

INTERNAL TRADE

INTRODUCTION

This Chapter examines aspects of the wholesaling and retailing of goods during the period since 1934. As a large collection and distribution port, Melbourne has always had an important place in the wholesaling of goods. Flinders Lane, for instance, developed early as the location of large softgoods warehouses because of its proximity to the Pool of Melbourne. This was the harbour for clipper ships in the Yarra adjacent to the old Customs House, when the river was still navigable up to the main city area.

In the 1930s the narrow cobbled access entrances of "the Lane" were still being negotiated by skilled drivers of horse-drawn vans backing into loading bays where cases and bales were manhandled or shifted by hydraulic lifts into store for dispatch in smaller consignments to retailers throughout the State. Many entrances still displayed the bluestone plinths that protected the corners of buildings from damage by wheels during inaccurate manoeuvring of such unwieldy vehicles. Motor transport gradually replaced the horse-drawn vans and their manipulation, with only a few centimetres to spare in many cases, required equal skill.

It was perhaps the advent of rapid transport that had the greatest impact on the handling, sales, and delivery of goods throughout the State. Once, commercial travellers carried samples of their wares by train or ship, and hotels in most country centres catered for them by the provision of sample rooms in which they could display their goods to visiting local retailers.

Before the Second World War motor transport was becoming universal for delivery to and from warehouses, and for commercial travelling. The war added the problems of petrol rationing and gas-producers, and often travellers visited customers not so much to seek orders and beat the competition as to indicate the store-keeper's entitlement under the quota system relating to scarce commodities. Frequently orders were affected by shipping losses or delays due to stringent wartime controls.

By the 1950s competition among travellers was again intense as the advent of prosperity ushered in a period of high demand for goods of all sorts. Travellers would spend a week or a fortnight covering their territories, reporting back for marketing conferences, and to refresh sample cases before journeying forth again. Orders were expedited by warehouse staff preparing, packing, and dispatching consignments by the most appropriate form of transport.

Gradually the marketing methods became more sophisticated; circulation of catalogues and trips to the city by buyers from country or suburban outlets affected the need for frequent visits by travellers, although in smaller to medium-sized businesses, and in very busy areas, such as new soldier settlement towns or bases for large-scale development projects, the traveller was still welcomed. Many old established firms also became subject to takeover by more progressive or internationally based businesses, or found it convenient to shift operations to areas of the city which were more easily accessed or offered cheaper rental and other costs.

In other ways in recent decades new technology affected the bulk marketing of goods. The import of jute fell as wheat farmers were able to utilise pipe delivery into bulk silos and grain transports instead of sacks. The traditional milk can was replaced after the war with stainless steel vats located on farm dairies to collect milk, before delivery by tankers

to butter factories or the city fresh milk market. Bulk distribution of fruit and vegetables was handled at outlets such as the Victoria Market.

The roads became busy with massive transports, often refrigerated, conveying all kinds of goods to replenish supermarkets, specialist stores, and general shops, as well as providing materials for manufacturers. Much purchasing and selling was arranged by large corporations within their own diversified groups, without recourse to external middlemen.

RETAILING

Historical background

During the period 1934 to 1984 there have been various economic forces that have influenced retailing in a general way for varying periods. At the beginning of this period the Depression made conditions very difficult for all sectors of the economy and retailing was no exception. Unemployment was very high (although declining) until the Second World War, and economic activity was at a relatively low level, even though for those still in work, real wages represented substantial purchasing power.

All this was changed by the advent of the Second World War, the economic effects of which were felt in many ways. Unemployment was reduced so rapidly that labour shortages soon became apparent. The war effort led to a diversion of resources away from producing consumer goods leading to shortages in these as well. Stocks were extremely short during the war, and many department stores closed down certain counters where stocks and sales were inadequate. To counteract the inherent inflationary pressures of these shortages the Commonwealth Government introduced price control and rationing measures. These had some effect in reducing the retailers' profits, and so they attempted to maintain their overall margins by virtually ceasing to offer "bargains". The results of these unusual market conditions were the creation of "black markets" for some goods and the growth in trading in second-hand goods, especially cars, furniture, which was frequently reconditioned, and other machinery. Retailers also tried to find new sources of supply and substitutes for goods formerly purchased from enemy countries.

The pressures built up by the wartime controls had important effects on the immediate post-war years. When domestic furniture, electrical appliances, and other consumer durables reappeared in the shops, the demand for them was very strong and was reinforced by the high rate of new household formation in the early post-war years. Many families had considerable cash reserves, ex-servicemen had their deferred pay and gratuities, and their wives had often made considerable savings from wartime earnings. These inflationary pressures were added to by the large increase in migration from 1949 onwards and the dramatic rise in wool prices caused by the Korean War. Inflation was very high for that era, peaking at nearly 20 per cent (as measured by the Consumer Price Index) in 1951 and the very favourable balance of trade up to 1951 together with the lack of suitable local goods led to a large increase in imports. The reversal of the balance of trade in 1952 led to the reintroduction of import controls in March 1952. Commonwealth Government monetary and fiscal measures and a sharp decline in wool prices led to a short recession in 1952-53, which was followed by a period of stable prices and economic growth during 1953-54. However, internal boom conditions again occurred in 1954-55, restrictive economic measures were again introduced by the Commonwealth Government early in 1956, and the boom was brought to an end.

This cyclical pattern continued to characterise the Australian economy until the mid-1960s with a more severe recession than usual occurring in 1961-62. Import licensing was mostly removed by 1960 and wholly by 1962. The latter half of the 1960s saw a steady growth in economic activity accompanied by stable conditions. The early 1970s saw a rise in inflation which increased rapidly in 1973-74 following the quadrupling of world oil prices in December 1973 and a rapid increase in local wages, especially during 1974. There were also increased costs created by "equal pay for women". The early years of inflation were accompanied by boom conditions, but from late 1974 onwards economic activity slackened and became increasingly depressed. Import restrictions were increased on a number of commodities from late 1975, especially on goods competing with domestic industries such as textiles, clothing, footwear, and motor cars. Australia entered the 1980s

with an improved balance of trade but continuing domestic economic problems and with retail activity remaining fairly stagnant in real terms.

General conditions in retailing

Retailing provides a distribution service to the public and its competitive nature ensures that it adapts itself readily to changing economic, social, and technological conditions. The history of retailing in the last fifty years illustrates this very well, and indicates that it took its cue almost exclusively from its counterparts in the USA, thus reversing its previous trend to copy practices in Britain.

In 1934 the Depression was only just beginning to lift and despite a fall in prices, activity was still less than that of a decade earlier, although some retailers, notably the more recent chain stores with their emphasis on "loss leaders" (items sold at a loss to attract customers) and lower mark-ups were reasonably successful during these years. The department stores had reached a dominating position in the distribution of many goods. They provided a full range of services, such as a wide stock selection, free delivery, individual sales and attention and expertise, and credit facilities both long and short-term. Retail distribution tended to fall into three compartments: the city, dominated by the large department stores and providing the glamour of city shopping, often dramatised by the attractive display of goods on the counter and in the windows; the suburbs, catering for the daily needs of the customer, in those days predominantly women; and the country, supplying all the requirements of the local rural population. There was not much overlapping between them, although the emergence of chain stores was starting to alter this.

Public transport was such that the city centre was easily accessible to all of Melbourne's residents, while transport by private motor car was still relatively unimportant. The central city, with its shopping focus now along Bourke Street (no longer Flinders Street as previously), was the hub of the retail trade, rather than such suburban centres as Smith Street, Collingwood, and Chapel Street, Prahran. It had reached the apex of its formative development as the main shopping area in Melbourne, a development which had been facilitated by the improved public transport and the greater variety of goods and stores that one big centre could offer. In the country the relative isolation of country towns resulted in the existence of the country storekeeper who catered for all the normal requirements of the surrounding rural population. The country store was a department store in miniature with the addition of large grain and fodder sections. Attempts at selling by mail order catalogue were made by various big city stores, but with only very limited success (unlike in the USA where it was done successfully). The larger rural centres like Ballarat and Horsham supplied most of the goods which the country store could not.

After 1945, the progressive advent in country towns, especially the larger ones, of chain and variety store branches, and to a much more limited extent of department stores, brought to country retailers not only stimulating competition, but also the example in action of up-to-date methods, advertising, display, and merchandising. Also, during and after the Second World War, the enforced co-operation with other retailers brought about by rationing, price control, and other government measures meant that the country retailer became less conservative, a trend later reinforced by the growth of overseas travel which was an educative factor for both country retailers and their customers.

Several major developments have altered this pattern of retailing especially since the Second World War. There has been a continuing shift of retailing activities from the central city area to suburban locations. This can be seen from the following table detailing the percentage of retail sales occurring in specified areas of the State as recorded at each Retail Census that has been conducted:

**RETAIL SALES OCCURRING IN SPECIFIED AREAS: VICTORIA,
RETAIL CENSUS YEARS 1947-48 TO 1979-80
(per cent)**

Area	1947-48	1948-49	1952-53	1956-57	1961-62	1968-69	1973-74	1979-80
City of Melbourne, percentage of Melbourne Statistical Division —								
Inner (a)	n.a.	n.a.	n.a.	27.1	21.1	14.5	11.3	7.0
Outer (b)	n.a.	n.a.	n.a.	7.2	6.0	5.5	4.9	3.6
Total	46.8	46.5	40.3	34.3	27.1	20.0	16.2	10.6
Percentage of total State—								
Melbourne Statistical Division	65.9	65.6	65.5	67.5	68.7	73.7	75.1	77.3
Rest of State —	34.1	34.4	34.5	32.5	31.3	26.3	24.9	22.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(a) Area bounded by the centre of Spring, La Trobe, Spenceer, and Flinders Streets.

(b) The remainder of the City of Melbourne.

NOTE. The scope and coverage of establishments from which retail sales figures were collected have varied between Censuses as has the area of the Melbourne Statistical Division and figures are therefore not strictly comparable. However it is considered that these differences do not significantly affect the trend.

Transport

A number of factors have influenced this changing pattern of retail activity. The population of Melbourne has nearly trebled from 1,000,000 at 30 June 1934 to 2,836,800 at 30 June 1982 and has become increasingly dispersed. The area of the Melbourne Statistical Division has grown from 511 square kilometres in 1934 to 6,109 square kilometres in 1982 and consequently suburban development has taken place at increasing distances from the city. During this period public transport was not being developed to maintain the ease of access to the city centre of the pre-Second World War years, and these decades coincided with the increasing importance of the family motor car, which was to change shopping habits and dictate the planning of new stores, where ease of parking became paramount.

NUMBER OF REGISTERED CARS AND STATION WAGONS PER THOUSAND PERSONS: VICTORIA, AT 30 JUNE 1934 TO 1981

Item	1934	1944	1954	1964	1974	1981
Number of registered cars and station wagons per thousand persons	103	128	231	318	355	413

This growing use of the motor car has led to traffic congestion, and parking difficulties, especially in the central city area, where lack of convenient parking facilities and high rents caused the stores great problems. However, the use of motor cars made for easier access to suburban shopping centres, particularly those in the newer suburbs developed from the 1950s on, or in suburbs that had provided off-street parking. Accordingly, the retail trade has been continually moving to the suburbs. The new suburbs that have developed around the periphery of Melbourne to cater for the growing population have required shopping centres for daily needs, especially groceries and foodstuffs.

Development of shopping centres

The main period of development of the new shopping centres was from 1960, when the first was opened at Chadstone, to the early 1970s by which time they virtually ringed the city centre. The centres were built around a major department store, and included smaller, specialised retailers, as well as supermarkets, with the aim of giving the maximum variety of goods. They were all designed to include extensive parking space for cars, and while not generally well served by the main public transport system, they were the centre of

many local, private bus routes. The growth of regional shopping centres in the 1960s serving the northern, southern, and eastern suburbs of Melbourne is illustrated in the following table:

REGIONAL SHOPPING CENTRES: MELBOURNE, 1960 TO 1968

Centre and year opened	Original investment	Area	Number of shops	Estimated population in trading area	Parking facilities - number of car spaces
	\$m	hectares			
Chadstone (1960)	14	12	83	237,000	3,250
Northland (1966)	18	17.6	(a) 60	393,000	4,000
Eastland (1967)	14	6	40	145,000	1,300
Southland (1968)	20	10.8	70	250,000	2,400

(a) Northland also has a general market area.

By the end of the 1970s free standing shopping centres were being built around discount stores which then replaced both variety and department stores. Many older established suburban shopping centres have also been re-developed along similar lines, giving a greater range of merchandise than before and also providing greatly increased car parking space. The older shopping centres, though served by the public transport system, frequently suffered as a result of the newer free standing shopping centres, and yet by the 1970s small shops still maintained a strong presence both in the city and in suburban shopping centres.

In the country, roads were being improved rapidly after the Second World War and this made personal shopping in the provincial cities easier. Stores showed an improvement in the range of goods and facilities available, while smaller centres usually catered for the more immediate needs of the local population. Improved roads also facilitated the operations of travelling salesmen.

Self-selection and self-service

Self-selection and self-service have been associated in another major development that has changed the pattern of retailing of the 1930s. Self-selection of goods had its origins in the USA in the display method of selling by the variety chain stores whose numbers were increasing rapidly in the 1930s. It was given impetus during the Second World War when labour shortages became apparent. The rigours of wartime and lack of deliveries led customers to acquire a taste for personal shopping. The self-service grocery store provided the customer with easy access to the selection of goods which were well displayed. After the Second World War labour shortages did not ease and the cost of labour started to rise rapidly. This helped strengthen the self-service innovation as retailers sought to contain costs in a competitive field. Some of the larger retail organisations, that could only see a restricted future for the small variety store, moved into the retail grocery industry, often by costly takeovers of long established grocery chains, which were acquired not only for their foodmarkets but for their personnel and buying power.

Self-service was pioneered by the grocery industry and by the late 1950s was the accepted method of distribution of most groceries. In the grocery field self-service reached its peak with the development of supermarkets on the American pattern in the 1950s and these are continuing to increase their domination of grocery retailing. Self-service supermarkets became larger to accommodate a range of non-food items with profit margins higher than those of groceries, whose mark up was very competitive and hence low. This gave a new dimension to replacing the sales of general merchandise lost from the variety stores which were closing down from the 1960s onwards. The following table shows the percentage of grocery sales made by self-service stores with at least one checkout point, as recorded at each Retail Census in which such information was collected. These figures indicate that this trend was slower to start in the non-metropolitan areas of the State, but that it is now basically the same for the whole State.

**RETAIL SALES OF GROCERIES SOLD BY SELF-SERVICE STORES
AND OTHER ESTABLISHMENTS: MELBOURNE STATISTICAL DIVISION
AND THE REMAINDER OF THE STATE, 1956-57, 1961-62, 1968-69
(per cent)**

Year	Self service establishment			Other establishments			Total establishments
	Melbourne Statistical Division	Remainder of State	Total State	Melbourne Statistical Division	Remainder of State	Total State	Total State
1956-57	47.3	26.2	39.2	52.7	73.8	60.8	100.0
1961-62	70.8	56.4	65.7	29.2	43.6	34.3	100.0
1968-69	73.7	66.0	71.3	26.3	34.0	28.7	100.0

Real wage rates continued to rise throughout the 1950s and 1960s at a steady rate, reflecting improving productivity and a stable inflation rate. Changing social and political conditions in the early 1970s saw a large increase in the cost of labour. This was greatly accentuated for the retailing industry, with its high rate of female employment, by the phasing in of equal pay for women which was substantially achieved by 1974. The high rate of female employment in the retail trade can be seen in Figure 25 on page 397 which shows the percentages of males and females employed in retail establishments compared to the Victorian labour force in general.

The need to keep the cost of selling and handling goods, including delivery, to a minimum, as well as the advantages of greater visual selling suggestion and speed of shopping, meant that the advantages of self-selection and self-service would be adopted by retailers of goods other than groceries. Improved packaging now became vital. Department stores adopted methods of open display generally and since 1969 self-service has also spread to a broader range of goods through the development of "mass merchandise" stores. These sell not only the traditional supermarket goods but also a wide range of other goods, such as clothing, domestic hardware, kitchenware, footwear, etc. These goods are sold through a checkout and can be carried away. In addition, many supermarkets since the 1970s have carried an increasing range of non-grocery goods. From the late 1970s onwards, the major chains of variety stores have also been developing self-service facilities, by the replacement of counter service islands with checkout points, e.g., at the variety stores. In their food departments many have also added alcoholic beverages to their range of goods.

Closely associated with the trend to self-selection and self-service was the development in pre-packaging of goods, especially groceries, that accompanied it. In fact both developments were very interdependent and neither would have occurred as rapidly as it did without the support of the other. The use of good packaging design and new materials, especially plastics, has enabled goods such as meat to be presented in hygienic, convenient, and attractive ways. The development of pre-packaged goods was accompanied by widespread national advertising in the daily press and on radio, and later also on television after its introduction in 1956. Most of this advertising was undertaken by the manufacturers of the goods involved and enabled customers to recognise merchandise which made self-selection and self-service easier. The range and type of advertising in general has been stable over the period, but there has been a change in emphasis. Press advertising by individual retailers has always been important, while radio and television have been used more by manufacturers promoting their own brands of products. A more recent development has been the periodical use of the "Sales Bill", a coloured, illustrated magazine type catalogue distributed door to door, sometimes by post, but more often by hand distribution contractors. Generally speaking advertising costs in retailing have continued to grow as a percentage of sales.

By lowering the costs to the retailer through reducing the amount of labour involved in retail distribution, the adoption of self-selection and self-service reduced the services previously provided to the customer. Free delivery, individual attention to customers, after sales service, and substantial trade-ins became much less common after the 1960s and 1970s, while stock ranges are now frequently limited to high volume lines. These

developments have effectively shifted some of the costs of distribution from the retailer to the customer and encouraged charged-for service by the manufacturer or independent servicing firms, rather than by the retailer.

Discount stores

An associated development in providing goods at lower prices by providing minimal services, was the spread of "discount" stores from the mid-1950s onwards. These stores were usually operated from simple premises with little shop furniture and situated away from the premium retail areas to minimise rent. This enabled them to keep retail margins low by reducing their overhead costs to a minimum. This type of store usually concentrated on selling consumer durables, and made further reductions in costs by reducing trade-in allowances. The concept of discounting as such was not new to Victoria, as many stores already had a long history of allowing a discount for cash payment. However, what these

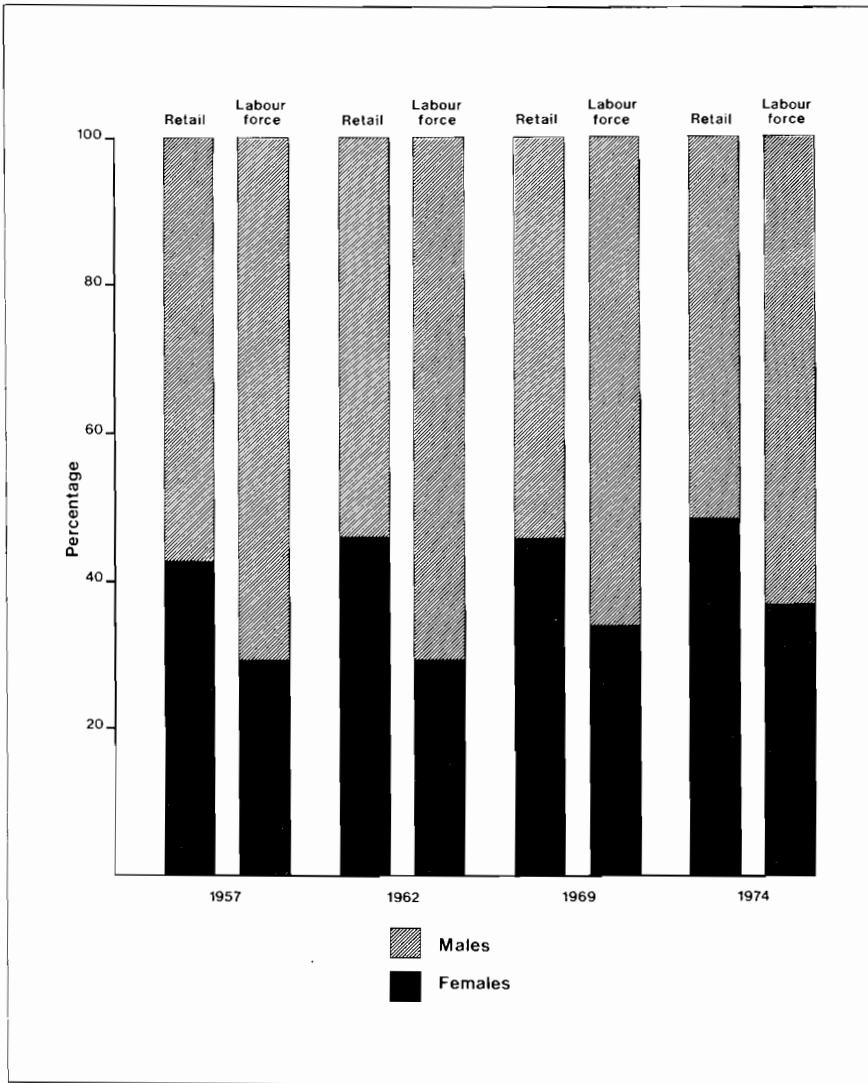


FIGURE 25. Victoria—Percentage of males and females employed in the retail trade and the labour force 1957 to 1974.

new stores did was to set the prices of many goods, especially electrical appliances of all kinds, and soft furnishings, at levels well below those of the more traditional retailers. The outlawing of resale price maintenance in 1971 has tended (and indeed was intended) to increase general price competition, and this removed some of the price advantage of the "discount" stores, which in turn led to a further decline in the use of trade-in allowances. The system of trade-in allowances was, however, a powerful incentive to buy, and by the early 1980s there were signs of its re-introduction by retailers. At that time discount stores, especially the larger ones, were trading profitably.

Distribution and range of goods

Since 1934 there has been considerable change in the pattern of wholesale distribution to retail stores. At the beginning of the period wholesalers had a very strong hold on the distribution of merchandise to retailers. Sidney Myer was the first retailer to break this relationship and deal directly with manufacturers. This historical pattern of distribution afforded protection to the established retailers and Myer was a newcomer. Also, he had the purchasing power that enabled the negotiation of better prices by going to the manufacturer. The chain stores also always sought to deal direct with manufacturers. This direct dealing had an important effect on the development of local manufacturing industry. The disappearance after the 1950s of some large stock carrying and warehousing wholesalers did not extend to the smaller indenting agents and other types of middlemen who continued their importing activities.

Since the end of the Second World War, a notable change in retailing has been seen in the range and emphasis of goods offered for sale and the pattern of purchases made by customers. Many import restrictions were reimposed in 1952 and only lifted in 1960. Thereafter a large range of new products became available in all areas of retailing. The level of disposable income increased steadily from \$776 in 1950-51 to \$7,542 in 1980-81 and made it possible for most families to purchase a much broader range of goods from the increasing amount of money they had at their disposal after purchasing life's necessities. Most supermarkets displayed many household gadgets and utensils, cleaners, and canned and frozen foods that were unknown in the 1930s. The post-war arrival of migrants, many from non-British countries, also encouraged the diversity of foods that became freely available, while convenience (or take away) foods have grown very rapidly since their introduction, in franchised form, in the late 1960s. Take away food outlets grew significantly in the 1970s and came to have an adverse effect on supermarket sales. Chinese food, of course, had been available for many years.

Of basic importance in setting the post-war lifestyle have been the consumer durables such as washing machines, driers, vacuum cleaners, and electrical appliances of all kinds designed to take the physical labour out of housework. From the late 1950s onwards increased spending occurred on television sets (from their introduction in black and white in 1956, and in colour in 1975), radios, stereophonic equipment, cassette players, video cassette recorders, home computers, etc., which catered for increasing leisure time and money to spend on recreation. However, the main change in emphasis in retail spending was the increasing proportion of retail sales being taken up by motor vehicles and accessories, petrol, oil, tyres, and batteries, many of which became available on a self-service basis. The proportion of total retail sales of each of the main goods categories as recorded at each Retail Census is shown in the following table:

RETAIL SALES BY COMMODITY: VICTORIA, 1948-49 TO 1979-80
(per cent)

Commodity	1948-49	1952-53	1956-57	1961-62	1968-69	1973-74	1979-80
Foodstuffs —							
Groceries	11.7	11.8	11.8	11.9	12.5	12.0	15.9
Other foods	17.9	18.1	17.9	17.9	14.9	13.3	11.6
Total foodstuffs	29.6	29.9	29.7	29.9	27.4	25.3	27.5
Liquor and tobacco products	11.9	12.0	12.2	11.5	11.9	11.2	10.2

RETAIL SALES BY COMMODITY: VICTORIA, 1948-49 TO 1979-80—*continued*
(per cent)

Commodity	1948-49	1952-53	1956-57	1961-62	1968-69	1973-74	1979-80
Clothing and textiles including footwear	22.8	18.3	16.7	15.7	13.9	14.1	11.9
Electrical goods, musical instruments, etc.	3.1	3.8	4.6	4.9	4.4	5.4	6.8
Motor vehicles, parts, accessories, petrol, etc.	14.3	18.7	21.0	22.1	26.1	26.5	28.5
Furniture and floor coverings	4.8	4.2	3.7	3.4	3.6	4.4	3.4
Other goods	13.6	13.1	12.0	12.5	12.7	13.2	11.7
Total retail sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The alteration in the pattern of spending evident from these figures is a reflection of the changing social conditions and standards of living since the war. These have been achieved by increased productivity resulting from improved technology and continuing capital investment, allied with relatively low cost energy until the 1970s when the increase in petroleum product prices during that decade increased the relative cost of the latter. Increasing productivity has also led to a lower real cost of many consumer durables, and this trend combined with lower retail margins and high labour costs for repairs and maintenance led to a general pattern of replacing such goods (at least until the late 1970s) rather than repairing or renovating them.

The intense competition among retailers in the 1970s meant a constant search for more efficient selling methods, including checkout stores, area wrap stores, the computerised ordering of stock, scientific control of merchandise, and electronic cash registers at point of sale.

One commodity which showed striking changes in distribution patterns was liquor. Victoria had had "6 o'clock closing" since it was introduced as a self-denying ordinance in 1916. The possibility of reverting to 10 p.m. closing was politically clouded for various reasons, among them the preference of some local government areas which had a referendum on the matter, not to allow hotels within their municipal boundaries at all.

In 1966 the Phillips Royal Commission into liquor brought out a report which strongly advocated 10 p.m. closing and the substantial upgrading of hotel standards. This was a critical document and from that time onward the breweries financed the building of new hotels (with ample parking facilities), and the upgrading of existing ones. There was an attempt—largely successful—to produce surroundings which would enable families to enjoy a meal together.

The method of selling of liquor also changed. Drive-in outlets and hotels upgraded their sales environments; new packaging methods made for attractive presentation; special liquor stores grew; and supermarkets began to sell liquor under retail bottle licences. Their sales grew because of lower price structures and the preference by many customers to shop for liquor in supermarkets. Concurrently there was a change in taste. Wine by the 1970s had won a substantial market, and in that decade there developed a marked preference for white over red wines, a trend which had strong repercussions on the wine growing industry. The introduction of low alcohol beer was also seen as an attempt to alleviate the drink-driving problem in the community.

Advertising

Advertising has been widely used to boost new products. In the years before television—i.e., before 1956—the press had most of the retailers' advertising spending, and radio an important share. Since the advent of television, first in black and white and after 1975 in colour, radio and press dominance in advertising has been gradually weakened. A balance has now been reached where the media complement each other. Advertisers have become aware that the press, either by daily papers or home delivered bills, has the capacity to cover large numbers of items at the same time, and provide a record for discussion, comparison, and purchase. Television advertising has been shown to be especially appropriate for individual item promotion of certain types of merchandise. It is also most suitable for selling a theme or an idea.

Shopping hours

Retail shopping hours remained virtually unchanged after the Second World War until late night trading recommenced in December 1971. New working agreements with the unions to accommodate this change were reflected in the 1972 Shops Determination. Some areas have been designated tourist areas and all shops in those areas are allowed to trade for much longer hours. By the 1980s supermarkets traded on Thursday and Friday nights to 9 p.m. These longer trading hours encouraged family shopping, made shopping for persons in the labour force easier, and helped retailers adapt to the changing patterns of consumer expenditure amid the inflation of the 1970s and 1980s.

Finance facilities

In the early 1930s the notion of hire purchase was generally considered unsavoury by the respectable members of the community. This was largely because of repossession of goods in the Depression and dubious tactics used by some hire purchase traders. Also, interest rates were confusing, a matter subsequently dealt with under explicit legislation in 1936 and especially in the *Hire Purchase Act* 1959. Some retailers sought to remove the disreputable aura from hire purchase and make it more accessible. Thus some stores and customers came to accept the idea of hire purchase in the late 1930s and 1940s, and this method of credit was to become increasingly important after the Second World War. "Lay by" was also a popular method of purchase in these earlier years, though it was restricted to the short-term. It applied more to softgoods than big ticket merchandise, and was relatively expensive to the retailer because of the storage, handling, and clerical work it involved.

In the 1950s and thereafter the development in sales of consumer durables was very closely allied with the increasing range and availability of credit facilities. Instalment credit, whereby purchases are financed by schemes in which repayments are made in regular predetermined amounts became increasingly significant. One particular form of instalment credit, of course, was hire purchase, which became especially important for the purchase of motor cars. Soon many car distributors and retail stores began hire purchase schemes

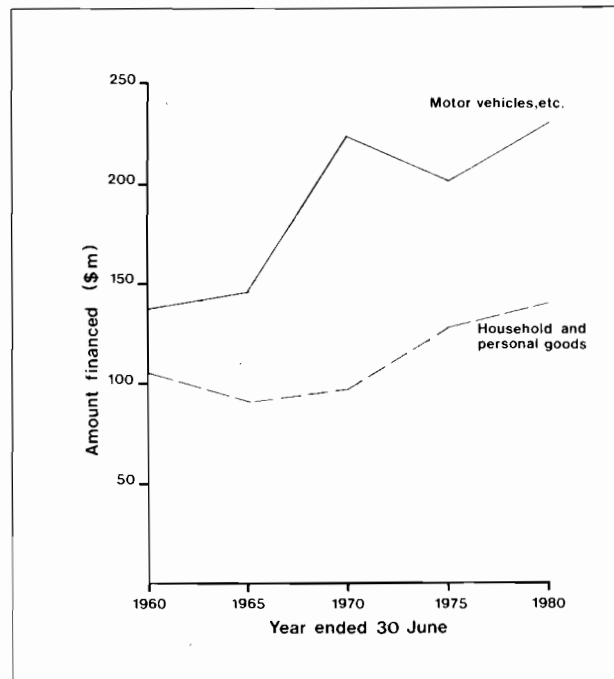


FIGURE 26. Victoria—Instalment credit for retail sales, 1960 to 1980.

financed by companies set up for the purpose. These finance companies were often wholly or partly owned by the major trading banks whose own credit operations were still strictly controlled by the Commonwealth Government in order to control inflationary pressures caused by the strong demand experienced in the economy after the war.

The *Hire Purchase Act* 1959 placed restrictions on the nature of hire purchase agreements and gave more protection to the consumer. The popularity of hire purchase agreements was also affected by the *Stamps Act* 1958 which placed a 2 per cent tax on the amount financed under some instalment credit schemes including the most frequent, hire purchase, and higher rates of comprehensive insurance for motor cars under hire purchase schemes. These factors led to a decline in the relative importance of hire purchase, especially for cars, as a form of instalment credit in relation to other forms such as time payment, budget accounts and personal loans for retail purchases.

The next development of major importance in consumer credit was the advent of credit cards, especially Bankcard which was introduced in the early 1970s. These made short-term credit more widely and readily available and for the first time enabled small stores to compete, in providing credit, with the larger stores. However they were not generally used in supermarkets.

As far as prices and profits were concerned, the most potent influences during the period were price controls during and just after the Second World War, and the provisions of the Trade Practices Act after 1973. There was also intensified competition between retailers. Price control left a legacy among retailers after its abolition, as it showed that it was possible to operate successfully on an all-round lower margin. Since the early 1970s increased wages and other costs forced the need to pursue higher sales volumes and restrain overheads by partially reducing services and above all by promoting self-selection.

Consumer protection

With the growth of a multitude of new products and services, and some dubious methods of selling them, there was a growing awareness of the need to protect consumers from the worst selling practices. This resulted in the formation of a number of consumer organisations and consumer protection groups and pressure on the Victorian Government to legislate for additional protection of the consumer. This was followed by the passage of a number of Acts in the 1970s. The *Consumer Affairs Act* 1972 covered many topics such as proceedings on behalf or in defence of consumers, regulation or banning of practices likely to mislead or cheat customers, such as false advertising, pyramid selling, mock auctions, door to door selling, etc., as well as making it a requirement that invoices be supplied on request and an offer be made to return parts replaced in repairing items. The *Motor Car Traders Act* 1973 controlled the licensing of second-hand car dealers and imposed restrictions on their operations such as statutory warranties on cars sold for more than \$500. The *Small Claims Tribunal Act* 1973 provided an alternative, at nominal cost, to court action for consumers requiring redress.

As well as State legislation there were consumer protection provisions under the *Trade Practices Act* 1974 of the Commonwealth Government. As amended in 1977 the Act provided for consumer protection in several ways. Resale price maintenance was wholly banned. As well, a number of "unfair" practices were prohibited (many of these were also banned under State legislation), while certain procedures to assist the consumer who wished to rescind a contract have been implemented.

The administrative bodies set up under the respective State and Commonwealth Acts were seen as co-operating in the implementation of their provisions and being generally complementary.

Management and administration

There have been growing requirements for sophisticated stock management to keep pace with the decentralisation of retailing. Until the 1960s single stores relied on counting and financial sales dissection as the main means of stock control. The proliferation into multiple stores or chains complicated this function and it was some time before department stores could improve on this method. Chain stores (variety and food) established distribution centres which became progressively automated and computerised, a factor aided by the relatively limited range and assortment carried.

The department stores, however, had only a limited success in registering and recording sales. At first they used the Kimball Tag, from which information could be computerised after the sale. However, with large numbers of separate items (over 300,000 perhaps) many of which have a short life and limited sales, it was not possible to record every item. Thus, some mass merchants deliberately restricted their range, seeking only to stock items with large sales. The result of computerisation was therefore only partially successful, and while it assisted distribution, it was not always able to manage all items or the ordering of goods and the variation of orders under changing market circumstances. Only at the end of the period in the early 1980s was there a prospect of simpler and less expensive recording with the use of the computer.

Concurrent with changes in the style of retailing there have been changes in the organisation of the sector, seen both in the industry as a whole and in the management of stores. The rapid spread of retailing to the suburbs required a large amount of investment capital. This was often arranged by the big chains which developed over the period as well as by various institutions in the capital market.

During the early 1960s when retailing expanded strongly, the initiative was usually first taken by the larger retailers and property developers often working together. When matters of site possession, zoning approval, design acceptance, tenancies, capital requirements, and profit estimates were completed, the financial institutions brought in their expertise, but they rarely initiated major projects or saw them through from beginning to end. The variety chain stores were the first to spread rapidly in the suburbs and this trend was followed by food and groceries, furniture, drapery, footwear, and other retailers by the late 1940s. The growth continued and was achieved by both the opening of new stores, especially in the new retail areas created by new suburbs, and mergers between, as well as takeovers of, existing stores and chains. This process resulted in a few very large retailing companies in terms of total sales, although there was still a very large and growing number of small independent retailers, particularly in specialty fields such as fashion goods.

The early 1970s saw more expenditure on new stores than in the redevelopment of older ones. However, once the suburbs had become fully "shopped", expenditure reverted to the centre of Melbourne. The prosperity of the central shopping area had been considered to depend on the planning of general city amenities. By the early 1980s controls on the development of new shopping centres had slowed their growth, while in the city a growing number of small shops, especially in arcades, became evident.

Within the chains and individual stores, self-service had reduced the numbers of staff so that there was a higher and increasing proportion of executives than before the Second World War. This top management was normally recruited from graduates who were later trained specifically for such positions, rather than only by advancing the able and ambitious from the bottom of the structure to the top. Similarly, as companies grew larger and supply conditions changed, a trend toward specialisation of functions developed in the fields of buying, selling, staffing, and administration, each under separate managers. A further step, which was accepted in varying degrees in different classes of retailing was central buying and warehousing. The acceptance of this method was dependent on the size of the operation concerned, but even in the largest concerns, there was usually some area of buying (e.g., small perishables) which it has been found better to leave in the hands of the local management. This centralisation of buying was not restricted to large firms only; there was a number of organisations which centralised buying and distribution functions for groups of individually owned and managed stores, especially in grocery retailing, so tending to place smaller stores on a more competitive buying basis with their larger counterparts.