



APPLYING ECONOMIC ANALYSIS TO TRADE PROMOTION

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Competition between cities for industry and trade leads to interest among Chambers of Commerce, and other trade promoting organizations, in research.

Research surveys are of two types: (1) industrial surveys; and (2) market surveys. Much has been done along industrial survey lines but little in market research work.

Industrial surveys are generally conducted by Industrial Departments of Chambers of Commerce. Industrial engineering firms and University Research Bureaus also have done this type of work. Many of these surveys are mere "gestures" at real analysis. Surface scratching. Many others are well done and have obtained results.

The First Census of Distribution has made available information upon which market surveys can be based. The technique of investigation by interviewers has improved so that market research work is accepted as reliable.

For a business, profitable marketing depends upon a knowledge of the market and intelligent operation of it. For a city, profitable trade promotion depends upon knowledge of the area which a city can logically serve and intelligent operation in it.

The market analysis of the Tulsa Trade Territory, which is the reason for this paper, was made with the intention of defining the Tulsa trade area by scientific methods. Both the "Retail Trade Area" and the "Wholesale Trade Area" were defined.

Tulsa is recognized as an oil center but is almost wholly dependent upon one industry. In order to plan a program of development which would lead to less and less dependence upon one industry, Tulsa's trade possibilities were analyzed. Tulsa was found not to receive the amount of wholesale and retail business from her trade area which she should logically receive.

The reasons why Tulsa is not now receiving the amount of business which she should receive were brought out in the market surveys. Much of this information proved to be of value in the field of marketing and distribution. Results of the Tulsa Retail Survey have been published in leading marketing magazines. The Department of Commerce has frequently quoted the Tulsa Retail Survey as a type of research report which other cities might profitably copy.

These market surveys were purely research studies; that is they contain facts entirely divorced from opinion. They are not intended to bring results themselves but rather to furnish the facts for the development of Tulsa as an important distribution center. The surveys are means to an end rather than an end in themselves. Research without bias or opinion is something new in Chamber of Commerce work. Many research projects conducted by Chambers of Commerce are of little value because there is an attempt to prove something from the start. True scientific analysis, of course, starts out with no end in view except to obtain the facts.

Tulsa's position as a distribution center was compared with the position of seven other Southwestern cities as large or larger than Tulsa. This comparison involved interesting statistical methods. It was found that if Tulsa served her trade area as effectively as the average of seven other Southwestern cities, the amount of retail trade in Tulsa for the year 1929 would have been eleven millions of dollars more than it was. The Tulsa survey showed where this business was going and why. Upon these facts a program for bringing this business to Tulsa was inaugurated.

A retail sales check was taken in thirty-six Tulsa stores in order to determine where Tulsa now receives retail business and where the city lacks customers. This data was checked with the information brought out by consumer interviews. Trained interviewers talked with housewives throughout the Tulsa trade area. The interviewing work was carefully checked, machine counted and edited before results were tabulated. The

sampling method was used. The correlation between data secured from the retail sales check and that secured by means of field interviews was surprisingly high.

Following the retail sales check and the taking of field interviews, the Tulsa trade area was studied from the standpoint of buying power and facilities in Tulsa for serving the trade area. Newspaper circulation was also carefully studied to determine the correlation between circulation and trade.

The method of conducting the wholesale analysis followed lines similar to the retail analysis. Wholesaler's records were studied to determine the origin of Tulsa's present wholesale sales. Field interviewers visiting retail stores in the trade area determined where retailers purchase their stock of goods and reasons for trading where they trade.

As stated at the outset these trade surveys are intended to be a means to an end and not an end in themselves. Unfortunately many business men consider such surveys an end in themselves and plan no follow-up to obtain results. Just as few trade promotion organizations have the trained staff to conduct a trade survey so also few such organizations have the staff to properly interpret results and to get a program of action started. More important that this is a reason why few fact surveys are used is that a follow-up plan must be carried out over a long period of time to get results and the average trade promotion organization is interested in something more spectacular to make newspaper headlines even if that "something" later proves to be just another promotion scheme.