROJECT

RETAIL OPERATIONS SURVEY

1. Classification Data:
 - a. Name of Store: _____
 - b. Address of Store: _____
 - c. Census class: _____

2. Owner-Manager:
 - a. Do you own the business?
 - Yes _____ If no, explain: _____
 - No _____ Name and home address of owner: _____

 - b. Legal form of organization?
 - Proprietorship _____
 - Partnership _____
 - Corporation _____

 - c. Do you or this firm operate any stores elsewhere?
 - Yes _____ If yes, describe: _____
 - No _____

 - d. When did you first come to Arizona to live? _____
 When did you first come to Eloy to live? _____
 Where did you live before coming to Eloy? _____

 - e. When did you start operation of this store? _____

 - f. Had you any previous managerial experience in this or any other line of business before starting this particular business? Yes _____ No _____
 If yes, explain where and type: _____

 - g. Have you had any formal training in or out of school that has been of particular help to you in this business? Yes _____ No _____
 Explain: _____

 - h. Do you subscribe to any trade publications in this kind of business? Yes _____ No _____ If yes, list: _____

 - i. Do you belong to any Eloy or Pinal County service clubs or businessmen's associations? Yes _____ No _____.
 If yes, which? _____
 When did you last attend a meeting of these (or this) association? _____

 - j. What led you to the decision to go into business here in Eloy? _____

k. Why did you go into this particular kind of business?

3. Location factors:

a. Did you buy out a going concern when you started in Eloy? Yes _____ No _____

b. At what address did you first start business in Eloy?

If different than present address, explain: _____

c. Was yours the first business at this location? Yes _____
No _____ If no, explain: _____

d. How important is location in your business?

Very important _____ Why do you say this? _____

Important _____

Some importance _____

No importance _____

Don't know _____

e. Why did you pick this location? _____

4. Building, Fixtures and Equipment:

a. Do you own, lease or rent this building? Own _____
Rent (w/o lease) _____ Lease _____

(1) If leased or rented, what is monthly rent?
Flat amount \$ _____ Percentage on sales _____ %

(2) If owned--what would you say this store would rent
for if you were renting it? \$ _____ /month.

b. If leased or rented--who owns the building? _____

c. What do you estimate your total investment here in
building, fixtures and equipment? \$ _____

5. Inventory:

a. Could you estimate the present value of your inventory?
\$ _____

(1) Is this at cost or retail value? Cost _____ Retail _____

b. Has the value of your inventory changed over the past
five years? Yes _____ No _____ Don't know _____ If yes,
explain: _____

- c. Have you made any changes in the kinds of goods carried in inventory during the past five years? Yes ___ No ___
If yes, explain: _____
- d. Do you feel that you are giving your customers what they want in both goods and services? Yes ___ No ___
Don't know ___ Explain: _____
6. Customer Services:
- a. Do you offer credit to customers? Yes ___ No ___
- (1) If yes, what percent of your gross sales are on credit? _____%
- b. Do you give any other special services? _____
- c. Do you make a special charge for these services?
Yes ___ No ___
7. Advertising:
- a. Do you advertise? Yes ___ No ___
- (1) If yes, explain how (media): _____
- (2) If yes, explain when (frequency): _____
- (3) How much spent in 1959 on advertising? \$ _____
- (4) If no--why not? _____
- b. Do you give trading stamps? Yes ___ No ___
- (1) If yes, what kind? _____
- (2) Do they help? _____
8. Competition:
- a. Who are your principal competitors? In Eloy? _____
Outside Eloy? _____
- b. Would you say this competition is:
- | | | | |
|-------------------|-------|----------------------|-------|
| Very competitive | _____ | Why do you say this? | _____ |
| Quite competitive | _____ | | _____ |
| Comp. is so-so | _____ | | _____ |
| Not really comp. | _____ | | _____ |
| No comp. at all | _____ | | _____ |
- c. What advantages do you have over them? _____

- d. What advantages do they have over you? _____

- e. During the past five years, what changes have you made to improve your business operation? _____

- f. Have you any future plans for improving your operation?

- g. Do you see any problems in carrying out these plans?

- h. The customer shopping survey which we have completed shows a widespread feeling that Eloy businesses do not give them:
 - (1) Lowest prices _____

 - (2) Enough variety _____

 - (3) Good quality _____

 - (4) Good appearance in stores _____

Would you please comment on each of these with reference to your own business.

- j. Where would you go if you decided to sell out here?

 - k. What would you do there? _____

9. Financing:
- a. Of the total capital invested in the business (building, equipment, fixtures and inventory), what share is equity versus borrowed?
Equity _____ %
Borrowed _____ %
 - b. Where do you get financing when you need it? _____
 - c. Do you get all the financing you want? _____

d. (Hand him card and ask):

(1) What range on this card describes your 1959 total sales? _____ (code)

(2) What range on this card describes your 1959 net profit? _____ (code)

10. (Leave financial statement and envelope).

11. Observation:

a. Appearance:

(1) Inside: Good ___ Fair ___ Poor ___

(2) Outside: Good ___ Fair ___ Poor ___

b. Total outside area (pace off) square feet _____

c. Signs? Yes ___ No ___ Describe _____

d. Parking? Curb ___ Lot ___ for _____ cars.

e. What is immediately to left? _____ Right? _____

12. Control:

Interviewer _____

Date _____

ELOY COMMUNITY SELF-HELP PROJECT

Retail Operations Survey - Mail Return

1. Is your store management a full-time occupation? Yes _____
 No _____

2. What percent of your total income comes from the operation of this business? _____ %
 a. If you have other income, what is its source? _____

3. If you wanted \$1000 to \$1500 additional capital, where would you go to get it? _____

4. Please complete the following:

	Year		
	<u>1959</u>	<u>1958</u>	<u>1957</u>
Net Sales.	\$ _____	\$ _____	\$ _____
Cost of Goods Sold	_____	_____	_____
Gross Margin	_____	_____	_____
<u>Expenses:</u>			
Employees Wages.	(_____)	(_____)	(_____)
Owner's or Manager's compensation	(_____)	(_____)	(_____)
Total Expenses	_____	_____	_____
Net Profit before Income Taxes	_____	_____	_____

5. In which of the following income brackets were you last year?
 Under \$2000 _____
 2000-3999 _____
 4000-5999 _____
 6000-7999 _____
 8000-9999 _____
 over 10,000 _____

APPENDIX C

DISCUSSION OF THE USE OF REILLY'S LAW OF RETAIL GRAVITATION

Reilly's Law of Retail Gravitation

The original law of retail stated that two cities attract trade from an intermediate town in the vicinity of the breaking point approximately in direct proportion to the populations of the two cities and the inverse proportion to the squares of the distances from these two cities to the intermediate town.³

New Laws of Retail Gravitation⁴

Currently, two formulas have been developed from Reilly's original Law of Retail Gravitation. The formula used in this thesis concerns the proportion of trade a town will retain and the proportion it will lose.

$$\left(\frac{Ba}{Bb}\right) = \left(\frac{Pa}{Hb}\right) \left(\frac{8}{d}\right)^2$$

Ba, proportion of trade going to outside town

Bb, proportion of trade retained by home town

Pa, population of the outside town

Hb, population of the home town

d, distance to the outside town

8, inertia factor used in comparing Eloy to Casa Grande, and Coolidge: 8 reflects the inertia that must be overcome before a store at a given distance will be visited.

³P. D. Converse, "New Laws of Retail Gravitation," Journal of Marketing, XIV (October, 1949), p. 379.

⁴Ibid., pp. 382-384.

By inserting the population and distance in the above formula, the amount of trade Eloy lost to Casa Grande and Coolidge in 1950, 1954, 1958, and 1960 was determined.

Although the original law was used to delimit trading area boundaries for fashion and shopping goods, the new law can be used to develop a rough approximation of the amount of trade lost and retained by one center.

APPENDIX D

SALES FOR ALL RETAIL ESTABLISHMENTS AND ESTABLISHMENTS WITH PAYROLL, TOTAL NUMBER OF RETAIL ESTABLISHMENTS, AND RETAIL ESTABLISHMENTS WITH PAYROLL.

PINAL COUNTY, CASA GRANDE, COOLIDGE, AND ELOY, ARIZONA, FOR 1954 AND 1958

Area	Retail Sales			
	1954		1958	
	Total Retail Sales	Retail Stores With Payroll	Total Retail Sales	Retail Stores With Payroll
	(Thousands)	(Thousands)	(Thousands)	(Thousands)
Pinal County	\$42,458	\$37,408	\$55,453	\$52,181
Casa Grande	14,018	12,620	18,582	18,286
Coolidge	9,596	8,606	11,163	10,405
Eloy	4,937	4,171	4,998	4,906

Area	Retail Establishments			
	1954		1958	
	Total	With Payroll	Total	With Payroll
Pinal County	598	366	605	439
Casa Grande	149	101	123	109
Coolidge	114	70	114	80
Eloy	91	51	54	48

Source: United States Department of Commerce, 1954 Census of Business: Retail Trade, Arizona, (United States Government Printing Office, Washington, D. C. 1956), p. 3-6, and United States Department of Commerce, 1958 Census of Business: Retail Trade, Arizona, (United States Government Printing Office, Washington, D. C., 1960), p. 3-8.

APPENDIX E

RETAIL SALES AND NUMBER OF RETAIL ESTABLISHMENTS
BY KIND OF BUSINESS IN ELOY, ARIZONA,
FOR 1954 AND 1958

Kind of Business	1954		1958	
	Retail Sales	Number of Establishments	Retail Sales	Number of Establishments
	(Thousands)	(Number)	(Thousands)	(Number)
Lumber, building materials, hardware, farm equipment dealers	\$ 497	5	\$ 799	5
General merchandise dealers	257	6	(D) ^a	2
Food stores	2,319	26	1,339	10
Automotive dealers	150	4	263	4
Gasoline service stations	585	12	388	7
Apparel, Accessories stores	(D) ^a	7	(D) ^a	3
Furniture, home furnishings, and equipment stores	132	5	(D) ^a	2
Eating and drinking places	352	16	772	12
Drug and proprietary stores	(D) ^a	1	(D) ^a	2
Other retail stores	201	9	(D) ^a	7

^aWithheld to avoid disclosure.

Source: United States Department of Commerce, 1954 Census of Business: Retail Trade, Arizona, (United States Government Printing Office, Washington D.C., 1956), p. 3-6 and p. 3-7, and United States Department of Commerce, 1958 Census of Business: Retail Trade, Arizona, (United States Government Printing Office, Washington, D. C., 1960), p. 3-8 and p. 3-9.

APPENDIX F

ELECTRIC METER CONNECTIONS FOR THE ELOY, ARIZONA
DISTRICT OF THE ARIZONA PUBLIC
SERVICE COMPANY

Year	Number of Meters
1960	1,548
1959	1,543
1958	1,529
1957	1,573
1956	1,554
1955	1,502
1954	1,520
1953	1,419
1952	1,329
1951	1,209

Source: Obtained from Mr. J. Slyby, Supervisor of Revenue Accounting, Arizona Public Service Company, Phoenix, Arizona.

APPENDIX G

POSTAL RECEIPTS, ELOY, ARIZONA,
1950 - 1959

Year	Postal Receipts
1959	\$28,874.93
1958	34,357.31
1957	26,775.79
1956	29,248.08
1955	23,313.14
1954	25,213.32
1953	27,636.78
1952	28,514.97
1951	20,775.02
1950	16,924.89

Source: Records of Mrs.
Pauline Clark, Post Mistress, Eloy,
Arizona.

APPENDIX H

CASH RECEIPTS FOR COTTON IN ARIZONA SELECTED YEARS, 1925-1957

Year	Cash Receipts
	(Thousands)
1957	\$129,246
1956	136,790
1955	130,886
1954	154,549
1953	218,608
1952	149,837
1951	110,190
1950	92,868
1945	15,112
1940	8,289
1935	9,040
1930	9,067
1925	12,686

Source: R. E. Seltzer and E. E. Pfuehler, Prices and Production of Arizona Farm and Ranch Products, Special Report No. 1, (Tucson: University of Arizona Agricultural Extension Service and Agricultural Experiment Station, July, 1959), p. 8.

APPENDIX I

COTTON LABOR EMPLOYED DURING PEAK MONTH OF THE COTTON HARVEST, MACHINES USED TO PICK COTTON, PER CENT OF COTTON CROP PICKED BY MACHINES, AND COTTON ACREAGE FOR ARIZONA, 1950 TO 1959

Years	Cotton Labor Employed During Peak Month of the Cotton Harvest	Number of Machines Used To Pick Cotton	Per Cent of Cotton Crop Picked By Machines	Cotton Acreage
1959	27,740	1,618	60%	392,000
1958	48,376	1,400	46%	385,000
1957	52,529	1,472	44%	350,000
1956	56,152	1,229	36%	358,000
1955	46,312	1,130	37%	334,800
1954	53,566	1,347	40%	420,000
1953	55,286	1,814	45%	683,000
1952	56,600	1,567	39%	665,000
1951	52,000	928	33%	555,000
1950		233	10%	

Source: Arizona State Employment Service, Post Season Farm Labor Report, (Phoenix: 1950 - 1959).

APPENDIX J

POPULATION FOR PINAL COUNTY, CASA GRANDE,
COOLIDGE AND ELOY, ARIZONA
1950 AND 1960

Area	1950 ^a	1960 ^b
Pinal County	43,191	61,948
Casa Grande	4,181	8,220
Coolidge	4,306	4,946
Eloy	3,580	4,864

^aU. S. Bureau of the Census. Eighteenth Census of the United States: 1950. Population, Vol. II., p. 3-8.

^bPersonal interview with Mrs. Alexander Baird, District Supervisor of 1960 United States Census of Population. June 24, 1960.

APPENDIX K


COTTON LABOR AND TOTAL FARM LABOR HIRINGS
AT ELOY EMPLOYMENT OFFICE, 1955 TO 1959


Years	Cotton Labor Hirings		Total Farm Labor Hirings
	Domestic Labor	Mexican Labor	
1959	9,556	874	23,803
1958	18,988	1,515	34,208
1957	18,000	1,701	29,698
1956	31,720	5,225	51,155
1955	33,160	5,844	57,705

Source: Obtained from Mr. Frank M. White, Pinal County Area Supervisor, Casa Grande, Arizona, June 25, 1960.

APPENDIX L
 STREET MAP OF ELOY, ARIZONA



 - Future center of retail activity

 - Past center of retail activity

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