

Types of Retailers and Merchants Included in This Study

All retailers in the District of Columbia with estimated sales of over \$100,000 per year who sold furniture and appliances were surveyed by the Federal Trade Commission. Several retailers were excluded because they had gone out of business since the survey period or were unable to provide usable information. Table I-1 shows the total 1966 sales of retailers included in the survey. As a basis for comparison, 1963 *Census of Business* total sales for the District of Columbia are also shown. The survey data are for a later period, 1966, but it is unlikely that there has been much change in sales during the intervening years. Furniture and appliance sales of retailers located in the District of Columbia have not been growing rapidly because of an increasing trend toward use of shopping centers outside the District.

TABLE I-1.—COMPARISON OF 1966 SALES OF SURVEY RETAILERS WITH SALES REPORTED IN 1963 CENSUS OF BUSINESS FOR THE DISTRICT OF COLUMBIA

[Dollar amounts in thousands]

Type of retail store	U.S. Census total sales, 1963	Survey retailers, 1966					
		Number of retailers	Total sales, all retailers	Number of retailers	Total sales, retailers offering install- ment credit	Number of retailers not offer- ing install- ment credit ¹	Total sales, retailers not offer- ing install- ment credit ¹
Department stores (SIC 531).....	\$186,439	6	\$144,864	3	\$91,364	3	\$53,500
Furniture and other home furnishings stores (SIC 571).....	50,442	59	51,255	38	33,929	21	17,326
Appliance stores (SIC 572,, 573).....	29,912	31	29,693	24	25,677	7	4,016
Total.....	266,793	96	225,812	65	150,970	31	74,84

¹ Includes stores using revolving credit arrangements; 30-, 60-, 90-day credit arrangements; and stores operating on a cash basis.

Source: FTC Survey; 1963 Census of Business, vol. III, pt. 2, p. 110-115.

The survey included 96 retailers with combined sales of \$226 million. This approximates 85 percent of the 1963 Census total sales of appliance, furniture, and department store retailers in the District of Columbia. Sixty-five retailers with combined sales of \$151 million reported that they regularly used installment sales contracts. The remaining stores used revolving credit plans, charge accounts, or sold their merchandise only for cash. Of the \$75 million in sales by this group, three large department stores accounted for \$54 million. These department stores sold furniture and appliances through revolving credit arrangements.

Although revolving credit is a significant element in the retail credit market, to simplify data collection and analysis this study focuses primarily on installment credit contracts. It is difficult to collect data on revolving credit because such accounts are usually continuing arrangements. Balances may be carried for years, with regular payments offset by periodic purchases. Also, a variety of goods in addition to furniture and appliances are financed by department stores under revolving credit arrangements. The exclusion of revolving credit greatly simplifies the analysis in this report and there is little reason to believe that it creates any substantial bias in the results.

Further tabulations included in this report are based on returns of retailers who used installment contracts. Appropriate mention will be made whenever applicable of the practices of other retailers not using such contracts.

The survey revealed considerable variation among stores with respect to the percentage of sales made on installment credit. Some discount appliance stores made very few sales on installment credit or none at all. At the other extreme, a number of retailers sold almost entirely on installment credit. In addition, other factors such as gross margins or "markups" varied widely among stores. To analyze differences in credit practices, retailers surveyed were classified in various groups.

One means of classification was by type of establishment, i.e., department store, appliance store, or furniture store. Type of store did not, however, appear to be the most crucial element in determining credit practices. A second