

UC Irvine

UC Irvine Previously Published Works

Title

The New Geography of Consumer Spending, a Political Economy Approach

Permalink

<https://escholarship.org/uc/item/2c5757b8>

Journal

Journal of Marketing Research, 31(2)

ISSN

0022-2437

Authors

Graham, John

Hallsworth, Alan G

Publication Date

1994-05-01

DOI

10.2307/3152203

Copyright Information

This work is made available under the terms of a Creative Commons Attribution License, available at <https://creativecommons.org/licenses/by/4.0/>

Peer reviewed

THE NEW GEOGRAPHY OF CONSUMER SPENDING,
A POLITICAL ECONOMY APPROACH, Alan G.
Hallsworth, London: Belhaven

You cannot judge a book by its cover, or in this case, by its title. *The New Geography of Consumer Spending* is not about consumer behavior. Instead, the subject of the book is retailing and the environmental forces that influence the decision making of retail managers. Obviously, one of those forces is consumer behavior, but that topic is only a small part of a much more comprehensive discussion of the changes in retailing during the last 20 years.

The book should be very interesting and valuable to the readers and contributors of the *Journal of Marketing Research*. I say "should be" because despite the fact that employment in the United States in retailing is close in numbers to that of manufacturing and retail managers are making marketing kinds of decisions almost every day, there has been little attention paid to the problems of retailers by *JMR* contributors. The number of articles appearing in *JMR* that are classified in the "Retailing" category in the annual indices has been steadily declining—from 1976 to 1981, seven *JMR* articles were so classified, from 1982 to 1986 four were, from 1987 to 1991 three, and during 1992 and 1993 there were none. This lack of coverage is also evident in marketing text books. I checked Lewison's (1989) fourth edition of *Retailing* and found *not one* citation from *JMR*! In Stern's and El-Ansary's (1992) channels text the chapter on retailing includes four *JMR* citations, all from the 1970s. In the chapter on distribution in Kotler's (1994) eighth edition only one *JMR* article is cited from 1981.

Obviously, the majority of the literature in marketing has

focused on issues facing marketing managers of American manufacturing firms. The modal perspective taken has been that of the consumer products manufacturer trying to make marketing mix decisions, for example, which retailers to “go through.” Nor is the perspective of retailers the only one neglected in our field. Certainly, the growing services sector, the business sector, international marketers, and policymakers continue to receive scant attention as well. However, my job here is not to discuss the political economy of marketing academia, so let’s get to the book.

I recommend Hallsworth’s book for anyone in marketing trying to make sense out of the dynamics of the retail industry. The fundamental model of the book, which is finally made explicit on page 134, is the most comprehensive I have come across. In particular, it nicely takes into account global perspectives on retailing, which tend to be ignored by American researchers and writers. I suppose a global perspective comes naturally for a British author, not being “saddled with” a dominating domestic market. Also, I find European scholars generally more broadminded than we Americans are because they are not saddled with a dominating dependence on empiricism and the frequently concomitant reductionism.

Hallsworth’s basic argument is that global politics dramatically (and predictably) affects the strategies and operations of retailers. Indeed, he argues that the rise of Wal-Mart, the decline of Bloomingdale’s, and the price of a pair of Levi’s can be understood fully only in the context of the global political environment. In his model he rightly includes information technology as another key causal factor, but he sees global political realities as the primary driving forces influencing consumer behavior, financial markets, manufacturing operations, and ultimately the retailing industry, the last being his subject of focus.

One of the worthwhile aspects of the book is the historical perspective provided. Chapter 1 starts out with descriptions of early innovators in British retailing such as Thomas Lipton (much more than a tea trader). Beginning with a purposefully parochial description of British retailing, he identifies three important historical factors: (1) The 1964 abolition of Resale Price Maintenance laws transferred power from manufacturers to retailers; (2) Changing locational demographics (suburbanization) gave more power to larger firms; and (3) Laser technology, which was originally thought to be an automation innovation, actually has had its greatest impact as an information technology. That is, not only are clerks now more efficient, but also the information that laser technology makes available has affected dramatically the efficiency and power relationships in entire distribution systems.

Hallsworth lays out the basics of the political economy argument in Chapter 2: Political power, not market forces, drives economies. Adam Smith was wrong, and government control is often necessary. Indeed, Reagan and Thatcher really played the power game despite their “free market” facade. Although Hallsworth occasionally does tie the retail industry into the discussion, generally this chapter is boring and is really only important to the degree that the author’s own politics and biases are revealed. Perhaps that was his intent? Hallsworth also identifies his own hero

here—Fred Hirsch, author of *Social Limits to Growth* (1977).

In Chapter 3 the author describes the pervasive power of Japan on the global economy. He makes a fundamental distinction between Japan’s (and Germany’s) mercantilism and British (and American) globalism. That is, underlying all Japanese business and government strategies is maintenance of domestic production efficiencies, whereas British and American businesses are more import oriented. Thus, though the Japanese business system allows for short-term inefficiencies, particularly in the retail industry, it also allows for long-term investments and commercial relationships that in fact may be more efficient in the longer run. A key point implicit in his discussion is that country culture (not just politics) influences business strategy. Hallsworth’s description of Japanese retailing is rather meager here. Moreover, I find most objectionable his dichotomization of political economies into global versus mercantile. For example, Meissner (1986), a fellow European, provides ample grounds for not lumping together Japan and Germany.

Chapter 4 has two main features. The author first describes the modal British business strategy as being consistent with globalism. That is, the retailers (and, as described in later chapters the financiers) have conspired to destroy manufacturing in the United Kingdom. The second feature of the chapter is more useful, a brief history of Marks and Spencer as an exception to the British rule.

In my notes at the end of Chapter 5, I wrote, “huh?” The chapter seems to contain a weak argument for the importance of the “lost” manufacturing sector in the United Kingdom (and by implication the disappearing sister sector in the United States). However, one can as well argue that the United Kingdom is simply further along the road to a service economy wherein retailing and financial services are naturally superior. Indeed, this debate is currently a key topic in Washington, DC, but Hallsworth gives it little attention here.

There is also little new in the Thatcher, Reagan, Laffer, Smith, Friedman, and Milken bashing in Chapters 6, 7, and 8. (Apparently, Clinton’s advisors have been reading the same materials as Hallsworth. The reader also might be interested in Richard McKenzie’s [1994] alternative interpretation of the 1980s.) Hallsworth blames them all for the bifurcation of the British (and American) economies, and finally he gets to the associated implications for retailers—retailing will have to adapt to richer and poorer market segments because the middle class is in decline. The weaknesses in his thinking are well reflected in his admiration of the French and German automobile industries, which are now suffering in the current European recession.

The last 60 pages of the book include the really useful material for marketing scholars and practitioners. In Chapter 9 are descriptions of the causes of changes in retail industry structure and ownership in the global context. The comprehensive list of causal factors—financial markets, consumer demographics, and government policies—are woven together in a cogent presentation.

As mentioned previously, the comprehensive model is finally presented in Chapter 10 (page 134). Although quite loosely defined, the key constructs affecting retail strategies

are included—among them the international economy, changing demographics, employment practices, financial markets, and information technology. For example, the emphasis on store credit cards is less a financial consideration and much more an information consideration. That is, when customers use store credit cards, all kinds of information on existing customers becomes available. Existing customers are the key. Or, in the context of the new information technologies Hallsworth outlines, so is the natural demise of third- and fourth-ranked brands.

Chapter 11 is a wonderful description of the impact of the global economy on consumer behavior. Although its conclusion is pessimistic—Hallsworth predicts a permanent underclass—the discourse raises several worthwhile questions that should intrigue researchers and will challenge marketers here and abroad.

In the last two chapters, Hallsworth looks to the future of retailing in particular and society in general. He predicts even shorter life cycles for retail establishments and the consequent and associated economic disruptions to lead to a permanent underclass. Perhaps his pessimism is most clearly articulated in his quoting of Hall (1896): "It just might be permanent ... society, in self-defence, would react by retaining the underclass in their urban ghettos by aggressive policing."

Hallsworth's pessimism ignores the creative potential of globalism and its associated freedom, the information technologies, and even biotechnologies on consumer behavior, retailing, and society. For example, realize that Hallsworth, writing in 1990, says that in 1986 no one predicted the huge impact of information technologies on retailing. It's now 1994 and one might guess that now we too cannot see the possibilities of four years hence.

Although the book is uneven in its relevance and writing, I still highly recommend it for students and practitioners of retailing. Its strengths are the global perspectives and the comprehensive causal factors addressed.

REFERENCES

- Hall, P. (1986), "From the Unsocial City to the Social City," *The Planner* (March), 17-24.
- Hirsch, F. (1977), *Social Limits to Growth*. London: Routledge.
- Kotler, P. (1994) *Marketing Management*. Englewood Cliffs, NJ: Prentice-Hall, Inc.
- Lewis, D.M. (1989), *Retailing*. New York: MacMillan.
- Meissner, H.G. (1986), "A Structural Comparison of Japanese and German Marketing Strategies," *Irish Marketing Review*, 1, 21-31.
- McKenzie, R.B. (1994), *What Went Right in the 1980s*. San Francisco: Pacific Research Institute.
- Stern, L.W. and A.I. El-Ansary (1992), *Marketing Channels*. Englewood Cliffs, NJ: Prentice-Hall, Inc.

JOHN GRAHAM

University of California at Irvine