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RESTRUCTURING DEPARTMENT STORE GEOGRAPHIES: THE LEGACIES OF EXPANSION AND CONSOLIDATION IN PHILADELPHIA'S JOHN WANAMAKER AND STRAWBRIDGE & CLOTHIER, 1860-1960

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ABSTRACT

RESTRUCTURING DEPARTMENT STORE GEOGRAPHIES: THE LEGACIES OF EXPANSION AND CONSOLIDATION IN PHILADELPHIA'S JOHN WANAMAKER AND STRAWBRIDGE & CLOTHIER, 1860-1960

Consolidation in the retail sector continues to restructure the department store, and the legacies of earlier forms of the department store laid the foundation for this consolidation. Using John Wanamaker's and Strawbridge & Clothier, antecedents of Macy's stores in Philadelphia, I undertake a case study of the development, through expansion and consolidation, which led to a homogenized department store retail market in the Philadelphia region. I employ archival materials, biographies and histories, and annual reports to document and characterize the development and restructuring Philadelphia's department stores during three distinct phases: early expansions, the first consolidations into national corporations, and expansion through branch stores and into suburban shopping malls. In closing, I characterize the processes and structural legacies which department stores inherited by the latter half of the 20th century, as these legacies are foundational to national-scale retail homogenization. The 2005 merger of Federated and May Department Stores into Macy's created the only mid-priced department store chain with a national footprint—a behemoth with revenue four times that of its next largest like competitor. Finally, I offer thoughts on potential research into the value of "place" and locale in national-scale retail business strategy.

Key Words: retail expansion, retail consolidation, department store, shopping mall, retail sector, May, Federated, Macy's, Wanamaker, Strawbridge & Clothier

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

Chapter 1
Introduction

Why examine the department store?

Business historian Harry Resseguie (1965: 301) called the department store “one of the most complex of modern merchandising mechanisms” arguing that “it is and always has been a dynamic institution bearing little resemblance to its prototype of the nineteenth century.” The same is true of the 21st century remnants of the department store that flourish in the early and mid-20th century, though which began to homogenize by the latter 20th century. The lavish consumer palaces and “grand emporiums” that department stores once were do not exist in their former glory, though many of the organizational structures and innovations live on in new generations of department stores as well as newer retail concepts. The department store has, like other retail concepts, its own unique attributes, not the least of which is the longevity of this retail concept. Because though the form and function have been transformed over time, these institutions have existed on the American retail landscape for over 125 years. The story of their evolution is in part a statement of their resilience as a store type. Having lost market share to discounters and later the category killers and specialty retail and non-bricks-and-mortar retail, there is yet a place on the landscape for the department store, at the very least as the department store yet occupies the traditional role of shopping mall anchor, though this is also becoming less and less the case.

Despite having experienced many changes in its structure, distribution, and form, until the latter 20th century Chicagoans could still rely on Marshall Fields as their hometown store. Seattleites had the Bon Marche and Portland, Meier & Frank. Rich's was found in Atlanta, Goldsmith's in Memphis, Burdine's in Miami, and May D&F in Denver. Until late in the 20th century, the regional department store provides the exception to the national trend of homogenization in retail. This thesis will investigate the origins of the eventual department store.

By the end of the 20th century, however, nearly all of the major regional traditional department store chains had consolidated. The two major players which emerged through decades of consolidation were Federated and May Department stores. In 2005 Federated acquired May resulting in a divesting of over 100 anchor store locations, disruption to a number of merchandise vending companies supply chains, and the closing of several central office function locations, such as buying, advertising, credit, and distribution. In 2006, all stores (with the exception of Bloomingdale's), regardless of location and prior ownership converted to the Macy's nameplate, and in 2007, the Federated Department Stores Corporation renamed itself Macy's Incorporated[1].

In two years, a century and a half of history, innovation, and uniqueness of place was rebranded and fell to this process of homogenization. The newly formed entity books combined revenue of $27 billion eclipsing its next largest like competitor by a factor of four. Linking two formerly fiercely competing giants,

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[1] Federated CEO Terry Lundgren perceived that a national brand would provide the newly merged organization a number of benefits: single national brand identity, national advertising buys, and unified purchasing and systems integration. This philosophy carried forth from marketing and operations into finance, where Macy's would now become the stock ticker symbol, rebranding the organization even as far as Wall Street.

within 18 months the new Federated organization consolidated its operational units merging formerly distinct geographic markets and, more interestingly, rebranding all locations save the 30 Bloomingdale's stores with its flagship's moniker—"Macy's". Shopping malls and central business districts that until only recently retained their grand old regional stores find locations shuttered, and the Macy's name slapped on those which remain. During 2006 and 2007 Macy's revamped its store interiors to create the homogenized effect of a seamless network of retail, from Guam to Portland, Maine, from Seattle to San Juan, Puerto Rico.

Thesis Overview and Research Questions

These recent changes are but one episode in the constantly evolving role that department stores have played in the American urban landscape. In understanding the homogenization and consolidation process, it became clear that I should investigate the following questions:

- What broad processes and changes in department store retail form allowed for this vast consolidation?
- Does place no have any relevance in retail?

My data collection and analysis will address question one with the scope of this masters thesis. Question two will be the closing subject for this paper.

Turning to question one, the form of the department store and the networks in which they operate have their origins in innovations and changes adopted over the last century. In thinking through the history of the general form and function of the department store and questioning the trend of consolidation in the industry, I began to notice threads of commonalities underpinning these episodes in consolidation. And though I had not set out with specific threads in mind, three quickly emerged: origins of department store form, expansion of branch store networks, and internal management of information and personnel. These three key historical evolutions led to the department store form of the mid-20th century—the point by which many of the consolidations had begun. In fact, many of the basic structural elements of department store organization allowed for and even catalyzed the consolidation process.

A Case Study of Two Macy's Antecedents

The Macy's rebranding offered a motivation for my interest in this topic of department store consolidation, and I turned to the antecedent organizations of which Macy's is composed to develop a case study of comparing common threads of the consolidation process. My proximity to Philadelphia made that city an obvious locale in terms of an urban setting. The Philadelphia region began the 20th century as the location of the headquarters of some of the most venerated names in the history of department store retail, including Strawbridge & Clothier and John Wanamaker and ended the century with those names gone or operationally merged into other May and Federated units, their names alone surviving. Then finally the names disappeared too. The Philadelphia area story of Macy's antecedents provides an easily accessible candidate for analysis as I trace the expansion and structural changes of the two organizations prior to their melding into the Macy's fold. Hence, I decided to compare and contrast John

Wannamaker's and Strawbridge & Clothier's growth and expansion across the Philadelphia urban landscape through the mid-20th century.

Overview of Chapters

To address my research questions, the structure of the thesis will engage the first broad question and will close, as previously mentioned, with questions about place and consumption. The next chapter introduces an overview of the department store, of Macy's, and of the two Macy's antecedents which are the subject of analysis. Following, department stores are situated within the general retail sector and are distinguished from chain and other retail concepts. Next I offer an overview of methods and data followed by a discussion of literature on department stores. Chapter three traces the early development of the department store, from its origins in the general merchant and country store, and then provides an introduction to the two dominant examples which begin to flourish in Philadelphia in the 1860s—John Wanamaker and Strawbridge & Clothier. It traces the changes in location and building structure as these two organizations expand in the late 19th and early 20th centuries. Chapter four describes the new stores Wanamaker and Strawbridge & Clothier built in the 1910s and 20s and follows with a discussion of early forms of consolidation in the broader department store industry. Chapter five begins with the expansion of department stores outside of city centers and into suburban locations. Philadelphia's branch operations first took shape as stand-alone stores in small developments, but eventually become part of the rapid diffusion of shopping malls by the mid-20th century. Finally, the conclusion will suggest that the processes investigated in the earlier chapters were foundational in allowing for and, moreover, catalyzing the consolidation of the industry at the end of the 20th century.

This introduction was intended to pique the reader's own memories of department stores, as it is likely that the reader has some relationship with at least one locale within the vast Macy's organization. The antecedents to the Macy's organization were often the premier department store retailers in their respective metropolitan markets. This was certainly the case with John Wanamaker and Strawbridge & Clothier. Yet, with all major markets now dominated by Macy's as the premier mid-priced department store, little of the local distinctiveness of Marshall Fields, John Wannamaker, or Strawbridge & Clothier remains. The latter two were the victim of earlier rounds of national consolidation in the department store industry following decades of expansion. Prior to discussing these expansions and consolidations, it is important to further define the type of department store which is the subject of this research, situate it within the retail sector, and situate it within retail geography.

Chapter 2
Shopping Around: Disciplinary Settings for the Study of Retail

The Retail Sector and Other Retail Concepts

The department store is but one of a myriad of retail merchandising concepts; and it is arguably a waning concept, being replaced by gigantic big box discount stores such as Wal-Mart and Target, which have returned to the original breadth of products sold by the traditional department store, yet with a focus on price points targeted to the value conscious consumer and location strategies which make them more ubiquitous, reaching well beyond the confines of the regional shopping mall. Receiving much attention of late from geographers, economists and business historians are the category killers—a recent addition to the cadre of big box retailers—which focus on limited product categories such as electronics, office supplies, goods for pets, books, or home furnishings. And yet just as Resseguie's complex department store had its origins in the innovations and changing distributive patterns of the general stores which preceded it, Wal-Mart, Pet Co, Barnes & Noble, and Best Buy draw their respective successes from the retailers which came before them, and in large part, from the department store.

In differentiating the department store category from other categories of retail, it is helpful to look at the distinctions made by the economic census and by the department store industry itself. The US Census Bureau's Economic Census offers a survey of businesses every five years utilizing the North

American Industry Classification System (NAICS)[2] to differentiate between sectors, sub sectors, industries and on down through the hierarchy. The 2002 NAICS definitions place the traditional department store within the broader category of general merchandise store (Table 2.1).

Table 2.1 2002 NAICS codes for General Merchandise Stores (Source: US Census Bureau)

Sub-sector	Group	Industry	NAIC 2002 Definition	Examples
452 General Merchandise Stores			• new general merchandise from fixed point-of-sale locations • large variety of goods from a single location	
	4521 Department Stores	452111 Department Stores	• wide range of the following new products with no one merchandise line predominating • arranged in separate departments.	Macy's, JC Penney, Sears
		452112 Discount Department Stores	• central customer checkout areas, generally in the front of the store • may have additional cash registers located in one or more individual departments • wide range of general merchandise (except fresh, perishable foods)	Target, Kmart, Wal-Mart
	4529 Other General Merchandise Stores	452910 Warehouse Clubs and Supercenters	• warehouse clubs, superstores or supercenters • general line of groceries in combination with general lines of new merchandise, such as apparel, furniture, and appliances.	Super Target, Wal-Mart Supercenter
		452990 All Other General Merchandise Stores	• general merchandise stores (except department stores, warehouse clubs, superstores, and supercenters)	"dollar", "variety", catalog stores

The NAIC codes and definitions help situate the department store within the broader retail sector and distinguish it from discounters and other types of general merchandisers. However, economic census classifications really only provide two broad distinctions. First, all general

[2] The growing relevance of the retail and service sectors to the composition of the national economy is evidenced by the adoption of North American Product Classification System (NAPCS) which is currently underway by the Census Bureau. NAICS and its predecessor the SIC system are rooted in defining the economy by production and manufacturing. The newer NAPCS is market-oriented and focuses on demand (therefore retail and distribution) rather than supply (manufacturing). Hence, soon retail, wholesale and services will have a classification system which can better portray the inherent characteristics to these sectors such as market footprint and will not be tied to NAICS directly, though the new NACPS classes will correlate with industry production categories. Yet until the NACPS is complete, NAICS remains the best system for economic classification of retail activity.

merchandisers carry a broad assortment of goods, though clearly at a variety of price points and in a variety of retail store concepts. Second, store arrangement (of primarily departments and cashiers) and breadth of products further define and distinguish the type of general merchant. Table 2.1 distinguishes store types with cashiers grouped in the front of the store from those with cashiers housed in each department while also distinguishing stores with groceries from those without as well as those limited to apparel and home furnishings from those with automotive and garden supply[3].

A review of all department stores included in the department store industry, or even the NAIC definition itself, can be confusing. For instance, why are Nordstrom or Saks 5th Avenue[4] not considered department stores? And if only the location of the cash register and the price points of merchandise distinguish a Wal-Mart from a Sears, then what is there? In fact, the common attributes often outnumber the distinctive attributes, as most of these large-scale general merchandising organizations, despite their varied forms, have their origins in the form and function of the department store.

[3] Macy's and its antecedents historically have had cashiers dispersed throughout the various departments. Lately, like the chain stores, Macy's is now in the process of centralizing its cashiers to serve multiple departments. This grouping is still distinct from the discounters who group rows of cashiers at the front of the store adjacent to the single customer entrance/exit.

[4] Nordstrom, Saks, Neiman Marcus, Lord & Taylor, and other similar venues are broadly assorted specialty retailers because these and many other higher end retailers carry primarily apparel, and if any, then a very limited assortment of home accessories.

The Department Store Today

The first distinction to be made is between the regional department store and the chain department store, which has many similar attributes. The chain store might also be called the "value-oriented" department store. In structure form it looks like the department store, but in terms of product assortment, the product mix of a chain store straddles that of a true department store and a discounter. Table 2.2 breaks down familiar stores into industry categories that distinguish both type and product assortment. Stores which are recently defunct or operationally merged into other organizations are shown in italics. Mergers or acquisitions can be seen as examples of further consolidation within these sub-sectors. The number of organizations in each of these categories has shrunk while the remaining organizations have become larger.

Table 2.2 Familiar General Merchandisers

General Merchandisers			
Discount Stores	Department Stores		
	Value	Mid-range	High-end
Wal-Mart	Sears	Federated	Saks 5th Ave
Target	JC Penney	***May Co.***	Nordstrom
Kmart	Kohl's	Dillard's	NM/Bergdorf
Woolworth	***Ward's***	***Mercantile***	Lord &Taylor
	Mervyn's	CHH	Barney's
		Dayton-Hudson	

Table 2.3 differentiates general merchandisers by the products, services and departments which could be found in a sampling of stores in each of these

categories. Product assortment it is not simply a matter of whether a type of product is present or not, but additionally the assortment is a function of the price point and vendors/brands offered in a particular product category. The discount retailer will obviously offer lower price points, whereas the high-end retailer

Table 2.3 Generalized Product Assortment by store type

Product/Service	Discount Store	Value Dept Store	Mid Dept Store	High-end Dept
Cosmetics	some	yes	yes	yes
Toiletries	yes			
Men's sportswear	yes	yes	yes	yes
Men's tailored			yes	yes
WOS sportswear	yes	yes	yes	yes
WOS tailored			yes	yes
Children's	yes	yes	yes	yes
Shoes	yes	yes	yes	yes
Jewelry		yes	yes	yes
Home furnishing	yes	yes	yes	some
Appliances	yes	yes	some	
China/crystal		some	yes	some
Tabletop	yes	yes	yes	
Hardware	yes	yes		
Automotive	yes	some		
Lawn/garden	yes	some		
Electronics	yes	some	some	
Photographic	yes	some	some	
Toys	yes	some	some	
Sporting goods	yes	some	some	
Groceries	yes			

may offer couture apparel. The mid-priced and high end stores might both offer the same "bridge" apparel (better brand names, but not couture), yet for the mid-priced category this will be the high end of the assortment, and for the high-end category this will be the lower priced apparel. Both may offer fashion and costume jewelry and watches, and both may offer some kind of gold and silver jewelry assortment, but only the high end store will offer truly distinct, luxurious jewelry—often one or a kind or limited production.

Because the department store has taken on many forms, this thesis decidedly investigates a particular type of department store—that which was founded independently and initially family-run as a metropolitan and later regional enterprise, only to become fully controlled by outside interests (as divisions of larger corporations) later in the 20th century. This regional department store was historically tied to its "place", to its locale, but the distinctiveness of place has been all but removed from this type of department store. And while the Macy's organization is the legacy to that tradition, having been formed from the merger of the two largest collections of traditional/regional department stores, today it resembles the chain store more than its antecedents.

A broader definition of department store would include mail-order catalog operations which added bricks-and-mortar operations to their organizations and chain stores. There are the high-end specialty stores which look like department stores, but don't offer the breadth of merchandise of the original regional department store. Discounters and big box organizations proliferate at the end of the 20th century and certainly have a lastly impact on the viability of the more traditional department store and on its organizational structure. Again, however, the size of this paper does not permit coverage of all of these types of stores..

Historically the traditional regional department store differs from the more homogenized national chain department stores such as Sears and JC Penney in a number of ways. First, a regional department store often began as a distinct local operation in a city's or town's historic core and was owned and run by a merchant and later that merchant's descendents, often as a proprietorship or partnership well into the 20th century. Second, because the store was long associated with the merchant family that began the organization, it often possessed the business personality of its founders. Strawbridge & Clothier until its closure placed a "Seal of Confidence" plaque (still visible on many Macy's) at the entrance of all of its locations as a visual reminder of its pact with its customer base to provide high quality merchandise and customer satisfaction. This plaque was representative of a relationship that had developed rather than a marketing campaign that had been designed. Third, these regional department stores grew, at least initially, by opening distinct branch stores that satisfied a local demographic, rather than cookie-cutter replications of a base model. Fourth, they were thought of and behaved as members of the local community, sponsoring local philanthropic work and creating various bonds with the community. Fifth, and perhaps most important, all of these aforementioned attributes led to these organizations having an identity that was defined by, and implicated in the nature of the place in which they did business. They were unique in so much as they had a personality identifiable by the retail market in which they were located.

While choosing Macy's and its Philadelphia antecedents as the subject of this case study, it is important to note that there are deviations from the path and timeline that the Macy's example illustrates. In looking at traditional department stores branch operations, for example, the Philadelphia case would suggest that no branch operations came along until the 1920s. Actually Carson Pirie Scott operated four locations by 1858, and though these were small dry goods outlets in adjacent Illinois towns, Carson Pirie Scott can be thought of as an original chain store. Later Carson Pirie Scott would open a regional department store in Chicago. Gimbel's was the first to replicate the department store model on a like scale in multiple major cities. Beginning in Milwaukee in 1887 it acquired a similar sized operation in Philadelphia in 1894. Gimbel's opened its own store in New York City in 1910, starting a fierce rivalry with Macy's Herald Square. It acquired another store, Kaufman Baer's, in Pittsburgh, and with a flagship in each of these four markets later began to establish branches simultaneously in the four metropolitan areas.

These exceptions notwithstanding, the Macy's case is interesting not only because it is "the" remaining department store operation. Macy's owes its composition to many of the most venerated and celebrated department store retailers in American history. And as previously mentioned, simply due to its scale of operations it is the successor to a century of folding independent retailers into an ever growing centralized corporate entity. By the last half of the 20th century a combination of two strategies were employed by the largest and most successful department store operations. They expanded not only organically into Greenfield markets within their respective or adjacent metropolitan markets, but also their governing ownership groups (or holding companies) acquired other operations and integrated them with each other.

These become the pivotal and competing expansion strategies—the resulting battle between expansion and acquisition ensues in the 1980s and ends with the Macy's organization as the victor.

Although this thesis takes a historical tone and highlights the temporal scale of the consolidation process and the evolution of the department stores form, where it deviates from this purely historical approach (which has already been done many times over) is to add the geographic lens to the historical accounts, highlighting spatial relations as causal to the temporal changes. In some ways the reader will see that rather than a simple temporal accounting of processes which have spatial undertones, this thesis will suggest that all major temporal changes were in some way related to notions of space and will show expansion and consolidation on a local/metropolitan scale as well as a national scale.

Methods and Data

The processes discussed in this thesis occur on multiple scales, including the national, regional and metropolitan and internal to the stores themselves. Though the pressure to consolidate is primarily attributable to broad changes in the retail sector, looking only at the national scale would leave out a large part of the story, especially the narrative, anecdotal episodes during which individual companies made specific decisions in responding to these larger economic pressures to consolidate. Using Philadelphia's John Wanamaker and Strawbridge & Clothier allows me to trace some of the responses of individual actors and companies in this broader discussion of the spatial implications of expansion and consolidation. Comparing at both the national and Philadelphia metropolitan scales will provide for two complementary yet distinct entry points for understanding the processes of expansion and succeeding merger and consolidation which ended the reign of the regional department store.

The two scales provide for analysis of the structural changes to an organization, analysis of the rationale behind markets and branding, and an analysis of the spatial impacts of the temporal changes to form and to operational networks, especially on the built environment—shopping malls and their department store anchors are some of the largest built structures that permeate the landscape.

In terms of data, this work relies on secondary biographies and historical accounts, and in the case of Wanamaker an autobiographical account to lay out the historical context of the department store, especially in its earliest forms. Newspaper articles and other media are incorporated, especially from the 1930's going forward as additional secondary sources for understanding the business organizations and structures and management strategies.

Archival analysis includes the corporate and personal records collections of primarily Wanamaker and Strawbridge & Clothier. The Strawbridge & Clothier collection resides at the Hagley Library in Wilmington, Delaware and contains 47 linear feet of records. A summary catalog of material accessed includes corporate annual reports and records, branch store plans and publicity materials, personnel records showing wage and management hierarchy, and corporate wide advertising matter. The Raymond Loewy collection of 42 linear feet, also housed at the Hagley Library, provided a broader context to the development of the shopping mall—beyond the confines of the Wanamaker and Strawbridge & Clothier organizations. Loewy, a contemporary of Victor Gruen, was notable for his involvement of the design and development of many early shopping malls and provides additional mid-century context. The Wanamaker collection, containing 296 linear feet of records, is housed at the Historical Society of Pennsylvania in Philadelphia. From this collection were accessed corporate annual reports, corporate correspondence, branch store plans and publicity materials, personnel records, corporate training material, and an extensive collection of in-house store communication magazines. Of particular note in "The Eagle Speaks"—the in-house communication vehicle of Wanamaker—is a column called "Looking Around" which documents and photographs the various functions of the central store, branches, and operational departments. The bulk of this archival material is used to set context for mid-century corporate development and branch store expansion.

To provide context to the processes of the late 20th century, the merger, and its aftermath, I turned once again to secondary accounts and news media coverage, as well as SEC filings and some Economic Census datasets. In addition, having worked in the industry in this period, I relied heavily on observations from my tenure in management with the May Departments Stores Company.

Macy's own location database was accessed and converted to a tabular format. Using press releases and media coverage, I included the following attribute data: store or location type (full store, distribution center, buying office), years of store opening (and closing), corporate ownership, operational and marketing divisions (as these two often diverged), location (including mall name, address, city, state, and metropolitan market where relevant), and gross square footage and employees (where available). Using the address information, the data was geocoded and loaded into an ArcGIS database for use in generating the maps. These maps are not part of the scope of this thesis, but will provide context in the planned dissertation that will follow.

As an initial step in understanding the 150 years of evolution of ownership and branding, corporate and divisional data were loaded into an Excel spreadsheet to represent a genealogy of the Macy's organization. This spreadsheet and resulting "family tree" provided a visual context for understanding the process of evolution and consolidation.

Finally, multiple trips to Philadelphia (and other US metro areas) over the last two years have provided opportunities to walk through the mall settings of these stores, the downtown(s) where they began, sense the current state of the neighborhoods and photograph the buildings or sites as they exist today.

Literature Review

A comprehensive history of the department store lies beyond the scope of this thesis, nor could it be accomplished within a work of this size. Successful histories of the department store as well as many individual department store organizations have been written, as have biographies and autobiographies of their founders. Academic writing began to address the department store and its economic influence in the 1930s and this writing has been present, albeit intermittently, ever since, in economics, marketing, business history, and to some degree geography.

There has been a growing coverage of service sector impacts on society, especially after the upturn of technology and the resulting dot-com bust. However, retail is not covered in any reasonable depth by American geographers, outside of applied notions of spatial location and maximization of market footprints. In fact retail geography has ebbed across campuses and has come to reside in university colleges of business in various forms or in the marketing department.

That is not to say that geographers are entirely absent from the retail discussion as there is some work being done. Although much of this literature comes out of British geography, the nuances of the “centre” and the “high street” taken into account, more often than not, the comparison is made to American retail structures and patterns. This is especially true when concerned with the department store category as this entity never has really been replicated on the same scale outside of the United States. Caveats aside, British (and as well Canadian) geography has accomplished much more in covering retail geography historically and this continues today.

In terms of providing a theoretical framework in which to situate my work within retail geography and the broader discipline, I turn to British geographer Neil Wrigley, who with Michelle Lowe has edited two volumes and provides some broad themes around which retail geography is organized. Wrigley and Lowe

(1996, 2002) suggest these broad themes, though the details differ slightly between the two volumes:

- Corporate restructuring in retail
- Reconfiguration of retail-supply chain interfaces
- Organizational and technological transformations in distribution
- Changing retail employment
- Regulation and governance of retail

In the more recent volume (2002) much attention was given to the notions of:

- Making and re-making space
- Spaces of consumption

These themes cover broadly the notion of retail geography, because underlying the general concepts are a number of distinct operational concepts. The big box discounters and category killers are late arrivals in the temporal scale of retail, though their impact has been profound and so much attention is placed on super/hypermarkets, the joining of hard/soft goods with groceries in the Wal-Mart and SuperTarget, or the Home Depot/Lowe's and PetCo/PetSmart, or moreover Border's/Barnes&Noble dualities which have all but eliminated small or independent retailers in their respective product categories. At the other end of the "size" spectrum are convenience stores and franchise food operations, though regardless of their footprint or annual revenue measured at the establishment level, are experiencing much the same processes of consolidation, loosening regulation, globalization of production, and restructuring of labor that their larger counterparts are.

Retail geography and retail geographers (Wrigley, Lowe, Blomley, etc) have since the mid-1990's looked for ways to synthesize and aggregate these processes more generally, while at the same time they have investigated the cultural underpinnings and causalities of the changes to the retail sector. Retail geographers have brought in gender as an issue—an obvious need if one only looks to the gendered nature of marketing and demographics yet a long absent one.

In terms of the economic processes and implications of merger, acquisition and consolidation activity, relevant work can be found in *Environment and Planning* especially that of Steve Woods (2001). Woods was a student of Wrigley and, like me, is interested in the economic and business management processes which allow for consolidation and homogenization. Woods is also one of the few geographers who has written about department stores.

The "new retail geography" as Wrigley *et. al*. call it is a critical reaction to the retail geography which was previously situated. A far more quantitative endeavor, the "old retail geography" was built upon Christaller's central place theory and a generation of academics who, following Christaller's translation into English, strove to understand location theory, distribution of goods across the landscape, and to quantify, at the expense of qualifying, the "logic" of the consumer. Though useful when classifying phenomena, quantification at the expense of qualification, eliminates the anecdotal case of individual choice. In studying consumption, and marketing, and affiliated topics, both have relevance, and relying on quantitative classification leaves out the agency of the individual.

Whether or not the “old retail geography” is alone sufficient, it provides a framework by which the diffusion of retail function can be analyzed. Dawson’s edited volume (1980) contains of essays that take on this expressly quantitative tone, and build upon the work of Christaller, and Berry—who expanded central place theory broadly to incorporate retail marketing. Laulajainen (1988) adopts this quantitative tone and traces a number of previous retail acquisitions all legacy organizations to Macy’s in its current form. He covers the acquisition of ADG by May—at that time, the largest such merging of organizations to date, and the one which in some ways sets the precedent for a decade of acquisition and consolidation. .

Economic geographers are beginning to evaluate consumption in a way that attempts to meld economics and culture. The cultural-economy literature (Amin 2007) suggests that beyond the traditional economics of supply, demand, and pricing there are other “registers”, other characteristics of economic choice, and thereby consumption, which have value. Notable among them is emotion, or passion, which has an impact on the consumer’s relationship with a product or business. However, economic geographers have not attempted to tie the passion of “place” to the economic impact when that relationship changes. Macy’s Chicago State Street store changed ownership and brand identity when Federated (Macy’s parent) acquired rival May (then owner of Marshall Field’s). The store experiences monthly protests by a group of former Field’s customers who want the name Macy’s removed from the building. Over one year after the acquisition, Macy’s North Division (which contains the Chicago market) is still showing negative same-store sales figures because Marshall Field's (perceived as Chicago's department store) former customers still resist shopping at Macy's (perceived as New York's department store).

Jan Whitaker (2006) provides much context regrading the role of the department store in defining and shaping the middle class by including topics such as race, gender, and employment as well as advertising's role in advancing "consumerism". Providing this same context specific to Philadelphia, though with a shorter temporal scale, is John Hepp (2003). Both trace the role of the department store, especially in its earliest forms in setting cultural norms. Though there are geographies implied, in the notions of store layout, upstairs high-end merchandise contrasted to basement bargain shopping, and other spatial distinctions, these works are far more sociological in tone.

Retail has an embedded place in the intersection of economic, urban, and cultural geographies-- I plan to situate my own case here. It is interesting that the department store, an equally embedded institution on the American retail landscape, occupies a less than proportional place in academic literature, at least in geography.

Department stores have often been the subject of research in the business history, industrial organization, and marketing literature amongst others. In terms of the history and the place and meaning of the department store, works range from biographies to essays on the role of culture in consumption and its place in the broader economy. Sociologists and cultural social scientists have attempted to evaluate the role of the department store. Historian Henry

Resseguie (1965) wrote about the nascent stages of the Stewart department store in New York City, in the mid-1800s. In this essay, he provides not only a historical account of the Stewart enterprise, but an inventory of the foundational structures which distinguish the department store as an entity from its predecessors. I subscribe to the tenets of Ressegue's structural elements that define the traditional department store and rely on them heavily in evaluating the Wanamaker and Strawbridge & Clothiers organizations in the early stages of their development. Resseguie (1962) also elaborates on the nature of the individual in business dealings in this period in history as he traces why the Stewart name is lost in the vernacular to his better-known contemporaries Astor and Vanderbilt. Additionally, this work also traces the intricacies of large scale financing, which set the stage for the Wanamaker acquisition of Stewart's New York stores and their flourishing under his tenure.

The stories of particular organizations have been documented such as John Wanamaker's (1911) *Golden Book of the Wannamaker Stores: History of a Business That Made History* or Alfred Lief's (1968) *Family Business: A Century in the Life and Times of Strawbridge & Clothier* or Mark Stevens' (1979) *Like No Other Store in the World*, which covers the Bloomingdales organization up to the late 1970's. This genre of work provides much in the way of anecdotal histories cataloguing the business decisions that were made and the financial rationale underpinning them. Moreover, many go into great depth about the building of new facilities and I draw from the implied timelines to show changes to the store forms and distribution networks in my illustrations and maps. In addition, the histories, biographies, and autobiographies share many personal insights into the values of the men (and later women) who built department store organizations.

Within the economics, industrial organization, and marketing literatures there are researchers who have provided additional context for my own work. “Retailer Power: Recent Developments and Policy Implications” by Paul Dobson and Michael Waterson (1999) covers some of the broader policy questions in terms of antitrust and regulatory policies in the retail sector and looks at national trends across the US and Western Europe. Dobson and Waterson discuss a loosening of antitrust regulation in retail which can clearly be seen in the consolidation taking place in the retail sector. Federal Trade Commission researcher John David Simpson (2001) asked the question “Did May Company’s Acquisition of Associated Dry Goods Corporation Reduce Competition?” The article looked at the Denver and Southern California markets, with some attention given to the effects on Pittsburgh; it provides a good template for some of the quantitative analytical models that can be employed, including a method for approximating individual store revenue by year. His analysis provides mixed results, but much of the problem lies in the methods used. Simpson employed a content evaluation of changes in advertised pricing in newspaper ads, yet he does not control for local market conditions, so there could be other factors at play than those that can be inferred from correlating advertised product pricing to market competitiveness.

With this body of knowledge as the backdrop, the next chapter engages the historical antecedents to the department store form, namely the general merchants, because it is these enterprises that start to value specific locations and specific settings. They develop in their respective markets to support a wider range of goods, a growing population, and rapidly changing technologies utilized in maximizing their business plans.

Chapter 3
From Shop to Shopping

The Merchant, the General Dry Goods Store, and the Advent of the Department Store

The word "shop" comes to modern English from Saxon (Hendrickson 1978:13) and referred to a house's porch, or better "stall". Shopkeepers initially lined the roads and alleys of small towns, often in the residence of the merchant. Later the merchandising function began to be congregated in a district—sometimes a marketplace of stalls or simply a neighborhood of the town (Morris, 1979). The first true general merchants might have begun shop keeping in a lean-to attached to their residences, but the process of urban growth would have eventually located them in the town's center, or business core. Whereas the early merchants and shopkeepers would have sold primarily the things that they manufactured, as they were likely also the craftsmen involved in the goods' production, the general merchant centralized the purchase and resale of a variety of goods in a single location. As an evolution of the seafaring merchants who collected a variety of goods and then distributed them from port cities, the general merchant may have begun as a shipping enterprise; but by the beginning of the 19th century he was evolving into a middleman of sorts, buying from both manufacturers and wholesale distributors, and reselling to the public at large (Vance, 1970).

This evolution from merchant to general merchant was in many ways driven by the growth in population and urbanization of the 19th century, at least in the American landscape. As commerce, trade, and the professions came to concentrate in the port cities of the Atlantic seaboard and the Mississippi-Ohio river system, settlements grew into towns, towns grew into cities, and at the nodes where the break-in-bulk shipments were most concentrated, a wide variety of goods became available, beyond that which had been formerly only locally manufactured (Conzen, 1977; Pred, 1960, 1973, 1980).

The typical general merchant (also called general store, and in rural areas, often country store) was organized internally into the beginnings of what would later become the departments of the department store. Sections were devoted to apparel, with shoes, white goods (lingerie), and the like, separated from cloth, laces, and ribbon. Food stuffs would occupy another corner. The general store product assortment was limited only by what goods the shopkeeper could acquire and what the local community demanded. To the layman, these small collections of a myriad of goods might well seem like department stores on a very small scale. Yet they differed in a number of ways in terms of business process. The shopkeeper was king—determining the entirety of what merchandise was to be sold, how much of it would be stocked, and most importantly how it would be priced in each individual sale. Because goods were not marked with a price, let alone ticketed, the shopkeeper and his staff often employed codes to indicate the cost of the merchandise from which the bargaining price could be derived, without the knowledge of the customer. Hendrickson (1978:17) derives an example of this process:

> A merchant for instance, might make the phrase NOW BE SHARP represent 12345678910 (an N would equal the numeral 1, an O the numeral 2, a W the numeral 3, and so on). Every trusted clerk would be given this equation, and if a piece of merchandise was

> marked, say, NWW on the back, anyone with the formula would know its cost was $1.33.

The barter system was still in operation, especially in more rural areas in the country stores. Grains and agricultural products could be traded directly for manufactured goods from the shopkeeper's shelves.

Hendrickson (1978:16) even attributes a common business idiom to early shopkeepers—“getting down to brass tacks” or getting down to business—getting serious about a deal. Merchants hammered the tacks down into the counter in the cloth/fabrics section of the store. When a customer had selected her desired bolt of fabric the shopkeeper could “get down to brass tacks” by laying the fabric out and measuring it against the tacks which indicated quarter, half and full yard measurements upon the countertops.

The basic tenets of this business model led to two primary problems: shopkeeper greed and inefficiency. Because there was no fixed pricing, merchants could arbitrarily set prices and often did, varying them not only for business conditions but even to individual customers for a variety of reasons, including simply liking or disliking someone. In terms of inefficiency, the general merchant simply could not stock the variety of goods the customer, even the rural farmer, desired. Such demands predated any notions of brand recognition or true “consumerism”, but rather referred to consumers desiring broader choices in even staple goods (Hower, 1938). Mail order stores evidenced the breadth of available manufactured products in thick, illustrated catalogs showing variety of comparable yet different goods. Gradually America's manufacturing base grew as did its access to imported goods, the movement of products via the rail and a host of other changes in the 19th century (Hendrickson, 1978).

Many of the innovations of the early department store pioneers are a direct result of their having worked in general stores. Adam Gimbel, J.L. Hudson, RH Macy and Aaron Montgomery all worked in general stores and learned the retail business in these humble settings. Gimbel even ran his own small chain of general stores starting in Vincennes, Indiana, and it is in this setting in 1842 that he first attempted fixed pricing in a general store setting. This innovation alone would lead to success and the popularity of the later department store concept. In rural areas, farmers within the Grange organization formed buying cooperatives but these were short lived as they were difficult to manage. Department stores would succeed with this type of cooperation via the ownership groups and holding companies which would develop in the early 20th century. The important point is that the general/country store was often seen to be a negative retail venue by its clientele—because of the lack of fixed pricing, because of limited offerings, and because of the inconsistency from one store to another. In the latter half of the 19th century many alternative methods of retail distribution developed as responses to the general/country store, including not only department stores, but mail order and chain stores, grocery stores; all of these venues provided for the foundations of retail distribution as it exists today. The department store would soon become one of the dominant forms of retail, taking the basic principles of the general merchant concept but expanding them to an unprecedented size and range of merchandise.

While some might be prone to compare the department store to medieval fair or bazaar (Hendrickson 1978:25), beyond the variety of goods sold, there is little comparison. Hendrickson cites Macy's historian Ralph Hower (1943: 3-4),

> [The department store] is not a haphazard agglomeration of independent enterprises. It is a formally created and managed organization, with a hierarchy of control culminating in one man or, at most, a mere handful of executives. It has an intricate and responsive nervous system and an alert brain, so that it can adjust quickly to new situations and ideas. It anticipates public demand and tries to direct it into certain channels.

In this quote, department stores are attributed lifelike qualities. Moreover, throughout the 19th and early 20th century some negative perceptions of the department store would develop such as an elephant, to suggest over-sized, or an octopus, to suggest tentacles reaching out to grasp any and all available customer and product type.

Hower continues:

> The fair and the bazaar … were essentially passive retailing institutions, depending on the active participation of the consumer to determine what goods should be offered and the prices at which they should be sold. The modern department store is far from passive. By means of skillful advertising, special exhibitions, and tempting bargains, it actively attempts to influence our behavior.

There are two general tracks by which to distinguish the department store from its general merchant predecessors. First, Hower points to the scale/size differential of the department store; in sheer variety and presentation, it introduces a whole new venue in which to vend goods. Second, he points to new structural mechanisms in place, both in terms of management and in terms of planning, that differentiate this phenomenon. So, in size and in composition, the department store was a new entity altogether, with its origins in the traditional merchant, shopkeeper and general store, but it operated on a seemingly unprecedented scale, with a new hierarchy of management that could be scaled to suit the rapid growth of this new retail concept.

Scholars in business history tend to disagree when making a determination as to which entity became the first regional department store (Resseguie, 1965); however, most attribute this title to a handful of similarly structured retail firms. Whether if be Boucicaut's Bon Marche in Paris, RH Macy in New York City, or fellow New Yorker AT Stewart, these three stores and their many successors made specific structural and operational improvements and changes which distinguish them from the general merchants who preceded them.

Characteristics of Early Department Stores

Resseguie (1965) derives a list of the characteristics that define department stores during their nascent period in the latter half of the 19th century. These largely parallel lists by other noted department store historians including Nystrom (1936, 1937) and Hower (1943). These unifying characteristics offer an appropriate entry point in trying to understand the evolution of the department store. Those specifically assigned to AT Stewart's enterprise by Resseguie (1965:303) are:

1. A central location
2. Many departments under one roof
3. Many free services, such as the return of unsatisfactory merchandise for exchange or refund; merchandise delivery; reception, rest, and writing rooms; wrapping and checking of parcels; etc.
4. One price to all
5. Low mark-up
6. Selling for cash.

7. Aggressive, specialized advertising and promotion.
8. A large volume of business.
9. Centralization of non-selling functions.
10. Buying for cash.
11. Organized disposal of old stock and special purchases through bargain sales.

Resseguie, through his history of AT Stewart, attempts to show that some of the defining characteristics of the department store actually pre-date the Bon Marche, Macy's and other original regional department stores. Regardless of which organization exhibited these characteristics first, in the American urban landscape a cadre of similar enterprises appeared in the central business districts of many, if not all major urban centers by the last quarter of the 19th century. It is less important to discern which organization was first to adopt the policies, but more important to understand that a generation of department stores all did adopt some combination of Resseguie's characteristics, and in competing with each other, offered innovations which were echoed or enhanced by their competitors, thus driving towards a retail concept which eventually embodied the collective, large scale-merchandising regime.

Philadelphia's First Department Stores--John Wanamaker's

There were numerous examples of this new type of retail concept, including the two discussed in this analysis—John Wanamaker and Strawbridge & Clothier. As two early examples of the department store, a review of each company's early operational history is warranted; beyond merely exemplifying many of the defining characteristics of the early department store, both of these Philadelphia institutions instituted many of the innovations in retailing that set the precedent for their peers. The Philadelphia market, which in the latter half of the 19th century was second in size only to New York, might well be considered the "second city" in terms of retail innovation—though Chicago's Marshall Fields and others were certainly innovators too.

The "Merchant Prince" John Wanamaker, also known as the "Greatest Merchant in the World", has been attributed not only with a myriad of innovations within the retail industry, but on a larger scale as a captain of industry in the broader sense as the retail equivalent to a Rockefeller, Astor, Carnegie, or Vanderbilt. Like so many other great merchants, Wanamaker came from humble beginnings, working first as a stock clerk and errand boy. In 1861 he opened his first retail venture but later entered operations in a joint venture with brother-in-law, Nathan Brown. Starting as a boy's clothing shop called the Oak Hall Clothing Bazaar, this men's shop grew to become the largest men's apparel store in the US, even at its modest size of 240 square feet located at the corner of 6th and Market Streets.

Known for his tireless work ethic, Wanamaker was foundational in the success of the department store retail model, yet some of his retailing innovations begin in this early operation. Unlike the general merchants who purchased goods via wholesalers, Wanamaker began to develop relationships directly with manufacturers. This practice is one of the catalysts to the success of the modern retailer as it allowed more direct control of pricing, markdowns, and inventory and created a more direct connection for the retailer to his supply chain. Moreover, the Wanamaker organization was the first retailer, as opposed to wholesaler and retailer, to permanently locate resident buyers in Europe—specifically in Paris.[5]

Wanamaker was a staunch supporter of fixed pricing and a set return policy. Hendrickson (1978:77) provides an example of a newspaper ad from 1865 offering this guarantee:

> Any article that does not fit well, is not the proper color or quality, does not please the folks at home, or for any reason is not perfectly satisfactory, should be brought back at once, and if it is returned as purchased within ten days, we will refund the money. It is our intention always to give value for value in every sale we make, and those who are not pleased with what they buy do us a positive favor to return the goods and get the money back.

With regard to advertising, Wanamaker's own policy was expressed as "to speak truly of the store and its merchandise" and like so many of the early retail proprietors, he identified strongly with the statements of his organization that were reflections of his personal ethics. Early on, Wanamaker himself wrote the advertising copy to reflect this sentiment. In his own store biography, Wanamaker (1911:214) states:

> Advertisements shall be written only on personal inspection of merchandise … Conceal nothing the customer has a right to know … If cotton is mixed with wool a Wanamaker advertisement must say so … If the article is a 'second' it must be so presented … Be fair to the merchandise is the one command—understate, but never exaggerate; don't impose on poor dumb merchandise responsibilities that it cannot bear.

Personal identity and ethics were interwoven into the business models of his ventures. These business practices evolved into Wanamaker's "Four Cardinal Principles": full guarantee, one price, cash payment, and cash returned, and

[5] A.T. Stewart, Stern's, and other wholesalers already had Paris offices.

these principles resulted in the rapid expansion of his business and popularity as a leading Philadelphia retailer.

His success led to multiple expansions in selling floor space, and even after multiple expansions the Oak Hall location quickly reached capacity. A constant visionary, Wanamaker purchased a vacant freight depot then in the growing western edge of the central city (Figure 3.1). Initially he had hoped to develop a consortium of merchants who would share the location, likening back to the example of the bazaar or fair, or a European exchange hall. Fellow Philadelphia merchants failed to see the value, and so Wanamaker began to develop plans for what he referred to as "The New Kind of Store". Opening in 1876, the Grand Depot hall was hailed as the "largest space in the world devoted to retail selling". Although initially this would have seemed the edge of the city core, well outside of the Old City, this block was adjacent to the new city hall, begun in the 1870s, the Pennsylvania Railroad Broad Street station, and the new Reading Railroad terminus—no longer the fringe of the city, this was becoming the new core of Philadelphia and to a large degree remains so today.

Archival documents and illustrations show over 129 counters spreading across three acres of selling floor (Figures 3.2, 3.3, and 3.4). Some counts listed 1,400 stools upon which shoppers could seat themselves while viewing goods. Hendrickson (1978) recounts one novelty—a gas-lit tent in which ladies could try on ballroom gowns and view them under lighting conditions which mimicked that of a softly lit ballroom. Luxury services included multiple waiting rooms appointed with cushioned furniture of the highest quality and lavatory facilities—

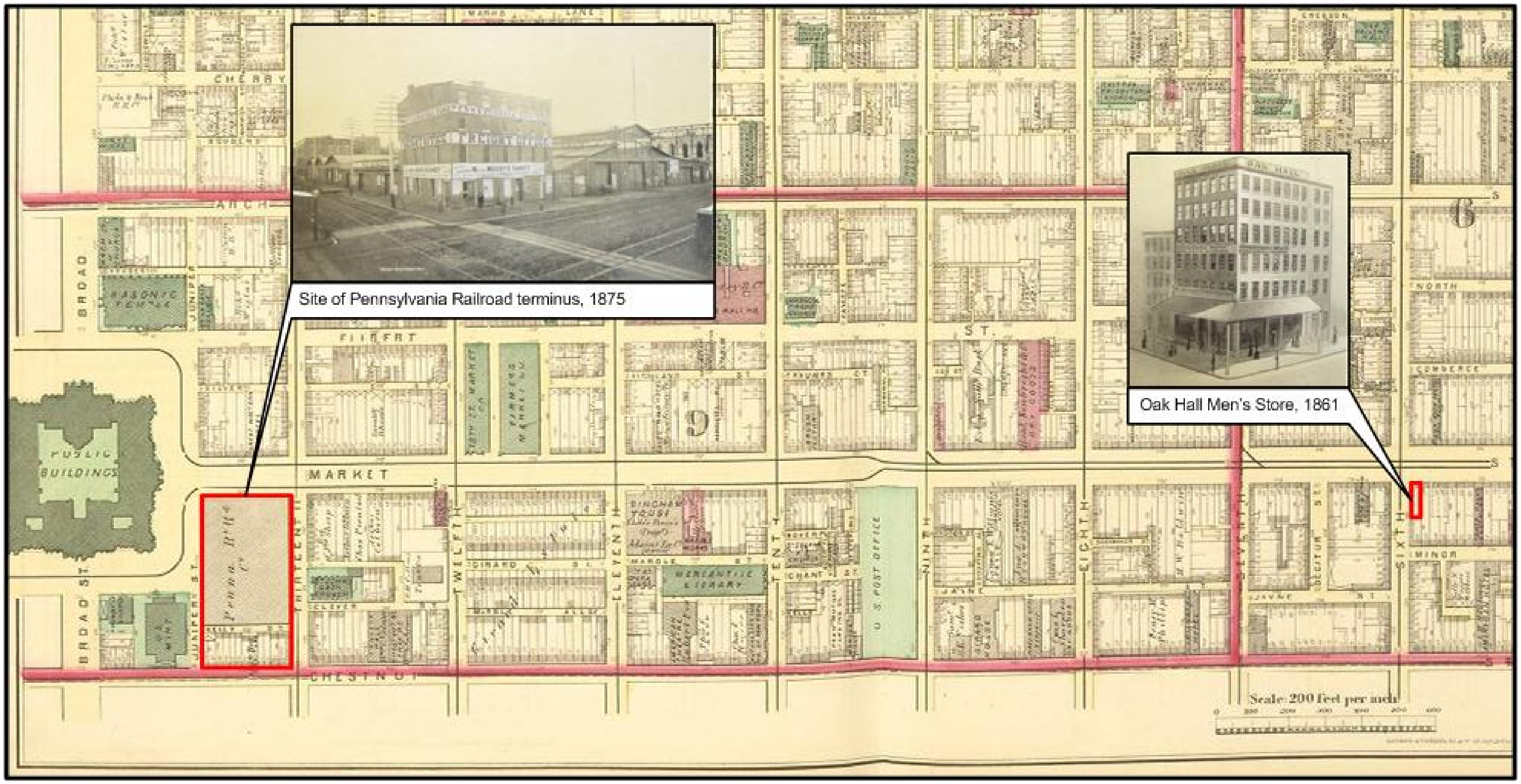


Figure 3.1 John Wanamaker moves from Oak Hall location to site of Pennsylvania Railroad terminus, 1876
(Photos: HSP, Wanamaker papers; Map Image: Hopkins, 1875:Plate H)

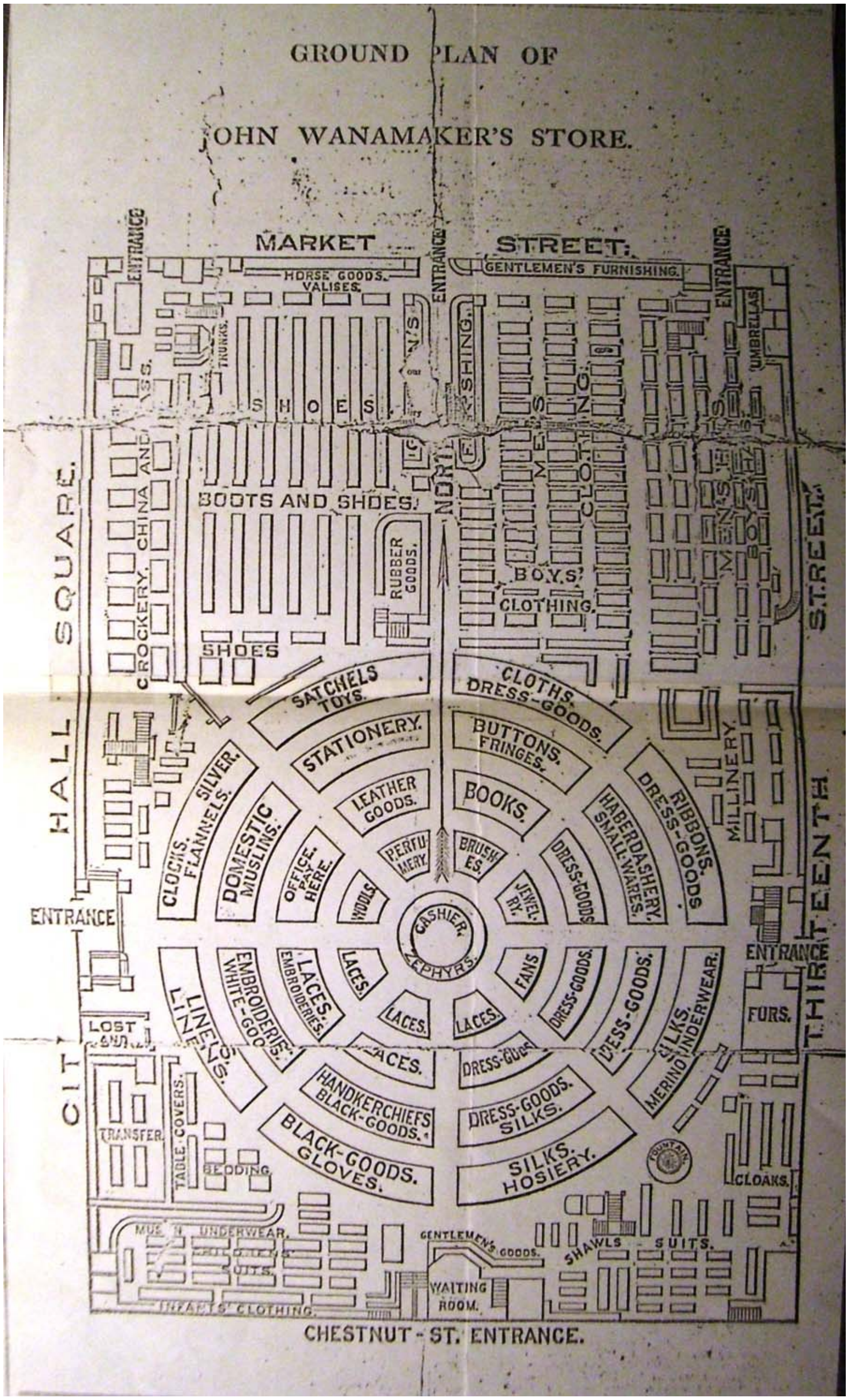
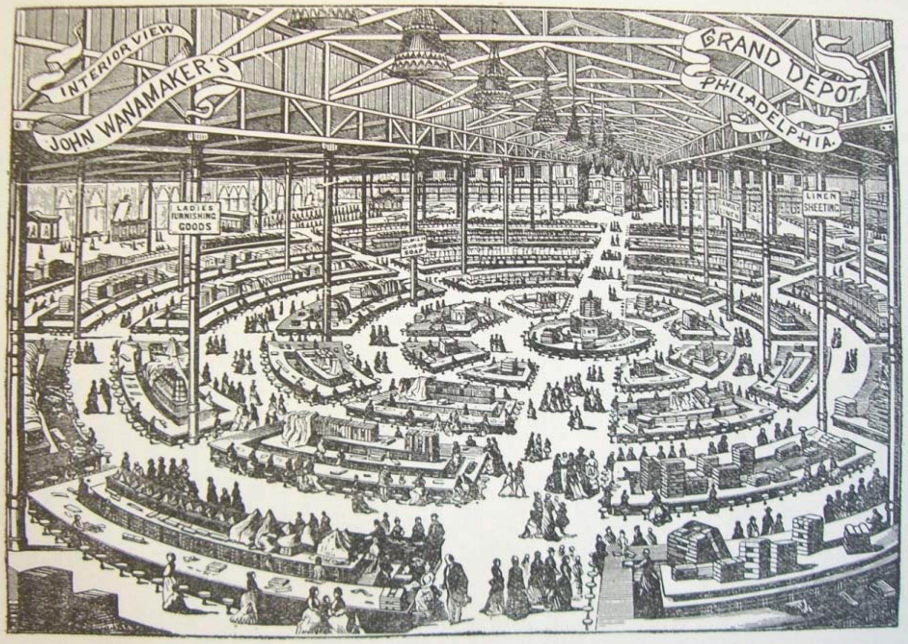


Figure 3.2 Ground floor layout, John Wanamaker Grand Depot, circa 1877 (Source: HSP, Wanamaker papers)



BIRD'S-EYE VIEW OF THE INTERIOR OF THE WANAMAKER GRAND DEPOT SOON AFTER ITS OPENING, 1877.

Figure 3.3 Interior of Wanamaker's Grand Depot, 1877
(Source: Wanamaker, 1911:following 56)

The Old Wanamaker Philadelphia Store, as it appeared from the Northwest prior to February, 1902. (Note the cable slot in the street railway.)

Figure 3.4 Exterior of Wanamaker's Grand Depot, 1902
(Source: Wanamaker, 1911: following 56)

an atypical offering at this point in history. There were telephones for local and long distance calls, a telegraph, a mail facility and a “lost and found” desk. Restroom facilities were provided for the general public, even those not making a purchase, a feature which was unprecedented. Restaurant facilities not only ensured that customers might remain in the store for dining or refreshments, but provided a social hub for social (and even business, though far less common) rendezvous, providing an initial enticement to get customers to enter the store. All of these facilities served to keep the shopper in the store as long as possible, with the assumption that the more time spent in the store, the more the shopper would purchase.

And moreover a new culture began to develop between the customer and the clerk. Before the department store, if a customer entered a shop, there was an expectation, even an insistence, that a purchase be made. Department stores were designed for the browser, so the pressure to purchase, though still often present, was lessened and customers were encouraged to wander the aisles and partake in the services. Once again, the underlying assumption was that the more time spent, the more purchases would be made.

The store’s services reached well beyond the confines of the Grand Depot itself. A store directory dating from the 1870s discusses the local delivery schedule. Daily deliveries were made within the city proper from 10am to 4pm, except on Saturdays when service ended at 1pm. Departures were scheduled daily at 8:30am each for: north Philadelphia/Germantown, Manayunk/West Philadelphia/Lower Darby, and over to Camden, NJ (Figure 3.5). Special

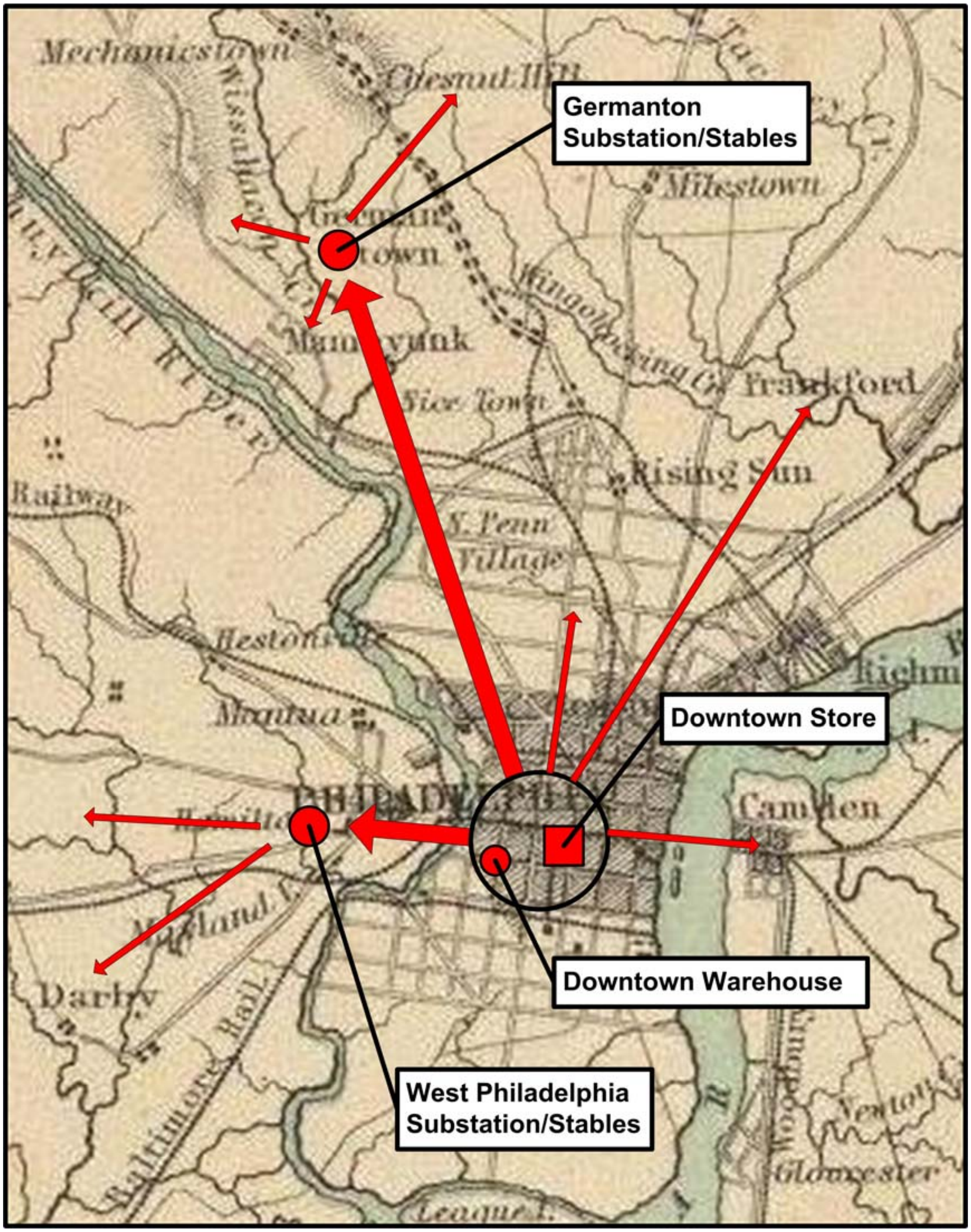


Figure 3.5 Movement of purchased goods via horse-drawn wagon, John Wanamaker, circa 1870s. (Source map image: Rogers, 1857)

Bold red arrows show bulk movement to substations where aggregated deliveries were broken out into smaller deliveries for to be distributed to individual neighborhoods.

arrangements could be made for any urgent delivery needs. So well-organized was this system that a single document tracked all the purchases a shopper might make throughout the enormous site, and guaranteed a single delivery of the entirety of bought merchandise, whether it came from the store's own internal stocks or the nearby warehouse.

Strawbridge & Clothier

Justus C. Strawbridge, like his contemporary Wanamaker, started out as a retail clerk in a Philadelphia dry goods store (Life, 1968). When the American Civil War broke out in 1861, Philadelphia's trade with the South was stunted and merchants throughout the city had excess stock and suffered financial losses. This period of instability created an opportunity and Justus Strawbridge contracted with a salesman with whom he had previously worked to buy inventory and lease space from their former employer J.L. Bialy. As the Philadelphia economy recovered during the war, Strawbridge and his partner found their venture to be quite prosperous. Located on Market and Eighth Streets at No. 801, the store was well situated in the heart of the Philadelphia business core, surrounded by a variety of merchants and convenient to the rail and horse car networks—essential for moving merchandise in the former case and customers in the latter.

As important as the timing (during the nascent period of department store development) and the location (Philadelphia was a center of retailing) was the cultural upbringing of the two founders. Raised in the Quaker tradition, their common values of honesty and integrity in business practices within the

Philadelphia community become embedded in the Strawbridge & Clothier Seal of Confidence, a “guarantee of satisfaction in quality, value, and service.” (Figure 3.6) These values were symbolized by William Penn clasping the hand of the chief of the Leni-Lenape tribe as they agreed to an initial oral treaty at the founding of Pennsylvania.

Figure 3.6 Modern Strawbridge & Clothier “Seal of Confidence”

Strawbridge took on additional square footage at No. 803 Market Street and in 1868 he took on partner Isaac H. Clothier (Hendrickson, 1978). At this time the business relocated across the street (Figure 3.7) while the former premises were demolished for the operations which would occupy the site for well over 125 years and remain in the control of the two founding families until its acquisition in the mid-1980s by May Department Stores. A five-story building was constructed on the site (Figure 3.8).

The form of the store evolved over time as a result of the success. Rooms were added to separate carpets, manufactured clothing, cloth, etc. When additional lots and buildings were added, they were initially joined to the existing network of rooms. For example, when No. 805 was added in 1874, it was dubbed the “Cloth” room, while its upper floors were set aside for additional stock space. The “Shawl” room opened in one of the second floor rooms. Lief quotes the opening announcement (1968:24): “New Shawl Room. Now open for Business … We cordially invite our Lady Customers to make use of this comfortable apartment on their visits to the city, whether to purchase or not” pointing out that the Philadelphia paper likened it more to a parlor that a sales floor. Stock was received in the basement, which also contained a “dark room” where evening attire could be sampled in the appropriate lighting conditions away from main floor skylights and, like Wanamaker’s gas lit tent, emulating the mood of a dimly lit ballroom (Lief, 1968:25).

Much like competitor John Wanamaker, Strawbridge & Clothier experienced a boom in business as a result of the 1876 Centennial Exhibition held in Philadelphia, though without the benefit of the additional space provided by Wanamaker’s Grand Depot. Situated on the Eighth Street streetcar line, Strawbridge & Clothier benefited from the hordes of visitors taking this line up to Fairmount Park, the site of the exhibition.

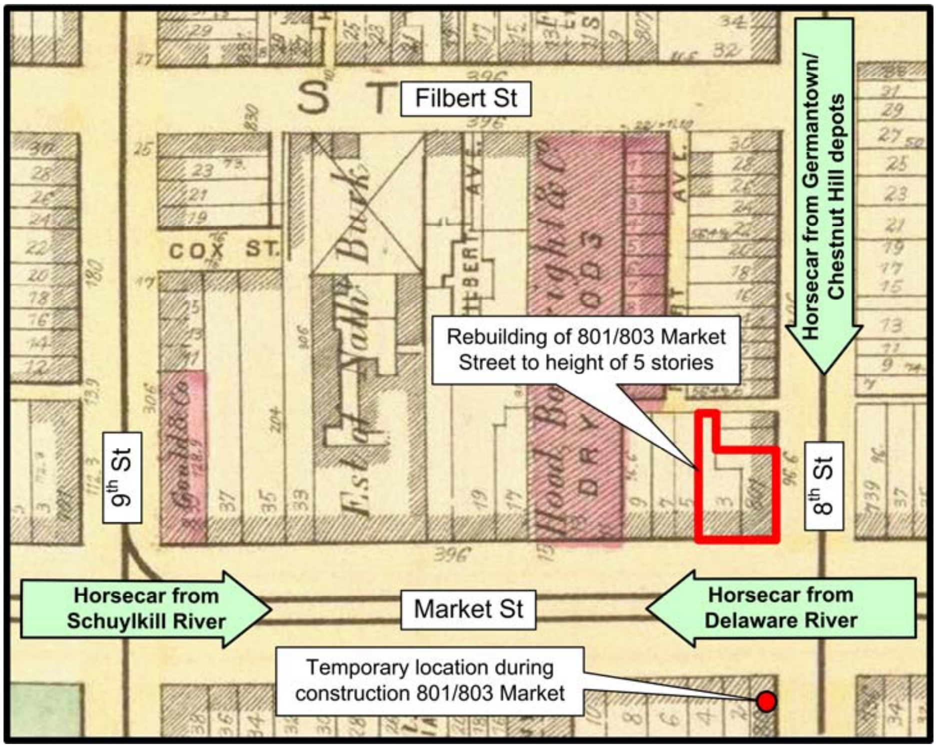


Figure 3.7 Map showing 1868 Strawbridge & Clothier reconstruction (Source map image: Hopkins, 1875:Plate H)

Figure 3.8 Photo showing 1868 Strawbridge & Clothier reconstruction (Source: Lief, 1963:14)

In 1878 the prior years' success provided for the purchase of additional lots on the block and in that same year Nos. 805/807/809 Market were razed and the corner building at 801/803 was enlarged over the entire space to which a unified façade created the appearance of a single building from No. 801 along Market Street to No. 809 (Figures 3.9 and 3.10). The five-story building now measured 90 by 96 feet with a central entrance at No. 805 containing with what was likely Philadelphia's first passenger elevator and an additional freight lift to serve the basement and stockrooms. An expanded basement provided employee facilities such as a lunch room and an expanded delivery system for the growing horse/carriage delivery network (Lief, 1968). It was in this period that the organization began wholesale operations in an attempt to rid excess stocks and supplement the retail business. This was an innovation of Strawbridge & Clothier, as the more typical evolution would have a wholesaler later add a retail division, such as Marshall Field in Chicago (Hendrickson, 1968). The wholesale business, some manufacturing, and the private and counting offices moved to a row of buildings that stretched along Eighth Street towards Filbert Street.

Additional space was secured in 1886 (Figure 3.11) when wholesaler Hood, Bonbright & Co. moved, which grew the storefront to 155 feet of Market Street and added a second entrance on this side of the block. The Nos. 811/815 addition was renovated throughout 1887 with passageways cut to adjoin the two structures, though steps were necessary to account for

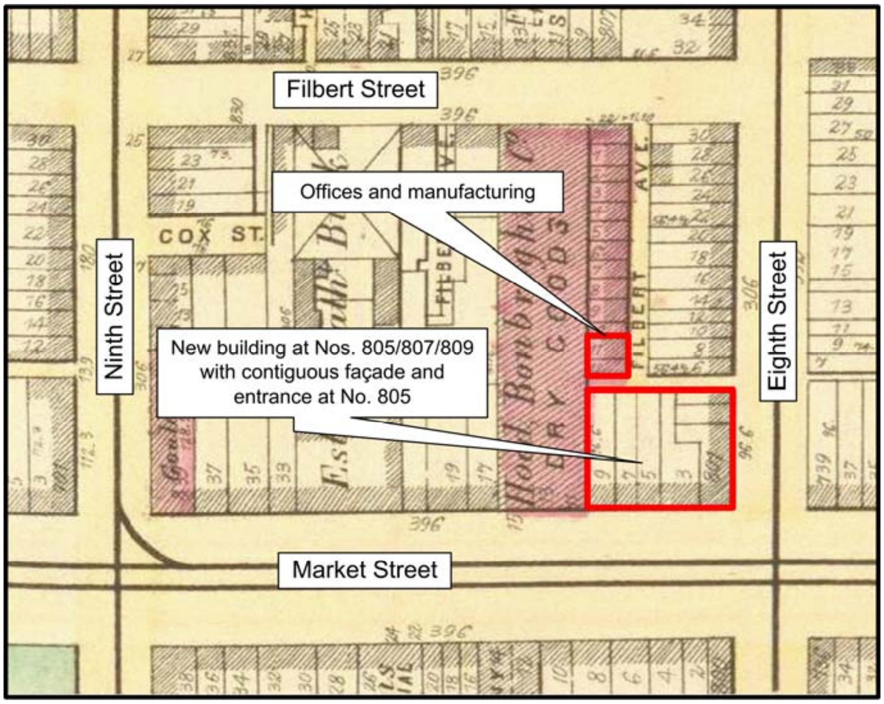


Figure 3.9 Map showing 1878 Strawbridge & Clothier expansion (Source map image: Hopkins, 1875:Plate H)

Figure 3.10 Photo showing 1878 Strawbridge & Clothier expansion (Source: Lief, 1963:14)

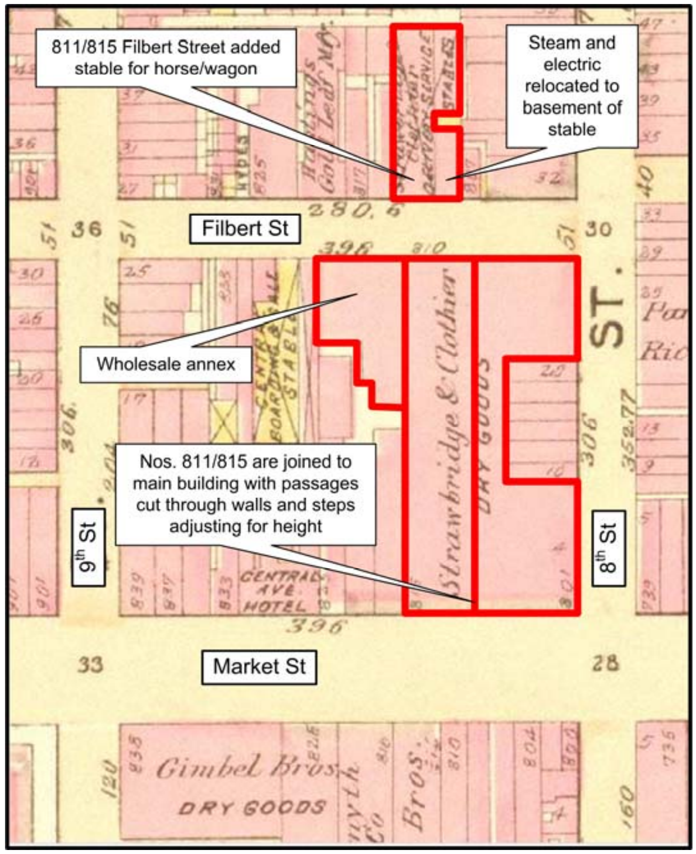


Figure 3.11 Map showing 1886 Strawbridge & Clothier expansion (Source map image: Bromley, 1895:Plate 1)

the slight differences in heights of the two buildings. The roof of Nos. 811/815 was opened up with skylights. Selling primarily took place on the first two floors while stockrooms and manufacturing occupied the upper floors. The buildings were serviced by seven elevators in total. Moreover, construction of a new stable for coordinating delivery operations was begun across Filbert Street. Adjacent to the main building on the south side of Filbert was the six-storey wholesale division annex.

Another round of expansion was completed in 1898 with the wholesale building taking over the stable property on the north side of Filbert. The corresponding building to the old wholesale annex, formerly a hotel, was added

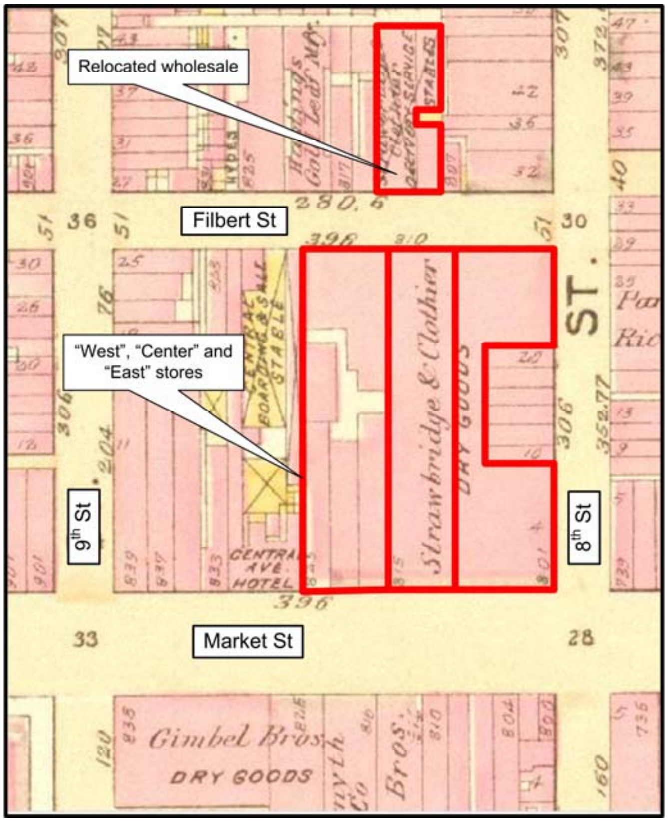


Figure 3.12 Map showing 1898 Strawbridge & Clothier expansion (Source map image: Bromley, 1895:Plate 1)

Figure 3.13 Photo showing 1898 Strawbridge & Clothier expansion (Source: Lief, 1963:14)

at Nos. 817-821 Market Street. And further west, a new structure was erected at No. 823—Strawbridge & Clothier now possessed "East", "Center" and "West" buildings which occupied more than half of the 800 block of Market Street (Figures 3.12 and 3.13). This additional space was quickly filled with new departments, fountains, skylights, waiting rooms and other features to service the rapidly growing customer base.

By the end of the 19th century, both John Wanamaker and Strawbridge & Clothier occupied buildings of mammoth proportions compared to their contemporaries. Though still resistant to referring to themselves as "department stores", they were in all but name.[6] Wanamaker had left a small corner shop at Sixth and Market to occupy his "Grand Depot"—a structure occupying an entire city block, full of merchandise, and boasting one of the largest footprints of any retailer in the world. Strawbridge & Clothier had gradually aggregated buildings on the same block, occasionally razing and rebuilding, adding new floors, or simply extending a unifying façade to create continuity. Yet despite both firms' rapid expansion over the forty years from their origins in 1860 to the dawn of the 20th century, neither had enough space to meet the growing demands of their customers. Both would soon undertake ambitious growth strategies creating iconic flagships in Philadelphia's rapidly growing Center City. Yet in these original structures lay the foundational store layouts which would be replicated in new flagship stores, and later subordinate branch stores.

[6] There was resistance to the term department store until well into the 20th century. As these nascent department stores grew in size and market share, many small shopkeepers were put out of business in their wake. One method of trying to retain a notion of their small, more nimble origins was to continue to refer to themselves as dry goods—though it was clear to any customer or city resident that these were far larger stores than the typical dry goods or general merchant.

Chapter 4
New stores for a new century

The rounds of expansions at both John Wanamaker and had resulted in the growth of these two stores from corner buildings in Philadelphia's Old City to a full city block in Center City in Wanamaker's case, and nearly two-thirds of a city block at Strawbridge & Clothier's extant location. Technological innovations had changed the services these two stores could provide their customers and the mechanical systems which ran the services, be it plumbing for restrooms and water fountains, electricity for lighting and elevators, and soon motor vehicles to replace the horse-drawn wagon for deliveries. In the first quarter of the 20th century, both enterprises began planning for modern facilities and by the 1930's both John Wanamaker and Strawbridge & Clothier had erected massive new buildings on the city blocks where they had experienced such success at the end of the 19th century.

A New John Wanamaker

The new Wanamaker building, dedicated in 1911, was designed by renowned Chicago architect Daniel Burnham, who had also designed Chicago's State Street flagship store for Marshall Fields. The massive structure occupied the entire block, 250 feet wide by 480 feet long, 12 stories above ground with three basement levels (Figure 4.1). The building was constructed in three stages from 1902-1910 so that parts of the Grand Depot could remain open as other parts were demolished for the new structure (Webster, 1976). The different parts are indistinguishable to the passerby as the façade is uniform and continuous, seeming almost as if it were a singular structure.

Figure 4.1 Photo of new John Wanamaker store, 1911, with Philadelphia City Hall to right and Market Street running from lower left to upper right of the image. (Source: Wanamaker, 1911: following 256)

As was the case in this period of downtown building construction, the new building was steel framework—part of the new generation of skyscrapers that were rapidly congregating in the heart of American cities. The floors were serviced by 52 passenger and 16 freight elevators—the most of any department store to that date. Dumb waiters also connected stock rooms on multiple floors. Spiral chutes allowed wrapped goods to be quickly sent to the basement for distribution into the city, possibly first to one of the warehouse/substations (Figure 3.5) and later to a customer's home.

Chilled drinking water was pumped throughout the store to numerous drinking fountains. Basement levels were heated by forced air, though upper levels still received heat directly from the sun. The "crowning glory" as Wanamaker himself called it, was the Grand Court. An open space rising from the ground floor to the roof of the twelfth, the Court provided not only the necessary circulation of air for a building of this size, but a majestic visual center which amazed customers and drew their eyes upwards to the layers of merchandise above. Presiding over this massive court was an enormous organ, acquired from the Louisiana Purchase Exposition held in St. Louis in 1904; it remains to this day one of the largest in the world (Webster, 1976).

The distribution of purchased goods still relied on the network of horse-drawn wagons, though motorized trucks were beginning to replace the 300 horses. In addition to the downtown warehouse/stable, a garage was added at 23rd and Walnut Streets. Wanamaker boasted a one-day distribution record of 84,000 deliveries, suburban wagons averaged a thirty-mile-per-day delivery route, and the network reached to the Jersey shore and employed over 10,000 people during peak seasons.

Wanamaker's Philadelphia Men's Shop

Turning back to its historic origins as a leading menswear store, the Wanamaker organization next constructed a separate men's shop. It occupied the first eight floors of the newly constructed Liberty-Lincoln building at the corner of Broad and Chestnut Streets in Center City Philadelphia. The site was literally around the corner from the huge main store, but sought to create a distinct environment in which the growing ranks of businessmen could shop (or have their wives do so for them.) The second floor London Shop (Figure 4.2) was modeled after a London men's club with dark woods, leather club chairs and suggested 18th century England to its customers. In terms of stock the store contained a large array of products and services targeted specifically for the male shopper including a tobacconist shop, a barber shop, a laundry drop, and departments selling saddlery, luggage, shoes and all manner of men's apparel.

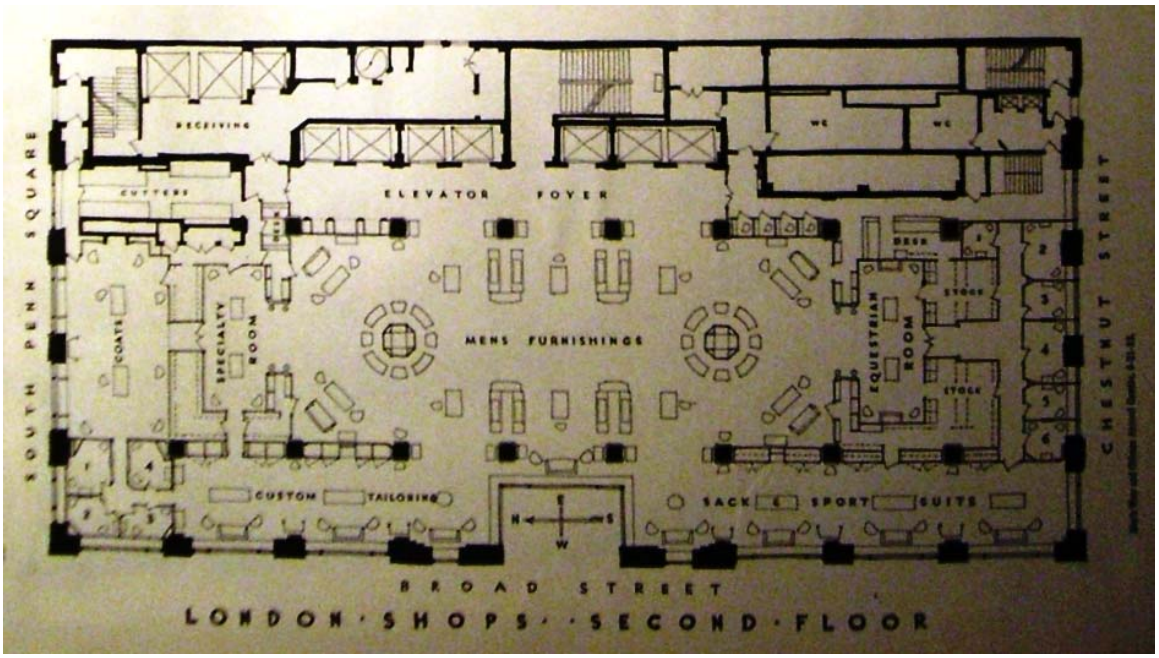


Figure 4.2 Floor plan of second floor "London Shop", Wanamaker Men's Store (Source: HSP, Wanamaker papers)

The store, opened in 1932, was touted as the largest collection of menswear in America, a tradition which Wanamaker had claimed as early as 1860 when still located in the old city at 6th and Market Streets. Now in the heart of Philadelphia's business district, Wanamaker management predicted this kind of men's shop would become a concept which would be repeated by retailers in other major American cities. Whether or not this was the case, an issue of the "Menswear and Chicago Apparel Gazette" covered the opening with a full spread, proving that Wanamaker's innovations continued to be monitored in other major retail markets. Figure 4.3 shows the exterior of the Lincoln-Liberty Building on the cover of piece of marketing literature that was distributed to potential tenants. Of special note is the fact that at the time of construction it was Philadelphia's tallest office building and "stands at the recognized business center of the city." These facts made Lincoln-Liberty the ideal location for Wanamaker's to try out their new men's store concept.

The Lincoln-Liberty men's store is in some ways the first "branch" location for the Wanamaker organization, though this is a loose application of the term branch, which typically refers to the suburban locations that are the subject of Chapter 5. A better term might be annex, due to Lincoln-Liberty's proximity to the main store. The store replicated the verticality of the main store with multiple levels situated over the entire footprint of the skyscraper. The stocks were shared with the downtown store, except for those products which came from assortment expanded beyond that of the main store. This expanded assortment targeted a specific customer demographic—the downtown businessman. Now the male shopper had a locale catering to him. In addition, unlike early branch stores in other organizations, there were no separate buyers; the men's store was for the most part managed as an extension of the main store.

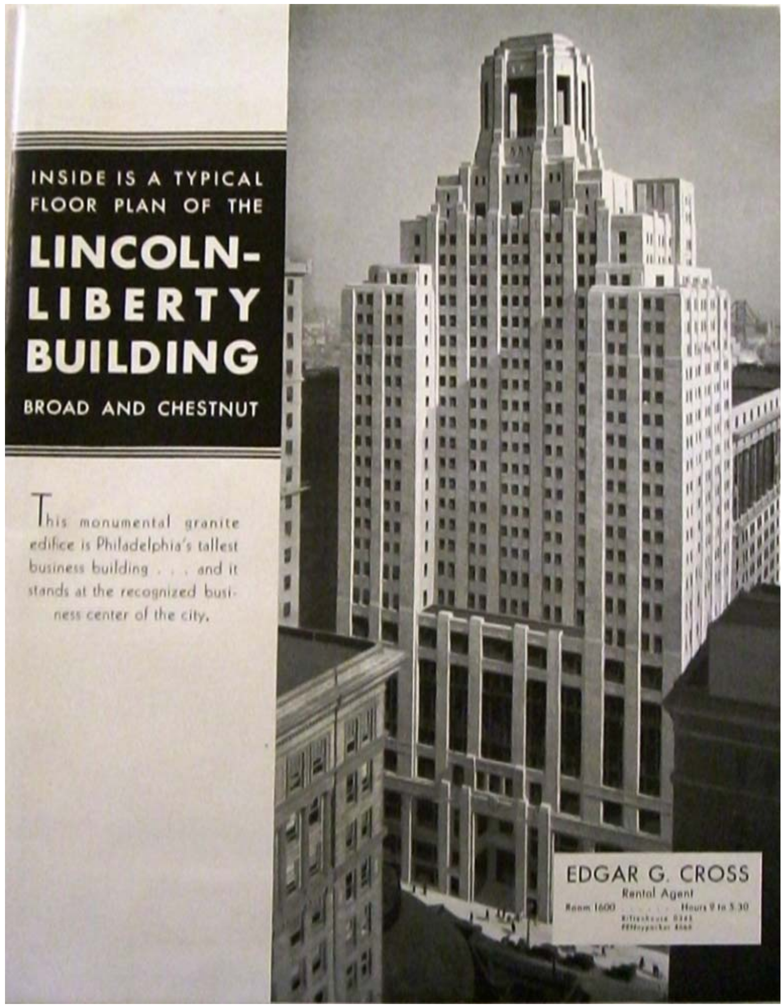


Figure 4.3 Lincoln-Liberty Building promotional book
(Source: HSP, Wanamaker papers)

Strawbridge & Clothier's Flagship

Though it was discussed through much of the 1910s, Strawbridge & Clothier was slower in deciding to build an entirely new structure, having only completed its latest round of expansion and addition in 1898. Management, however, kept plans on the drawing board to raze the buildings at Eighth and Market and rebuild there. By the 1920s they were considering expansion plans into suburban sites at Ardmore and Jenkintown. Management also undertook an incorporation of Strawbridge & Clothier in 1922 which created the financial structure necessary for expansion into the suburbs and for the rebuilding of the downtown location (Lief, 1968). The new president, Herbert Tily, set forth an agenda of expansion, prioritizing both the new downtown store and the suburban expansion. Though the company recognized the need for a continuing strong downtown presence, by 1925 all horse-drawn wagon delivery had been withdrawn in favor of a fleet of nineteen trucks as transportation technology was changing. Customers frequented the downtown in personal autos returning with their own purchases in tow. Some within management argued for a move closer to the new Wanamaker building near City Hall and the rapidly expanding business center.

However, the coming of the Delaware River Bridge and a possible subway branch along Eighth Street returned the focus to Market Street East (Lief, 1968). Family member and director Isaac Clothier stated (Lief, 1968:175):

> We are going to build here because we believe in the location which has given us all we posses … We are going to build here because we believe in the future of this location. It is not only the center of big retail business now, but everything indicates that it will continue to be in the line of traffic between two great states, where the flow of all kinds of transportation is constantly growing.

And so with the board's approval, Tily set out to construct a structure that Clothier would describe as "so enticing that the public will be drawn to this locality to shop for the next sixty years, as the public has been attracted in the sixty years that have passed" (Lief, 1968:175). Figure 4.4 is an image of the building which is both graceful and imposing, constructed of granite, limestone, and

Figure 4.4 Photo showing Strawbridge & Clothier's new building, 1932
(Source: Lief, 1963:196)

concrete on a steel framework rising 220 feet above ground. Even with higher floors set back in the style of skyscraper architecture that was then in vogue, selling space would increase by 60%. Air conditioning would be added to an array of modern technologies creating Philadelphia's finest department store to date. Yet problems were on the horizon for the ambitious plans of Strawbridge & Clothier—in January of 1929 construction began and later that year the Stock Market crash would send revenue and profits spiraling down. Construction had also begun on the two suburban branches. Strawbridge's entered the Great Depression with three major construction projects simultaneously underway. To keep customers trudging downtown, discounts were arranged with two local parking garages. Sound management decisions allowed the organization to weather the declining business environment and the new store opened in phases and was dedicated in 1932.

Philadelphia's "Big 5"

Despite the Great Depression, Market Street East had remained vibrant in terms of retail activity, likely due to the two anchors at either end—Wanamaker on 13th and Strawbridge's on 8th. At the close of the 1930's Wanamaker and Strawbridge & Clothier had established themselves a substantial edifices on the Philadelphia retail landscape, part of the "Big 5"—Philadelphia's large, center city department stores (Figure 4.5). The "Big 5" included Wanamaker's, Strawbridge & Clothier, Gimbel's, Lit Brothers and Snellenberger's. Figure 4.6 shows an earlier iteration of Gimbel's. Having since been modernized, it remained located directly across from Strawbridge's on the south side of Market Street. Lit Brothers (Figure 4.7), also known as "Lit's" had aggregated buildings across 8th in the same manner as Strawbridge's, by the 1930s occupying the entire northeast corner. Up Market Street closer to Wanamaker's was Snellenberger's on Eleventh. None of these three, however, compared in size to John Wanamaker or Strawbridge & Clothier. And it was these new "marble palaces" constructed by Wanamaker and Strawbridge & Clothier that fused the reputation of the brands and fixed them in place, initially in the downtown and later translated to the suburban locations.

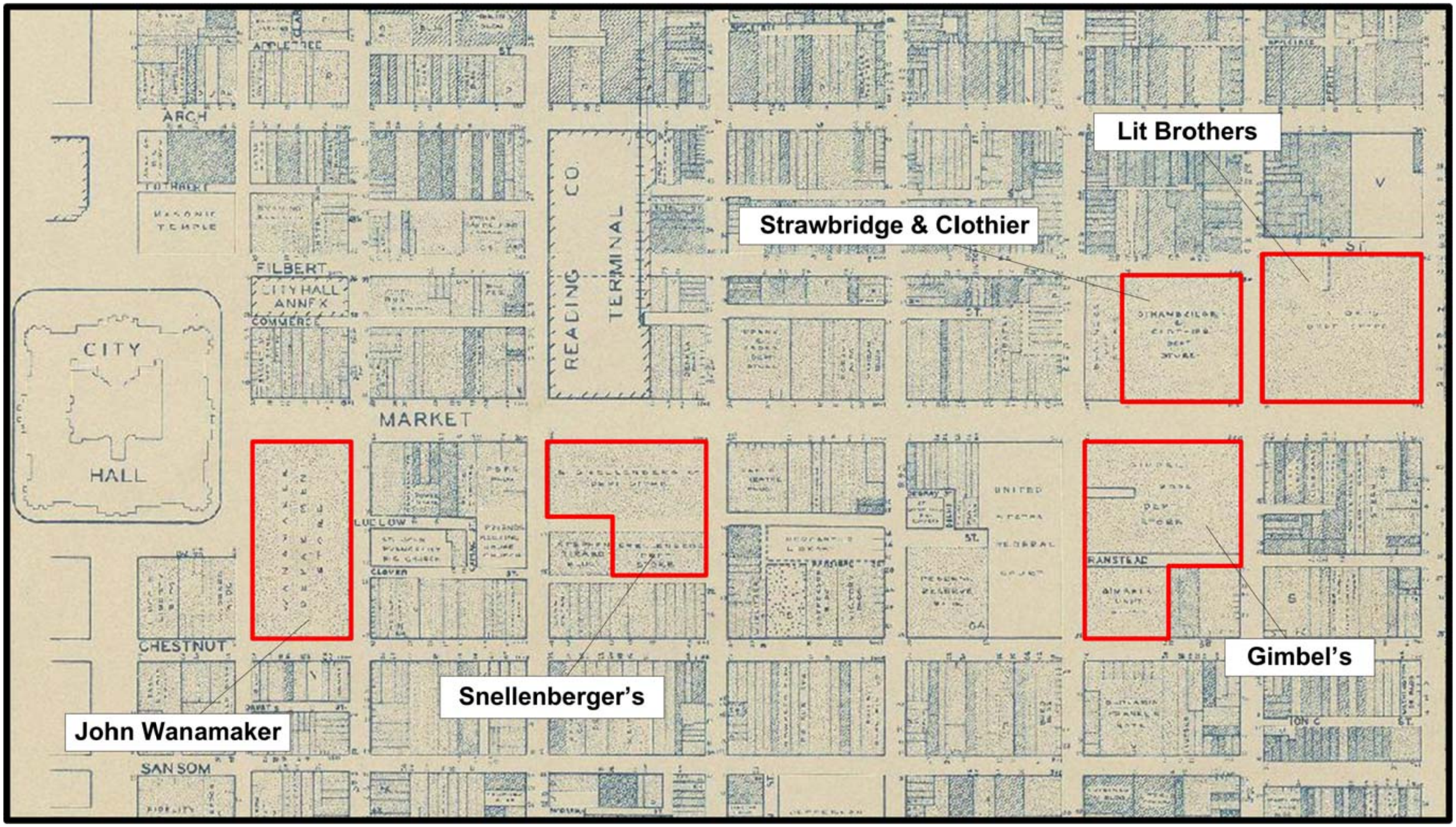


Figure 4.5 Map showing location of Philadelphia's "Big 5" department stores, 1932
(Source map image: Philadelphia Land Use Map, 1942:Plate 4B-1)

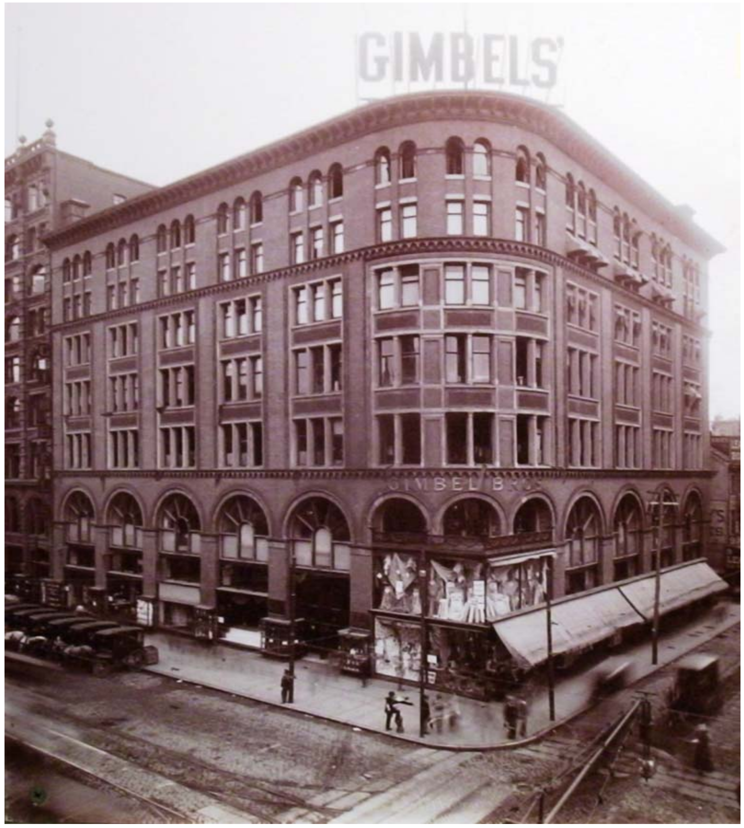


Figure 4.6   Early 20th century photo of Gimbel's
(Source: Hagley, Strawbridge & Clothier papers)

Figure 4.7   Exterior of historic Lit's, now Ross and offices

Holding companies and ownership groups

In setting up the scope of this thesis, I have suggested there is a distinction between the traditional department store and the chain department store. The distinction between a chain department store, such as Sears or JC Penney, and the more traditional, regional department store, such as the subject of this work, can be nuanced and subtle, yet the single biggest factor separating these two similar types of organizations has to do with their growth and management strategies. Chain stores, by definition, were entirely replicable establishments which could be placed in any town in any region with little regard for demographics or any kind of local or regional distinctiveness. They existed in this homogenized form already by the end of the 19th century. From their beginning they were corporately managed, and there was less local allegiance to these national chains than to the local "homegrown" department store. In describing Federated's strength in its decentralized form, Stevens (1979:164) provides a precise description of the difference between the two forms:

> Generally, chain organizations such as Sears, K-Mart and J.C. Penney are highly centralized operations controlling hundreds or thousands of almost identical stores. Management determines what it considers to be the ideal store and every unit in the chain is designed to imitate the model. The accent here is on sterile and functional surroundings, central buying and hair-splitting efficiency. All major decisions are made at the headquarters level, and local executives are mostly glorified office managers. Herein lies a great weakness of the chains: when it comes to fashion merchandise, consumer tastes vary too greatly across regions and localities to be well serviced by the headquarters purchasing.

Although the traditional department store typically was for a long time after its founding a sole proprietorship or limited partnership with a focus limited to one urban market, many began to incorporate in the early 20th century setting in motion a move towards management structures which would later lend themselves to divisional hierarchies within national corporations.   Though the Great Depression of the 1930s certainly had the effect of catalyzing the mergers and acquisitions of traditional department stores into larger corporations or ownership groups, other processes also influenced this early consolidation. Two early forms of department store corporations began to emulate some of the benefits the chain store had achieved in replicability: holding companies and ownership groups.

The May Company was an early example of the department store holding company. David May, founded the May Department Store, initially in Leadville, CO. The Leadville store, originally nothing more than a muslin tent, was opened in 1877 during the great silver mining rush after May's failed attempt to become a miner. As the silver boom began to wane in 1888, May moved to the rapidly growing town of Denver where he opened a downtown dry goods store, which evolved into a department store. As his success grew, he purchased Famous Clothing of St. Louis, MO in and then further east founded another May Company operation in Cleveland, OH. Acquisition of the A. Hamburger Son & Company, allowed him a venue for creating May Company-California in Los Angeles, and by this point, the first national ownership group of department stores had been formed. All four stores were owned by the same financial entity, and were incorporated in 1905. They all carried the "May" name, but each was run for the most part independently, in terms of merchandising, and retained its own moniker: May Co., May Co.-California, May Co.-Ohio, and Famous Co. (later Famous-Barr, when the Barr store was merged.)

However, not all department stores achieved scalar benefits initially through acquisition or changes in ownership. By the 1910s, many department stores, which previously had been content to focus on their own market or even own downtown business district as completely independent operations, recognized the benefit of sharing best practices and cooperative buying.   As long as these sole operations were able to look only internally to performance metrics, there was little opportunity to measure performance within the broader industry, save by looking at annual sales and revenue returns and inventory. However, department store merchants came to see the value in having shared metrics by which to rate their performance. And clearly, by pooling their purchasing power, they could achieve even better pricing from wholesalers and manufacturers, which could be converted to more competitive pricing for the consumer.

The first group to bring together a number of organizations of disparate ownership was the Retail Research Association (RRA). Lincoln Filene, of Boston's Filenes, had in 1916 pooled a group of owners including Lazarus (Columbus, OH), Hudson (Detroit, MI), LS Ayers (Indianapolis, IN), Dayton (Minneapolis, MN) and Rikes (Dayton, OH) to organize and share financially data in uniform formats, allowing a way to compare results. Strawbridge & Clothier partnered in RRA's data sharing and performance metrics early on, but did not maintain membership in later iterations of the organization retaining its ownership independence (Lief, 1968). RRA created a venue through which member department store retailers could align their departmental structures so that equitable comparisons could be made between different operations, comparing performance from the level of total company revenue down to each merchandise department. Lief (1968:145-46) stated that founder A. Lincoln Filene "had convinced other store owners of the advantages in having such an instrument to reduce cost of merchandise and operating expenses, increase sales, improve customer service, and build goodwill." There was little risk of cannibalization of sales as each of these stores was operating in its own market—it was a way to measure competitiveness with a non-competing peer from outside the operational region. Store management exchange visits to each others' stores offering critique and sharing of best practices. By 1918 the name was changed to the American Merchandising Corporation (AMC). Buyers held joint meetings discussing merchandising strategies within their respective product groups and facilitated group purchases.

These ownership groups and holding companies shared some common characteristics while each maintaining a somewhat distinct structure. Common to all was the sharing of performance data and buying resources. Initially some started out acquiring their peer divisions while others maintained more autonomy. However, the Great Depression caused a major consolidation across the retail sector, and groups that entered the 1930s loosely affiliated were by the 1940s financially linked as true divisions of larger corporations.

Following this trend of aggregating resources and somewhat modeled after the May organization, succeeding holding companies came into existence combining the strengths of both shared resources and combined ownership. Beginning in 1928 an ownership group called Hahn's Department stores, a loose collection of independents, purchased Seattle's Bon Marche and Boston's Jordan Marsh. In 1935 Hahn's reorganized into Allied Department Stores, locating its headquarters in New York. Allied eventually diversified into specialty apparel chains such as Ann Taylor and Brooks Brothers, before being acquired by Federated Department Stores in 1988.

Federated had its beginnings as an ownership group and is essentially the successor to the AMC with founding members Lazarus, Filene's, Abraham & Strauss, and Bloomingdale's forming a corporate structure of ownership. Each store operated as an independent division with central merchandising functions based in Cincinnati, OH. Stevens (1979:164) quotes Arnold D. Becker, retailing specialist and consultant:

> 'Divisional autonomy has always been what separated department stores from chains—by centralizing, you start to homogenize things. You loose some of the local identity that is crucial in department store retailing.'

Federated maintained a very loose affiliation strategy very late into the 20th century, preferring to bring on additional locations which retained their names and management while allowing access to Federated's data analysis and purchasing strengths.

The philosophy of decentralization was rapidly abandoned in the 1980's and 1990's as the rash of acquisitions and consolidations during those decades eliminated or at least weakened much of this local and regional distinctiveness to which Stevens refers in discussing the strengths of Federated as it existed in the 1970's. May Company had always imposed greater control over its acquired divisions. For example, rather than simply applying pooled buying, a separate division, May Merchandising Corporation, centralized assortment planning at a high level. Other holding companies also utilized a merchandising division for pooled buying and planning of private label merchandise, but at May, the merchandising division to a large degree regulated branded label assortment planning as well.

Table 4.1 shows the major department store holding companies circa 1986, many of which were the legacy organizations to holding companies and ownership groups. And although there had been loose affiliations and store owners who purchased other operations outside of their home markets, it is in the 1930s that we first see the type of mergers (and organizational structures) that characterize the current rounds of consolidation in the industry. The sharing of operational structures and pooling of buying resources planted the seeds for a homogenizing of operations throughout the 20th century. Though many of the groups started out with member peers supporting each others' success in non-competing markets, as Table 4.1 shows, many ended up as sister divisions of larger corporations which eventual directed their activities, rather than simply enhanced their success in market. All of the individual stores had their own histories and brand recognition in their respective markets, yet in this sharing of best practices laid the foundations of the homogenizing forces that took effect throughout the 20th century.

Table 4.1 Department store companies and regional divisions, 1986

Federated	**Cincinnati, OH**	**ADG**	**New York, NY**
Abraham & Strauss	Brooklyn, NY	Hahne & Co.	Newark, NJ
Lazarus	Columbus, OH	Lord & Taylor	New York, NY
Filenes	Boston, MA	Stewart & Co.	Baltimore, MD
Shillito	Cincinnati, OH	Sibley's	Rochester/Syracuse
Bloomingdale's	New York, NY	JW Robinsons	Los Angeles, CA
Foleys	Houston, TX	Goldwater's	Phoenix, AZ
Sanger Bros.	Dallas, TX	Denver Dry Goods	Denver, CO
Burdine's	Miami, FL	LS Ayres	Indianapolis, IN
Goldsmith's	Memphis, TN		
A Harris & Co.	Dallas, TX	**Carter Hawley Hale**	**Los Angeles, CA**
Bullock's	Los Angeles, CA	Broadway	Los Angeles, CA
I. Magnin	San Francisco, CA	Emporium Capwell	San Francisco, CA
Rich's	Atlanta, GA	Neiman-Marcus	Dallas. TX
May	**St. Louis, MO**	Thalhimer's	Richmond, VA
Famous Barr	St. Louis, MO	**BATUS Retail Group**	
May Co OH	Cleveland, OH	Marshall Field's	Chicago, IL
May Co CA	Los Angeles, CA	Frederick & Nelson	Seattle, WA
Kaufmann's	Pittsburgh, PA	Gimbel's	New York, et al
May Co CO	Leadville/Denver, CO	JB Ivey	Charlotte, NC
Daniels & Fischer	Denver, CO	Kohl's	Wisconsin
Hecht's	Arlington, VA	Saks 5th Avenue	New York, NY
G Fox	Hartford, CT	The Crescent	Spokane, WA
Meier & Frank	Portland, OR	**Allied (Campeau)**	**New York, NY**
Macy's	**New York, NY**	Jordon Marsh	Boston, MA
East	New York, NY	Donaldson Co.	Minneapolis, MN
West	San Francisco, CA	Maas Bros	Tampa, FL
Dayton/Hudson	**Minneapolis, MN**	Bon Marche	Seattle, WA
Dayton's	Minneapolis, MN	Stern's	New York, NY
Hudson's	Detroit, MI	Block	Indianapolis, IN

Chapter 5
Suburban branches to shopping malls

By the 1970's 75% of all department store sales were generated in suburban branch store locations. (Spector, 2005) Yet in 1920 not a single downtown department store had branched out into the growing American suburbs. And the shopping mall, ever-present on today's urban fabric, did not evolve until the 1950's. Spector (2005), using data from the International Council of Shopping Centers, counted 940 shopping malls in 1957, but by 1960 there were well over 2000 increasing by a factor of ten to 20,000 by 1977 and doubling to 46,000 by 2004. Less than 5% of all shopping malls have a department store anchor, let alone more than one, yet branch department stores became a critical element in the expansion of shopping centers across the landscape. The branch department store attracts customer traffic to the mall, ensuring customers for the smaller specialty shops contained within. In return, department stores receive substantially discounted leases. Many large department store companies early on became involved in the development of shopping malls as a method of expansion. This chapter will trace the development of the branch store concept and situate it in the rapid proliferation of shopping malls upon the urban landscape.

The First Branch Stores

Country Club Plaza is generally regarded as the first example of a suburban shopping center. Built in 1922 five miles southwest of Kansas City, it was a planned shopping destination, yet it does not factor highly into this discussion as department stores and chain specialty stores were excluded from the development in its earliest phase. Previously mentioned Gimbel's and Carson Pirie Scott stores, although technically branches, were located in downtown cores and can be thought of more like the divisions of the early holding companies which acquired locations in multiple metropolitan markets.

In terms of the branch operation of a department store—an extension of the downtown model scaled for a suburban location—the first Philadelphia example appeared in 1930 in Suburban Square, as an extension of Strawbridge & Clothier. Suburban Square was a retail development located in Philadelphia's Ardmore suburb, nine miles west of Center City on the Pennsylvania Railroad in reach of all "Main Line" communities,. Discussion of this concept had begun with management and the board of directors as early as 1928, prior to any signs of the coming crash of the stock market and indeed a lease was already taken out prior to Wall Street's collapse. In other metropolitan markets, Strawbridge & Clothier's contemporaries were also beginning to operate branches outside of their downtown cores (Table 5.1). In fact, Bullock's of Los Angeles had been contemplating opening a branch location on Wilshire Boulevard as early as 1924

Table 5.1 Early suburban branch stores compared to downtown flagships

Store Company	Metropolitan Area	Downtown Sq Ft	Branch Location	Branch Sq Ft	Year Opened
Filene's	Boston, MA	384,000	Worcester, MA	???	1929
Marshall Field's	Chicago, IL	1,317,000	Evanston, IL	80,000	1928
			Oak Park, IL	85,000	1929
Bullock's	Los Angeles, CA	740,000	Wilshire Blvd	200,000	1928
Strawbridge's	Philadelphia, PA	1,166,000	Ardmore, PA	40,000	1930
			Jenkintown, PA	60,000	1931

(Sources: Longstreth, 1998 and Lief, 1968)

(Longstreth, 1998); however, discussions with fellow downtown retailer May Co. ended with both organizations deciding to focus on their downtown locations for the near term. By the end of the 1920s many of the largest of the department stores were opening locations in new business districts or suburban locations.

This expansion was due in no small part to the continued and rapid expansion of the chain store competitors, especially Sears. Originally Sears, Roebuck & Company had been primarily a mail order operation. But in 1925 Sears began to open bricks and mortar locations in the outlying areas of American cities. The best documented examples are in Los Angeles, though 16 Sears projects had been built or were under construction nationwide by 1927. In Los Angeles, Sears was initially not a direct competitor to May Co., Bullock's, The Broadway or Robinson's—the city's leading department stores. The Sears model initially targeted a male clientele and interiors were designed to be "self-service" and "utilitarian" (Longstreth, 1998). Desiring to capitalize on the increasing use of the automobile as a method of transport (and thereby household commerce) and to avoid the competition of the monolithic downtown department stores, Sears opened large stores in the periphery of the urban core and the suburbs, and their development nearly always included a parking lot which provided easy automobile access. In the Los Angeles market a branch opened at Vermont and Slauson, 5 miles southwest of downtown, with a total 90,000 square feet of selling space—large in scale for a branch operation. Additionally, Sears began to chisel at the downtown market with a store on Olympic just west of downtown. Though this location was 425,000 square feet in size, only 125,000 were allotted for selling, the rest served the mail order operations. Although small in comparison to other downtown stores, seeing a threat, at least to the lower and moderate price points of their business, department stores eventually saw the need to locate in the ever growing suburbs.

Management of department store branch operations ranged from partially decentralized to completely decentralized, unlike the chain store model of Sears, which was entirely centralized. The first branch forays into the suburban fringes of cities were established in more affluent neighborhoods. In the case of Strawbridge & Clothier's, President Herbert Tily stated "In our Ardmore store we shall aim to carry a grade of goods which will be most favored by Main Line residents and we shall make special study of the buying needs of the community." (Lief 1968:184) The Bullock's Wilshire location, located only 2.5 miles northwest of downtown Los Angeles[7], also carried a narrower product assortment than its downtown store, aimed at this location's more affluent clientele. In terms of merchandising function, Bullock's Wilshire employed an entirely distinct buying staff which functioned independently of the downtown main store—in later years as Bullock's and the Wilshire location generated two different types of stores, the former moderate priced and the latter higher end, these two distinct location's buying offices evolved into two different merchandising divisions, only to be once again merged in the 1990's when the Federated/Macy's restructuring took place. In the case of Strawbridge & Clothier's Ardmore location, departments had managers, who helped select

[7] Bullock's location on Wilshire would later develop into its own higher end division called "Bullock's Wilshire"

product assortment and determined stock levels, though working through the downtown store's merchandising division and a centralized inventory. This is one of the reasons for the smaller footprint of the Ardmore store, in comparison to many of the other early branch operations in Table 5.1. Ardmore maintained a selling stock, but not its own inventory and hence did not require the additional square footage of the Marshall Fields branches for warehousing or the enormous size of the Bullock's Wilshire location which housed many of the management functions that allowed it to function nearly independently (Longstreth, 1998).

The form these new branch stores took would initially mirror their downtown parents, if not in exact style, at least in grandeur scaled appropriately for their more suburban settings. This was a conscious choice by the department store organizations, as their movement into the suburbs was in part a response to the entry into their markets by the homogenized branches of the chain stores, such as Sears and Penney's. The branch locations were often a scaled down visual reference to the downtown location, which in the case of S&C was being rebuilt. Figures 5.1, 5.2 and 5.3 show the aesthetic continuity maintained between Strawbridge & Clothier's new downtown flagship and its first two branches, in Ardmore and Jenkintown, which opened a year later in 1931.   Of particular note is how these early branch stores maintain the vertical orientation of their flagship parents—the iconography is repeated in the suburban location as a visual reference to the downtown flagship's silhouette.

Figure 5.1 Former Strawbridge & Clothier downtown flagship

Figure 5.2 Strawbridge & Clothier Ardmore (now Macy's)

Figure 5.3 Strawbridge & Clothier Jenkintown (now restaurant/offices)

Although there had been much concern about the viability of the economic success of the branch locations, especially as they, along with the new downtown store opened at the onset of the Great Depression, these fears proved overstated. Customers approved overwhelmingly of the move to the suburbs because of the decrease in travel time, and in the case of the Jenkintown store, the adjacent car park. Branch stores had proven a success despite overwhelming financial obstacles The Jenkintown location had been planned as part of a larger development ("anchoring" in the same way the Ardmore store had in Suburban Square), yet the continuing depression in the economy resulted in a scaled back development. Strawbridge & Clothier nevertheless built its store at Jenkintown. Longstreth (1998) and others have called these early branches "lone wolf" projects so as to distinguish them from the branch stores which anchored the shopping malls later in the 1950s and 1960s.

These lone wolf projects were developed in New York, as well as Chicago, Los Angeles, and Philadelphia. However, they should be considered isolated in terms of planning and origination—there was no model, nor was there necessarily a national trend. Rather these early forms of branches developed differently in different markets, depending on the local conditions that warranted them. This can be seen in the variation in form, function, and size. The success of these branches, however, at least in their individual markets, lead to a replication by competitors.

By 1939, May Company (California) had built an enormous 270,000 square foot store five miles further west on Wilshire at Fairfax. Moreover, the company had designed it to be the new flagship, and although they did not abandon their downtown location, this new Wilshire location was to contain the premier merchandise and services the chain had to offer. Tailored to the auto driving consumer, this location had parking for 450 cars and a separate level of access beneath the surface to allow for merchandise deliveries without constraining the movement of customers' autos. Apart from Los Angeles, Midwestern and Eastern branch stores continued to measure in the 40-50,000 square feet in size and were considered purely extensions of the downtown facility. This is understood in so much as Los Angeles was a new kind of city, much more suburban and auto-friendly in form—her eastern counterparts were for the most part still far more urban and dense (Banham, 1971).

Another distinction is warranted in discussing branch operations and the movement to the suburbs. Although "shopping center" and "shopping mall" have become interchangeable in the vernacular, there are historical distinctions. A center (certainly the earlier of the two terms) best describes this earlier form of new retail cluster or nucleus that began to be built in places like Ardmore, Oak Park or Wilshire Blvd in west LA. Although developed and planned for retail, the form was designed to appear more "organic" in nature than the kind of development that came into being the in the 1950s with the unenclosed (later enclosed) shopping "mall". To be certain, there was planning, and typically a business or municipal group spearheaded the development, including defining aesthetics, choosing tenants, and defining an over profile for the “center”—thus called as these were to emulate town centers and allow suburban development to define itself separate from its urban core. (Longstreth, 1998) Referring back to Country Club Plaza, this is certainly the point at which these planning initiatives become predominantly retail in nature. Yet as far back as the late 19th century, communities sought to plan their centers and this often included some notion of retail determination, so the idea of retail clustering was new, rather the programming, the planning of retail districts was the innovation.

In terms of the branch operation of a department store, sometimes branches would move in to an already developing retail cluster, such as the case in Los Angeles on Wilshire, or Oak Park in Chicago. In other situations, the introduction of the department store branch was more prescriptive, such as with Suburban Square in Ardmore. More important to the development’s success was the relationship between the department store branch and its halo of specialty retail—this relationship was symbiotic in that the department store brought customer traffic, albeit now by automobile in many cases, but the surrounding retail provided the extra services and unique opportunities that helped make the shopper stay for the day. In the late 19th and early 20th century the department store provided all services and all products under one roof. By the advent of the suburban branch store, many perceived excess services (and products) were excluded from the branch stores and smaller specialty retailers already provided them. It took a critical mass of population (and usually of a higher income demographic) to warrant the building of a department store, even on the scale of a smaller branch operation, while the planned suburban shopping center was often a feature of these new suburbs in their inception. Much more could be said about the relationship between planning and retail development, but this topic is well-covered in the literature and simply too large an undertaking for the scope of a masters thesis.

In turning to our other Philadelphia based retailer, there is little written as to why Wanamaker's did not follow suit with early branch store operations. (Lief, 1968) Perhaps due to its sheer size and volume downtown, it saw itself as resilient against the outward movement to the suburbs and wedded to its historic site in the city center. Two New York chains saw value in joining Strawbridge & Clothier at Ardmore, yet Wannamaker did not do so until the 1950s. In 1954 it opened a location in Wynnewood, nearby but not adjacent to Ardmore, and in 1958 Wanamaker opened in Jenkintown.

Yet it was Wanamaker that made the first leap farther afield, to Wilmington, DE in 1950. Strawbridge & Clothier followed in 1952 and was delayed primarily due to problems with site selection, rather than the desire to locate outside of Philadelphia. With these moves the Philadelphia operations of Wanamaker and of Strawbridge & Clothier could now be thought of a regional in nature. Other members of the "Big 5" had followed, with Snellenberger's at Willow Grove, a few miles north of Jenkintown, Lit's northeast of the city center and to the west in Upper Darby, and Gimbel's in Cheltenham (Lief, 1968). These early expansions into suburban Philadelphia were only minor, however, in comparison to what came with the advent of the shopping mall during the 1950s.

Victor Gruen

Victor Gruen is perhaps the most famous (or to some infamous) person associated with 20th century retail development. Though many credit Gruen with the proliferation of the regional shopping mall, following his arrival in America from Vienna, Austria he was initially far more implicated with architectural design on a smaller scale. His early work included theatre design and small-scale storefront design, and much of his career in the 1940s was focused on design and development of individual specialty store locations, though this work certainly informed his understanding and experience of the urban landscape and precipitated his visionary works in redefining the setting for American retail.

Biographer Hardwick (2004) points out that Gruen's first work in Philadelphia involved converting a former Woolworth's site to a new Robinson's specialty location in the downtown core right on Market with Wanamaker and S&C both nearby. After leaving Manhattan for California, Gruen and wife Elsie Krummeck had formed an architectural design firm whose primary customer was specialty store retailer Grayson-Robinson (Grayson in the West, and Robinson in the East). Grayson-Robinson experienced a boom during WWII unlike many menswear and department store retailers who saw business soften. This was due in no small part to the increased wages of women rapidly entering the workforce to meet the wartime employment demand. And it was with clients such as Grayson-Robinson that Gruen initially experimented with site location and design elements with great success. Hardwick appropriately titles the related chapter of Gruen's biography "How Main Street Stole Fifth Avenue's

Glitter" (2004). The opening quote this chapter (Hardwick after Gruen, 2004: 48) illustrates Gruen's perspective on the role of the retail building in the city:

> Stores lead a double life. They are factories with machinery behind the scenes; machinery which must be well-oiled, invisible and inaudible. To the outside they present the gayer side of the double life—they are show places and exhibits with the aim of arousing interest in the displayed merchandise. (Gruen, 1947)

Gruen's customers in the 1940's were the chain retailers that were experiencing a post WWII boom in business and the beginnings of the reorientation of the middle class to the rapidly diffusing American suburbs. His perceptions of the retail landscape were shaped by the experiences he had in defining retail culture, first in the downtown business districts, next in the retail "strips" that would come to line the thoroughfares of the growing suburbs, and finally in the creation of a new kind of retail setting, modeled on the village "shopping center". In large part the retail strips had increasingly come about in the 1920's (Hardwick, 2004) as real estate speculators located new development for their retail tenants just outside of city limits , thereby maximizing profits for both—commercial developers acquiring cheap land allowing for cheaper rents than in the city core and retail tenants escaping city taxation policies.

Yet Gruen was also cognizant of the ever-growing importance of the automobile. In his book coauthored with Larry Smith, "Shopping Towns USA: The Planning of Shopping Centers" (1960) Gruen introduced the notion of urban commerce with historic references to the Greek agora, Roman forum, and the Medieval marketplace. Included with this introduction are images of the "hitching post of yesterday" upon which horses are tied and the "hitching post of today"—

the parking meter. Clear of the growing importance of this mode of transportation and recognizing its unsustainability in terms of keeping the consumer content in the downtown or the retail strip, the focus on the automobile was innovative. Gruen created a new village “shopping center” designed around the automobile, from access to temporary storage of the car. Nothing would catapult the proliferation of the department store like the shopping mall that spread quickly over the suburban American landscape.

Gruen, as an architect, was a member of a vast cadre of urban designers and planners who sought to use the methods which had been adopted in wartime planning and translate those into urban planning for peacetime (Hardwick, 2004) The notion that commerce should be planned in “shopping centers” goes back even as far as the mid-Depression when planners Catherine Bauer and Clarence Stein had suggested “the need to calculate scientifically a town’s retail requirements” (Hardwick, 2004: 78) as concerns for the slumping retail industry grew worse as the depression wore on. However, these early centers replicated the Country Club Plaza example of Kansas City, more than the contemporary enclosed shopping mall.

Gruen and Krummeck were part of the retailing planning trend and by the early 1940s were already working on the architectural answer to the “scientifically” planned retail development that was being suggested. Notions of “stores” functions contrasted with “communal” functions were nascent in the ideas being put forth in these early shopping center settings. The form of one design replicated a bulls eye target with concentric rings which progressed from access roads, to parking, to the physical store buildings, though it deviated from previous plans by incorporating the glass walls that had become so much a fixture of Gruen and Krummeck's designs for the Grayson-Robinson apparel chain and were designed to be mobile so they could be rearranged—in large part this design replicates the old center city department store or the European arcade (Hardwick, 2004) far more than the village shopping center. Key to this design's success was the notion of the communal spaces. By designing attractive communal spaces with features that caused consumers to spend the day (much like the center city department stores previously), Gruen suggested that the consumer would be likely to invest even more time in the shopping activity, and that it might become a pastime, more than just a necessity. To the retail tenant this was appealing as "more people—for more hours—mean cash registers ringing more often and for longer periods" (Hardwick after Gruen, 2004:86).

This mid-stage form of shopping center, somewhere between the village center and the modern shopping mall, was tested repeatedly in the housing developments that were built on the fringes of the wartime manufacturing cities to support employment in the defense industry. (Hardwick, 2004) Many of the features of the modern shopping mall can be seen already with a department store, a variety of specialty shops, some kind of amusement or civic function coupled with parking and access from municipal traffic grid, yet those that were built during the war still resembled the form of the village center with a landscaped courtyard, external entrances, and the feeling of a streetscape, albeit pedestrian-focused with autos only on the outside.

Yet with all of this thought given to the form and function of American retail, both on the main street and in the concept of a new kind of retail landscape arrangement, Hardwick (2004: 92) paraphrases the sentiments of Gruen in a 1949 article in industry trade journal *Women's Wear Daily*: "Americans squandered their days trapped in automobiles, driving from store to store" and "people were living in ugly houses in even uglier cities and shopping in ugly stores." Just prior to this article's publication, Milliron's, Gruen's first department store project had opened in Los Angeles and Hardwick (2004: 95) states that owner J W Milliron had instructed Gruen that "he was not interested in building a typical downtown department store for the suburbs; he wanted a revolutionary new form, a store that expressed urbanity in the suburbs." His desires would be fulfilled—the store was located at a busy intersection (allowing access), incorporated a rooftop parking garage (addressing the new "autoists"), and had an exterior which could be described as nothing other than "modern" (Figures 5.4 and 5.5). Hardwick (2004: 95) provides comments from observers at the opening: "Milliron's is designed for customers who get around on four wheels rather than on two legs." In describing the ramps to the rooftop parking they were "a private elevated highway … worthy of Robert Moses' larger viaducts" and they were "spacious and easy".

Figure 5.4 Milliron's exterior, showing rooftop parking deck (Source: Hardwick, 2004:97)

Figure 5.5 Milliron's, ramp to parking deck (Source: Hardwick, 2004:98)

Perhaps most revolutionary in terms of department store form was the relinquishment of height as a measure of stature, as the new Milliron's was a horizontally-oriented structure, relying instead on sweeping lines and signage to create architectural interest. Yet in keeping with the department store pioneers, the building contained an auditorium, a restaurant, a beauty parlor, and child care facilities, following in the footsteps of John Wanamaker's Philadelphia innovations a half century earlier.

Shopping Centers and Their Anchors

Gruen, in "The Heart of Our Cities" (1964: 186), posits that "the reason for the emergence of the regional shopping center is identical to that which has created many a great city in the past: commercialism." And it is clear that amongst the attributes that Gruen and his contemporaries sought to translate to new nodes in the suburbs, commerce was foundational, though initial attempts to create common gathering areas and works of art were considered essential elements too. Recognizing the inherent problems with the quickly developing "strips" of "fugitive" retail that came with the movement of the middle-class to the suburbs , he and other early shopping mall developers sought to concentrate the retail sector of the suburb in a zone of development, consciously plan the auto routes (freeways, highways, and access ramps) and couple the movement of the newly burgeoning class of auto-oriented shopper by providing free parking that circled this new retail zone. The new freeways of the 1950s moved congested traffic off arterial roads and commerce should move with it, to major intersections of highways which would be able to handle larger concentrations of shoppers in new destination meccas. Some of the first regional shopping centers appeared at the start of the 1950s (Table 5.2) with Seattle's Northgate in 1950, anchored by Allied Stores Bon Marche division, designed by Gruen contemporary John Graham. Northgate was a true shopping "mall" with a pedestrian "street" or mall lined with rows of stores on both sides and the Bon Marche anchor centered on one side (Figure 5.6)

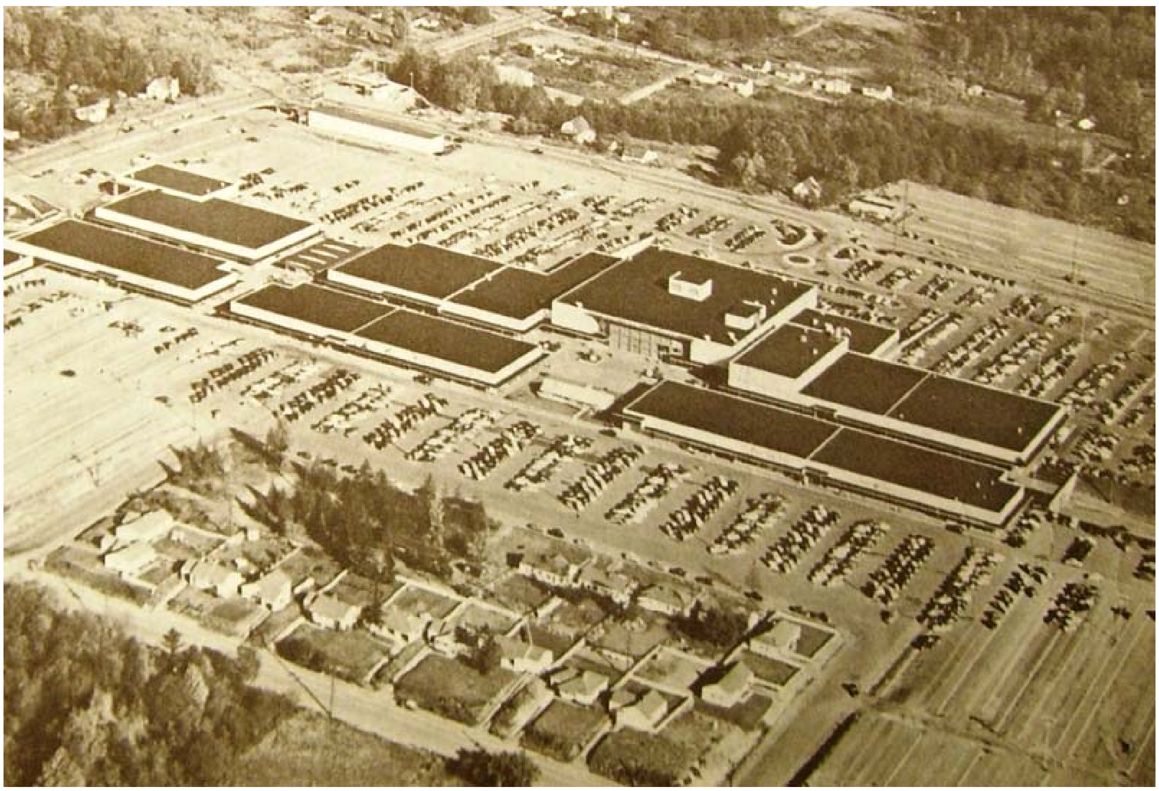


Figure 5.6   Seattle's Northgate shopping mall
(Source: Gruen, 1960:77)

Framingham, Massachusetts, outside of Boston was the site of another early shopping mall. Anchor store Jordan Marsh was a unique domed structure set at the end of the pedestrian mall running between two rows of stores. In both cases, parking surrounded the mall and rows of stores on all four sides. This inversion became de rigueur in nearly all shopping mall and center development going forward. Customers were enticed to the site with abundant, free parking. Leaving their cars in the exterior lots they proceeded to the rows of storefronts, which emulated a streetscape, although the street was replaced with greenery, sidewalks and common areas.

Table 5.2 Early shopping centers

Shopping center	Metropolitan Area	Architect	Anchor(s)	Opening
Northgate	Seattle, WA	John Graham & Co.	Bon Marche	1950
Shopper's World	Framingham, MA (Boston)	Ketchum, Gina and Sharp	Jordan Marsh	1951
Northland	Detroit, MI	Gruen	Hudson's	1954
Southdale	Minneapolis, MN	Gruen	Dayton's Donaldson's	1956
Cross Country	Yonkers, NY (NYC)	Lathrop Douglas	Wanamaker (NY) Gimbel's	1956
Roosevelt Field	Long Island, NY	IM Pei	Macy's	1956
Eastland	Detroit, MI	Gruen	Hudson's	1957

(Sources: Gruen, 1960 and Wall, 2005)

These shopping centers were planned on a regional, rather than local, scale, serving large parts of metropolitan areas, if not entire metropolitan areas. Gruen (1964: 190) compares the common features of this new "regional shopping center" model:

- 60-120 acres
- Adjacent to highway/freeway
- Market of 200,000-500,000 consumers within 20 minute drive
- Buildings face inward, surrounded by parking (3,000-10,000 spaces)
- Distribution "ring" road separate from municipal road network to facilitate movement into/around development

Contemporary and later critics would decry the negatives. Although the commercial structures themselves provided for the pedestrian "mall" setting within the cluster of buildings, the surrounding parking lot, which usually lay on a single level spreading out well across the development, was likened to "an asphalt desert" as even Gruen acknowledged. This desert and its surrounding ring road then create an undesirable barrier to the pedestrian outside of the shopping mall, and necessitated entry by auto prior to setting out on foot. Gruen contrasted this structuring to that experienced in similar developments in Europe where comparatively more shoppers arrived by mass transit necessitating much smaller surrounding lots.

Gruen had in 1949 traveled to Detroit to meet the Webber family owners of Hudson's, Detroit's local department store (Wall, 2005). The Webber's and Hudson's management had long recognized that despite the mammoth downtown store location (the largest in the world at the time), growth and decentralization in Detroit would require that Hudson's venture into the suburban ring. Gruen developed a growth strategy for Hudson's by siting four new shopping malls, each approximately 10 miles outside of the downtown core. They were to be called Eastland, Northland, Westland, and Southland Centers, referring to their locations within the metropolitan area. Although only Eastland and Northland were constructed, this planning template became embedded in Gruen's design agenda and he would champion this notion of decentralization in shopping in both his own designs and in broader urban planning. Like the shopping centers designed by his contemporaries, the pedestrian mall would be outdoors, though in the case of Northland, the stores would cluster in a square

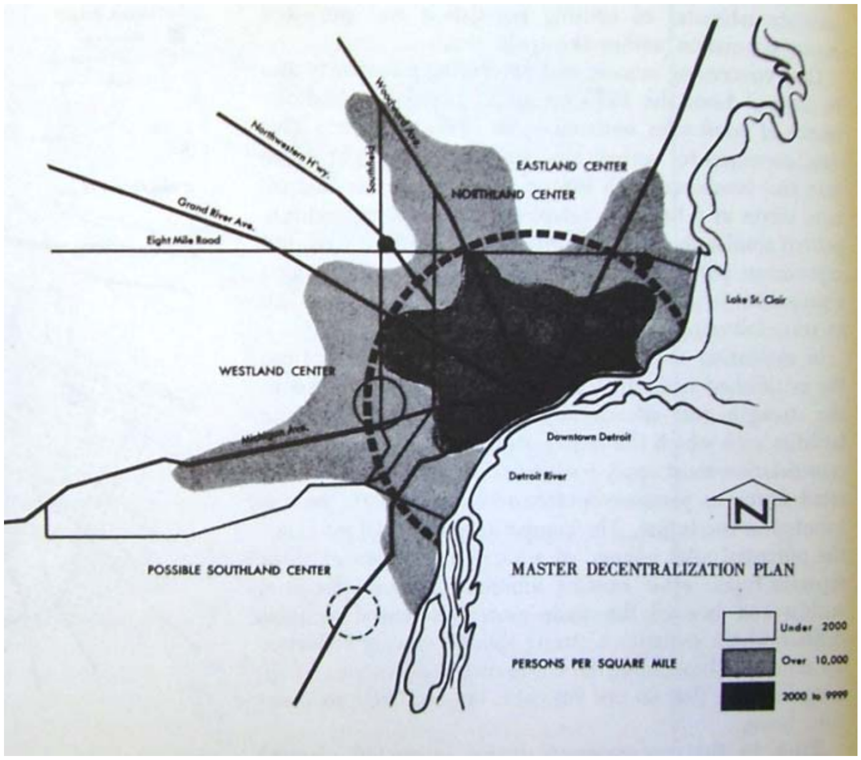


Figure 5.7 Hudson's Master Decentralization Plan for Detroit
(Source: Gruen, 1960:36)

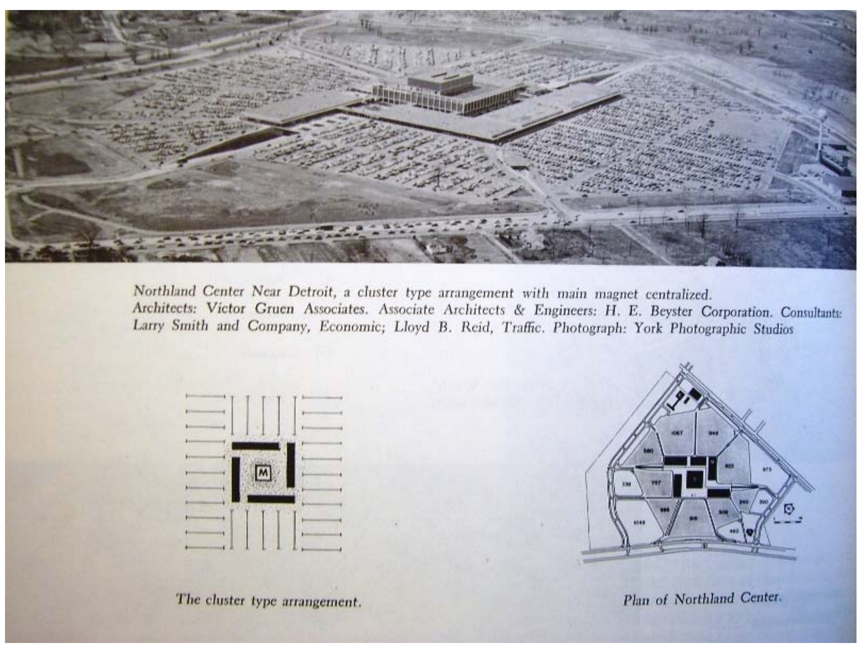


Figure 5.8 Hudson's Northland Plan, schematic, and site photo
(Source: Gruen, 1960:36)

around the Hudson's anchor at the center, again with parking surrounding on all sides.

Though Gruen's earliest shopping mall projects were in the Midwest with Hudson's in Detroit and Dayton's in Minneapolis, other teams of architects and developers were partnering with other metropolitan areas' department stores. By the end of the 1950s 23 regional shopping malls had been developed for Gruen to compare and contrast in his 1960 book "ShoppingTownsUSA: The Planning of Shopping Centers", co-authored with Larry Smith. The book laid out a template for developments ranging from strip malls anchored by grocery stores to regional shopping centers with 2 or 3 major department store anchors. Beyond the convenience of parking and the inverted "streetscape" focusing along a central pedestrian corridor, Gruen and Smith argued for a science to the composition of tenants (Figure 5.9 and 5.10). In defining the tenant mix[8], the anchor department stores and the specialty shops and services that surround them are symbiotic. The notion of "tenant mix" is crucial to the success of the shopping mall and is key to the success of the location in targeting its demographic. The anchor draws traffic, but the specialty keeps the traffic there and moving "around" the mall.[9]

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[8] The "tenant mix" has evolved the regional shopping center into numerous contemporary sub-categories including lifestyle centers, which aim for a very high-end clientele and have exclusive boutiques, to mixed use/entertainment complexes, which are often located in dense urban settings and especially city centers, to super regional malls which are designed to attract shoppers from hundreds of miles, rather than the usual 10-15m mile drive circles.

[9] Initially local specialty shops and services, these smaller tenants would gradually be replaced by national chain shops as the shopping mall provided the vehicle for homogenization throughout the 1970s and 1980s. This trend will somewhat reverse in poorly performing malls in the 1990s, with shops often replaced by local government outlets, military recruiting centers and the like. In the strongly performing centers, however, the national chains continue to compete for space.

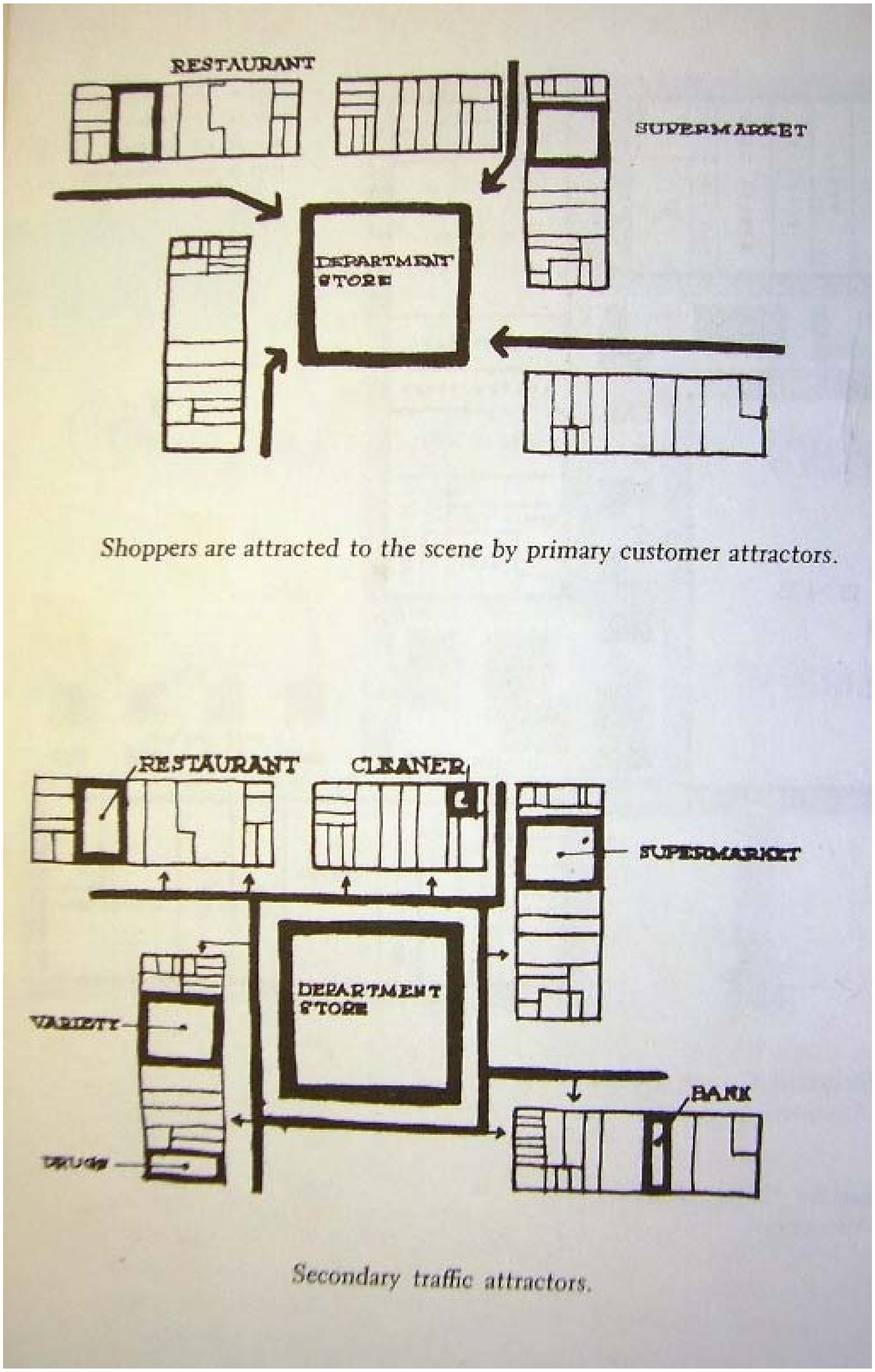


Figure 5.9 Schematic of Northland's customer traffic (Source: Gruen, 1960:134)

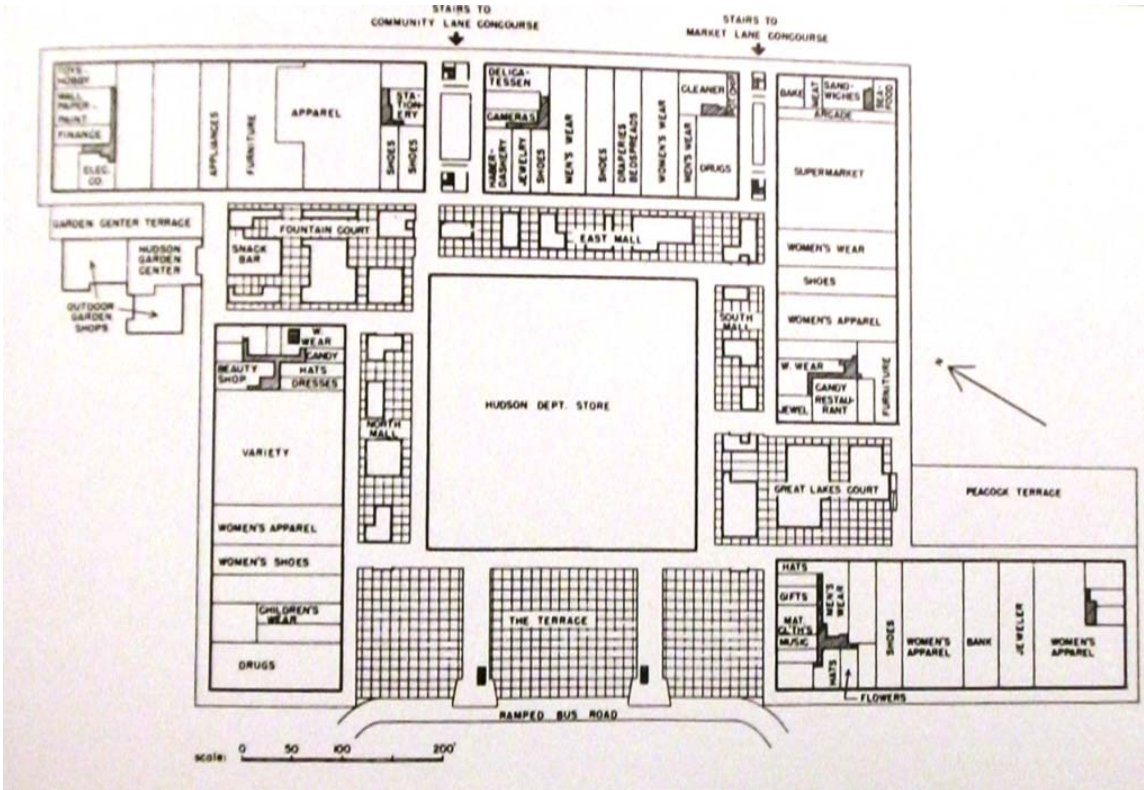


Figure 5.10 Northland Center merchandising plan
(Source: Gruen, 1960:133)

Cherry Hill Shopping Center

Gruen's notion of shopping centers as a new type of neighborhood center would be put to the test in Cherry Hill shopping center, located in suburban New Jersey outside of Philadelphia. Wall (2005:103) cites *Greater Philadelphia* magazine as referring to Delaware Township, where Cherry Hill was to be located as "Suburbia in Search of a Downtown". Strawbridge & Clothier had been contemplating a suburban New Jersey location since 1953. A meeting of AMC divisional principals catalyzed the search as Stockton Strawbridge, now president of the organization, was encourage to contact Larry Smith & Company, the real estate consultants who had done some of the planning for Hudson's

Northland in Detroit and Dayton's Southdale in Minneapolis (Lief, 281) Through this connection, Strawbridge came into contact with Victor Gruen. In the mid 1950s, local mortgage banker and financier turned developer James Rouse was added to the planning team and when the mall eventually opened in 1961, it was a huge success.

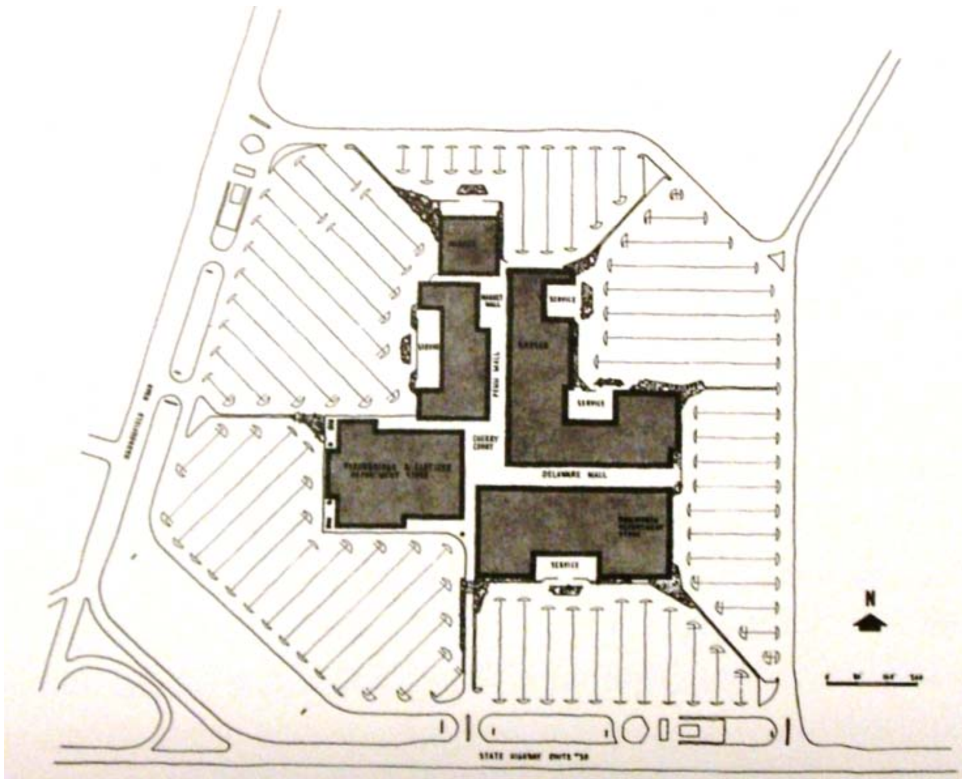
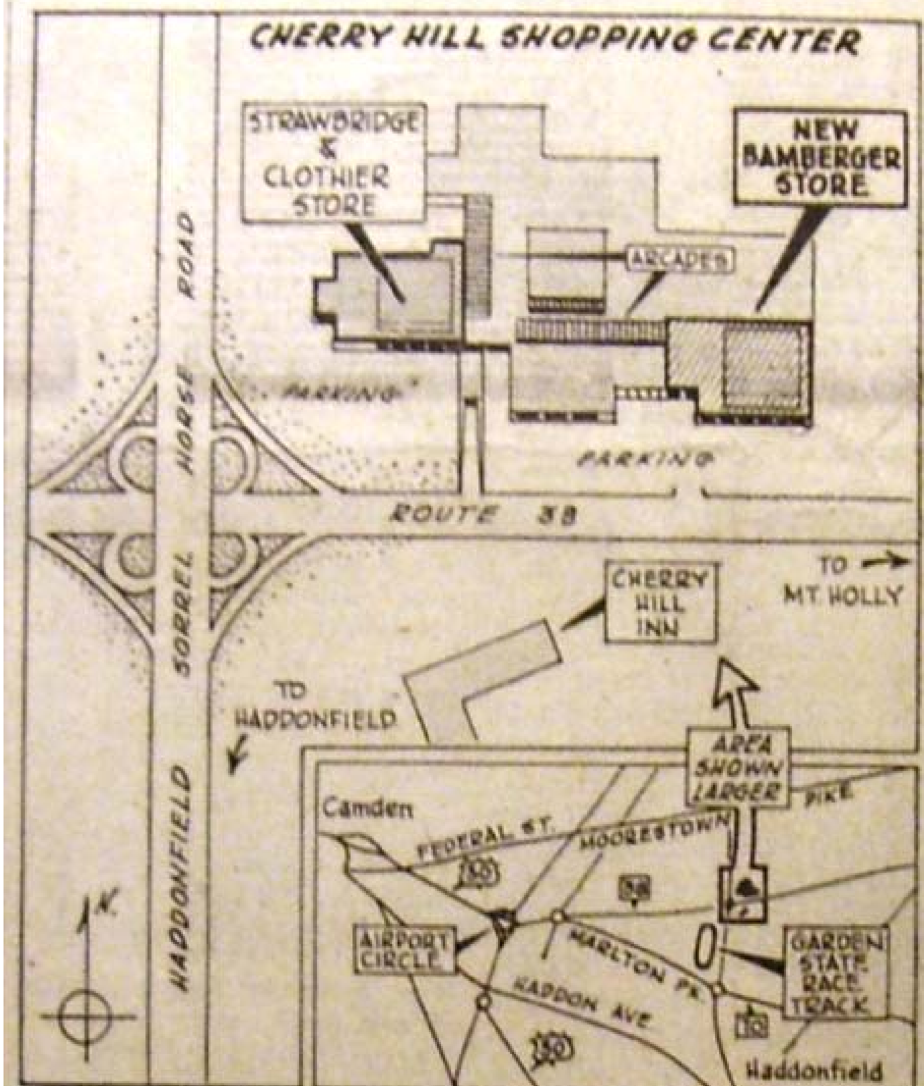


Figure 5.11 Plan of Cherry Hill shopping center
(Source: Wall, 2005:104)

Gruen continued to evolve plan of facing department stores inwards to a large pedestrian mall, though Cherry Hill would be one of the first enclosed malls on the East coast. Bamberger's of Newark, NJ was brought in as the second anchor tenant, as it had a good reputation in the state of New Jersey with nine branches in the northern part of the state (Lief, 1968). Gruen modified the cluster design into an "L" shape (Figure 5.11 and 5.12), with the corner anchored by

Strawbridge's, one leg anchored by Bamberger's, and the other "leg" containing a grocery store. This was also an adaptation, as typically grocery and department stores were not used as anchors in the same development.



Inquirer map by William Streckfuss, Staff Artist

Map shows location of Cherry Hill Shopping Center and new store that will be built by Bamberger's.

Figure 5.12 Newspaper clipping map of Cherry Hill[10]
(Source: HSP, Wanamaker papers)

[10] **Grocery store is not yet shown on this plan.**

Many features, however, were not varied from the proven model, including a two story “Cherry Court” interior plaza (Figures 5.10 and 5.11) with greenery and public spaces for gathering, entertainment and special events.

Figure 5.11 “Cherry Court” central plaza, Cherry Hill shopping center, circa 1960’s (Source: Wall, 2005:105)

Figure 5.12 “Cherry Court” as it appears today after numerous renovations.[11]

[11] The stairs/escalators approach the former entrance to Strawbridge & Clothier, under renovation to become a Nordstrom. Former Bamberger’s location at the opposite end of the mall retained the Macy’s moniker after the merger and consolidation.

So successful was this center, seemingly establishing a suburban center or node for Delaware Township, that the township changed its name to Cherry Hill to reflect the "positive" impact of the mall (Wall, 2005). The success of the New Jersey location provided a wake up call for both Wanamaker's and Gimbel's who quickly developed a center in Moorestown, five miles to the east.

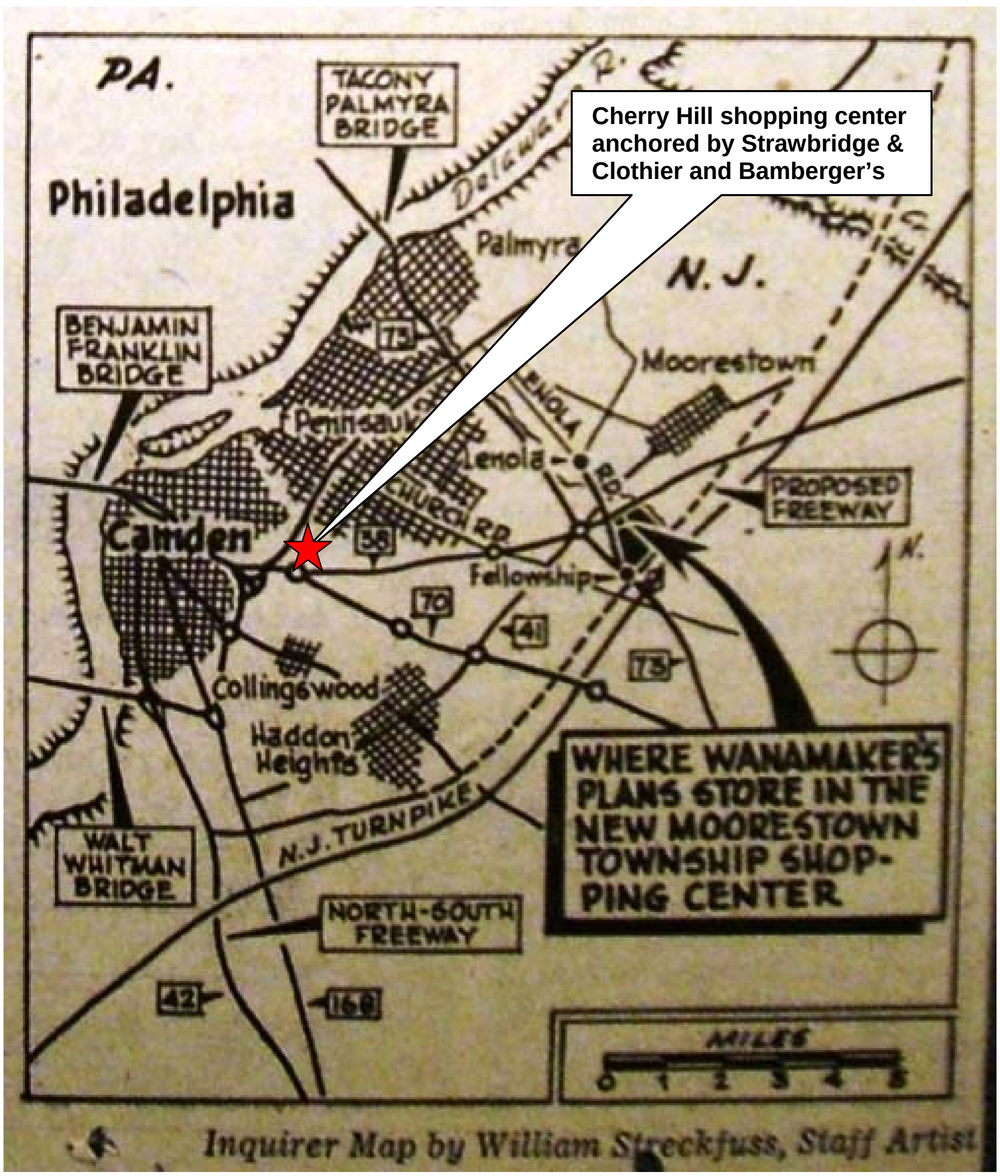


Figure 5.13 Moorestown shopping center, anchored by Wanamaker and Gimbel's. (Source: HSP, Wanamaker papers)

Rapid replication (yet leading to later saturation) ensued as Strawbridge & Clothier rapidly developed in a ring around the Philadelphia metropolitan region with two more locations in the early 1960s in Springfield, to

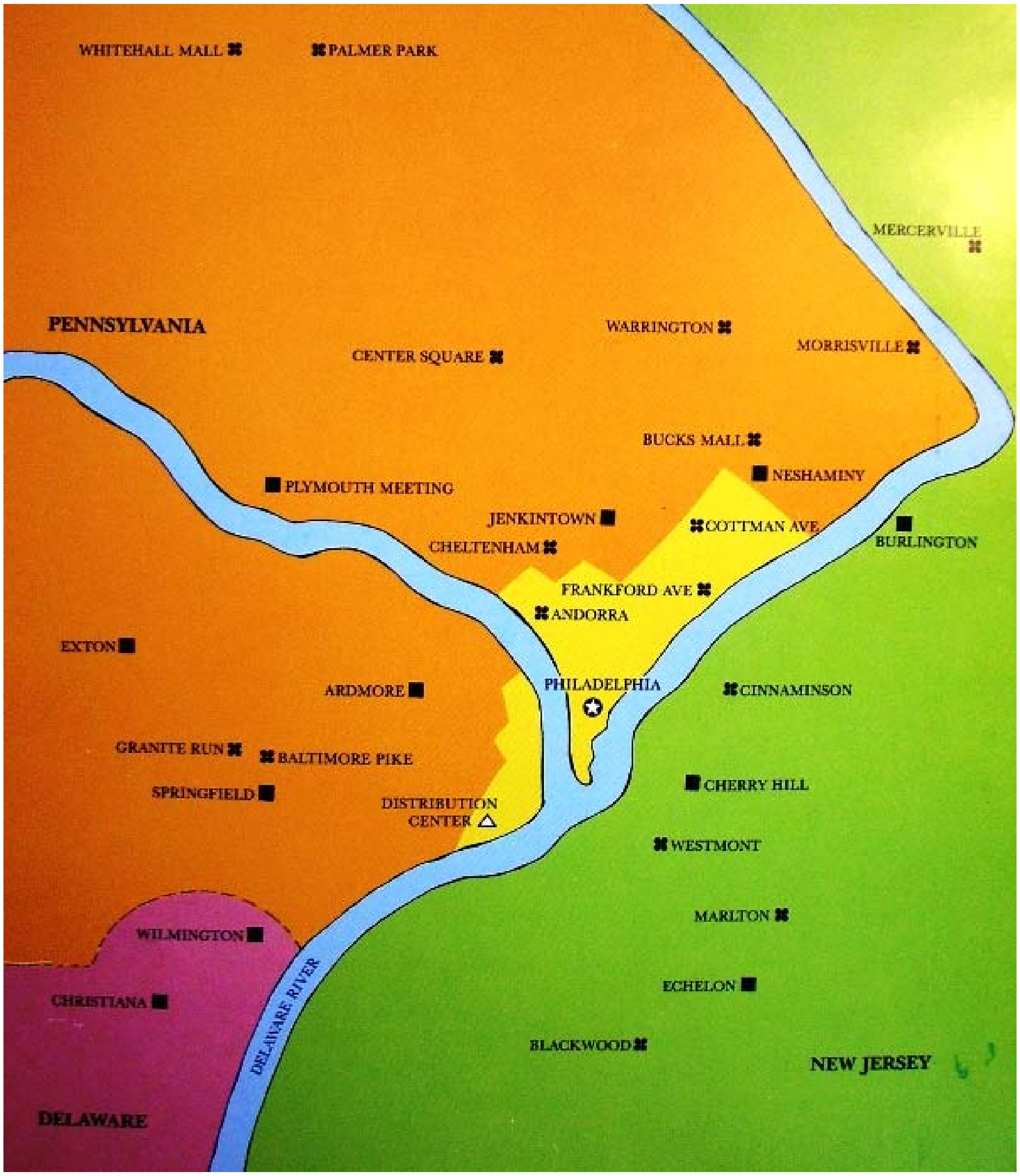


Figure 5.14 Strawbridge & Clothier locations, circa 1970s
(Source: Hagley, Strawbridge & Clothier papers)

Locations symbolized with "rounded" corner "cloverleaves" show locations of Strawbridge's discount operations—"Clover"—a nod to their historic Clover day sales which began in the 1870s. States are colorized: Pennsylvania—orange, New Jersey—green, and Delaware—magenta.

the southwest on the Baltimore Pike and Plymouth Meeting to the northwest. Almost mirroring the regional plan suggested by Gruen to Hudson's in Detroit ten years earlier, locations came to punctuate the metropolitan area at somewhat regular intervals, though always with the mid to upper income brackets as the target demographic.

Wanamaker also located on the west side of Philadelphia, though at King of Prussia. In addition, the Wanamaker organization turned outside of immediate metropolitan Philadelphia acquiring "The Globe" in Scranton and "Isaac Long" in Wilkes-Barre as well as building a store in Harrisburg in the 1960s. So Wanamaker, too, circled metropolitan Philadelphia from suburban New Jersey, south to Wilmington, Delaware and through the west side to King of Prussia, in addition to locations outside the metropolitan area. However, this growth was small in comparison to what came in the 1970s. Between the two stores, the Philadelphia market would gain an additional 14 locations from 1970 to 1990.

Distinct, however, is not the amount of growth, but how that growth took place. Early branch operations had been specifically designed with the locale, even the neighborhood in mind, though the buildings were iconic representations of the downtown flagship. With the shopping mall came low-flat roofed structures spreading across parking lots punctuated by bland entrances and a simple moniker on the exterior. The rapid spread of the shopping mall across the suburban landscape prioritized economy over aesthetic. Soon the branch department stores, now shopping mall anchors, came to possess little distinctiveness from one another. Although the merchandise might vary, there was even less distinction in terms of product assortment. Preference was given to continuity in planning and ordering, and these branch stores would homogenize, first within their own organizations, but later within the broad industry.

Chapter 6
Consolidation, Homogenization, and the Decline of “Place”

In this thesis I have investigated the geography and history of the department store at the metropolitan scale—the buildings and the delivery networks, the emergence of the branch store and later the shopping mall—and at the national scale—the consolidations of metropolitan department stores into ownership groups and buying networks which later evolved into corporate holding companies. The early forms are foundational for understanding how the department store grew, merged and finally consolidated—the resulting 21^{st} century homogenized department store is composed of the legacies of what came before.

Legacies of the Early Department Store

An example of these historic legacies can be seen by looking inside the store itself, to consider the floor plans and to understand the micro-scale geographies of departments and the processes which managed them. Whitaker (2006) provides one particularly illuminating example of how internal processes affected the business model and its success. Around the year 1900, the typical “notions” department was primarily composed of collections of lace, trimmings, and sewing accessories. It was considered a seasonal business by most dry goods retailers and received little attention. But department stores added what we now know as “accessories” to their notions department and placed it on the first floor. These items remained, at least initially, low price points with high volume and low margin, but they drew the noontime shopper into the department store for a quick purchase. Whitaker (2006: 196) refers to a study in 1967 which "found that about half of all people in downtown stores made a purchase in the notions department and 84 percent of them went on to visit other departments, almost half making another purchase." He goes on to explain that the impulse buy in the notions department psychologically "softens" the shopper's resistance to more costly purchases in other departments. This logic remains today, even though "notions" no longer exist in the major department stores, their successor, the "accessories" department will nearly always be found adjacent to a store entrance in a branch shopping mall location to entice the shopper in with an impulse purchase of a costume bracelet or a pair of sunglasses.

Yet Whitaker's description only accounts for half of the story. Because of the way an accessories counter is structured, it is easily staffed by one, sometimes two employees. Throughout the bulk of the year (save Mother's Day and certain other "accessories"-related holidays) purchases are made on a "regular" basis. Yet the accessories business retains its seasonal nature and during the holiday season the accessories division (composed typically of the handbag/leather goods, costume jewelry, bridge jewelry, fashion watches, and "accessories"—scarves, tights/stockings, etc) in most department stores will quintuple its business between Thanksgiving and Christmas. Even with this increase in business, the staffing will usually only increase marginally—it remains relatively easy to staff these counters even as business increases due to the close proximity of the small items. To the bottom line, then, the accessories division will often make or break a holiday season for a department store—revenue increases fivefold on consistent margin with little increase to costs, so an enormous profit is made in this one division. Following is a hypothetical calculation to quantify this process:

Table 6.1 Handbags and Small Leather Goods
Sales, margin and profit

	Monthly Sales	Markup	Gross Margin	Costs	Net Profit
Avg month (Jan-Nov)	$200,000	52%	$104,000	$20,000	$84,000
December	$1,000,000	52%	$520,000	$22,000	$498,000

The nearly $500,000 in net profit in December[12] is almost six times the monthly profit in any other month, on only five times the sales. Obviously this case is a simplification, but it is an accurate representation from my own buying tenure at the May Department stores in one of their smaller divisions in Portland, OR. The math is simple, and the example seems almost intuitive, moreover obvious.

What underlies this simplicity is a century and a half of fine-tuning floor layout, business process improvement, and what is within the industry called "retail science". These modern planned margins have their ancestry in the impulse buying of the notions department. By adding modern point-of-sale terminals (POS) and universal product code (UPC) driven electronic data interchange (EDI) ordering, these counters can be managed with the lower cost levels assumed above, though some would argue to the detriment of customer interaction. That is not to say that other departments do not factor in to the

[12] In the typical retail calendar, the month of December would include the last week of November, as the holiday shopping season runs from Thanksgiving to Christmas. These two dates shift annually, but a retail week's sales runs Sunday to Saturday, so this December "month" rather than being the calendar month December 1 through 31, would occupy the five weeks containing these two holidays and those in between.

success or failure of the holiday season, but rather illustrates how sophisticated the processes have become to manage every dollar and every item in the inventory, often from one central location nationwide. Today, walking into any mall department store, the reader will find the accessories department located adjacent to either a busy mall or parking lot entrance, though cosmetics will nearly always be located at the busiest mall entrance, a legacy of the department store's earlier form.

Evolving Organizational Structures

Another example of legacy comes from comparing management structure origins to the structure into which it evolved. The management organization of the department store was discussed briefly in previous chapters. Unlike its predecessor, the dry goods retailer, in which one individual typically managed all of the buying and selling of merchandise, the department store owner, certainly in the case of John Wanamaker, saw himself as provided the capital and infrastructure through which each department's buyer could manage his own business. In Wanamaker's early operations (Figure 6.1) the buyers were responsible only to Wanamaker himself (Wanamaker, 1911). There were support departments to manage many of the common functions such as finance, personnel issues, advertising production and design.[13]

In its earliest form, the customer might have even experienced some variation from department to department regarding returns and customer service;

[13] However, the copy and content always came from the merchants—a tradition which generally remains true today. The inherent understanding of the merchant over his inventory and its flow makes this partnering with advertising essential.

though a central “Bureau of Adjustments” managed customer service issues which could not be resolved in the individual departments. Initially

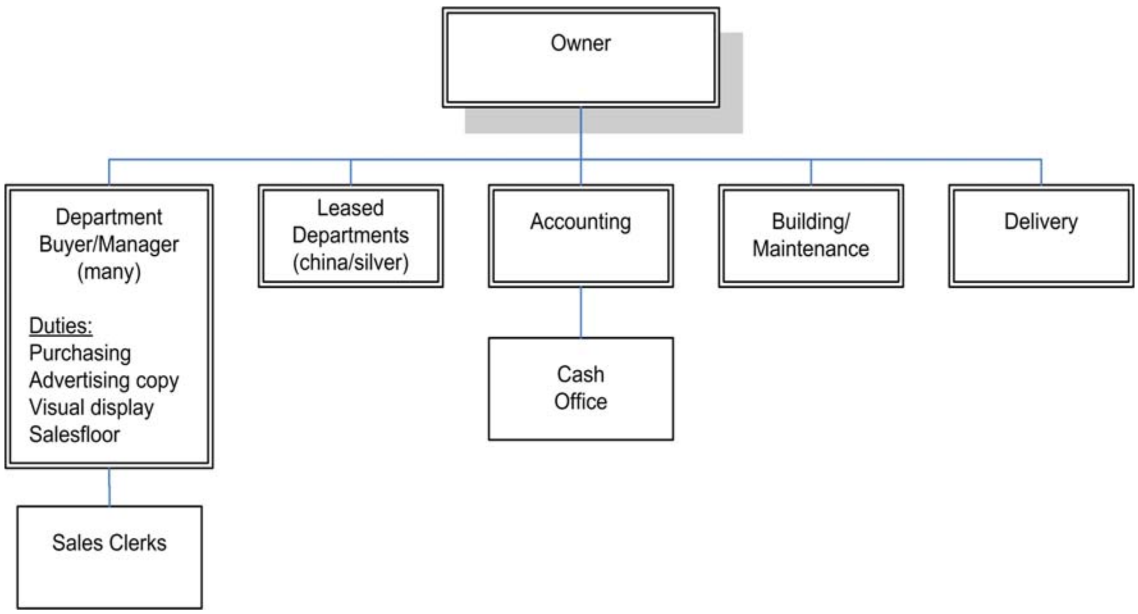


Figure 6.1 John Wanamaker organizational structure circa 1880
(Source: derived from HSP, Wanamaker papers)

disaggregated, the beginnings of a homogenizing organization could be sensed in Wanamaker’s own statements of his philosophy (1911:171)

> … the nimble nickel pays; that it is better to make 10 percent five times than 50 percent once, because it is better to have five customers go around saying, ‘See this fine money’s worth I got a Wanamaker’s!’ than to have but one customer thus advertising the stores …

This quote is Wanamaker’s response to the problems inherent in having different buyers from different retail backgrounds coming together under one roof but continuing to operate with their own tradition only in mind. This was Wanamaker’s (and many of his contemporaries’) genius—initially these buying departments were brought together for their independent value and to provide a previously unseen breadth of merchandising under one roof. Yet gradually

Wanamaker and others would bind these units together collectively and as technological improvements allowed for better information management, these collective units would make better operating decisions.

Though buyers were truly business managers, selecting the merchandise, both in quantity and assortment, in terms of selling, the buyer was responsible for conveying the value of the merchandise—its “selling points”—to the clerks, much in the same way he would do so for advertising copy to the sales promotion division. Yet in any organization which operated on this large a scale, one man, even with an assistant and clerks could not effectively manage the merchandising and selling functions from end to end. Beyond the selling clerks themselves, who were assigned and trained in the merchandise and policies of one department, a category of early store management executive developed in what was initially called the “floorwalker”, and later the “floor manager”. (Whitaker, 2006) This position, though typically not tied to any one department or group of products, supervised the selling functions from the selling floor and dealt with complicated customer issues or transactions, making sure counters were staffed, and generally serving the managerial functions excluding those related directly with the merchandise. So very early on, the beginnings of a separation between the merchandising function and the selling function took root in the different roles occupied by the buyers and floor managers.

However, they can hardly be thought of as equals, as the buyer was a “businessman” and despite the many duties of the floor manager, he was often considered low on the hierarchy and did not command the respect that the merchants did. Not until the development of the branch store and the rapid shift of the bulk of sales out of the downtown locations and into the suburbs did these sales management become equitable to the management roles of the merchants.

The modern merchandising structure began to take form during the initial period of branch store expansion, settling by the 1950s (Figure 6.2).

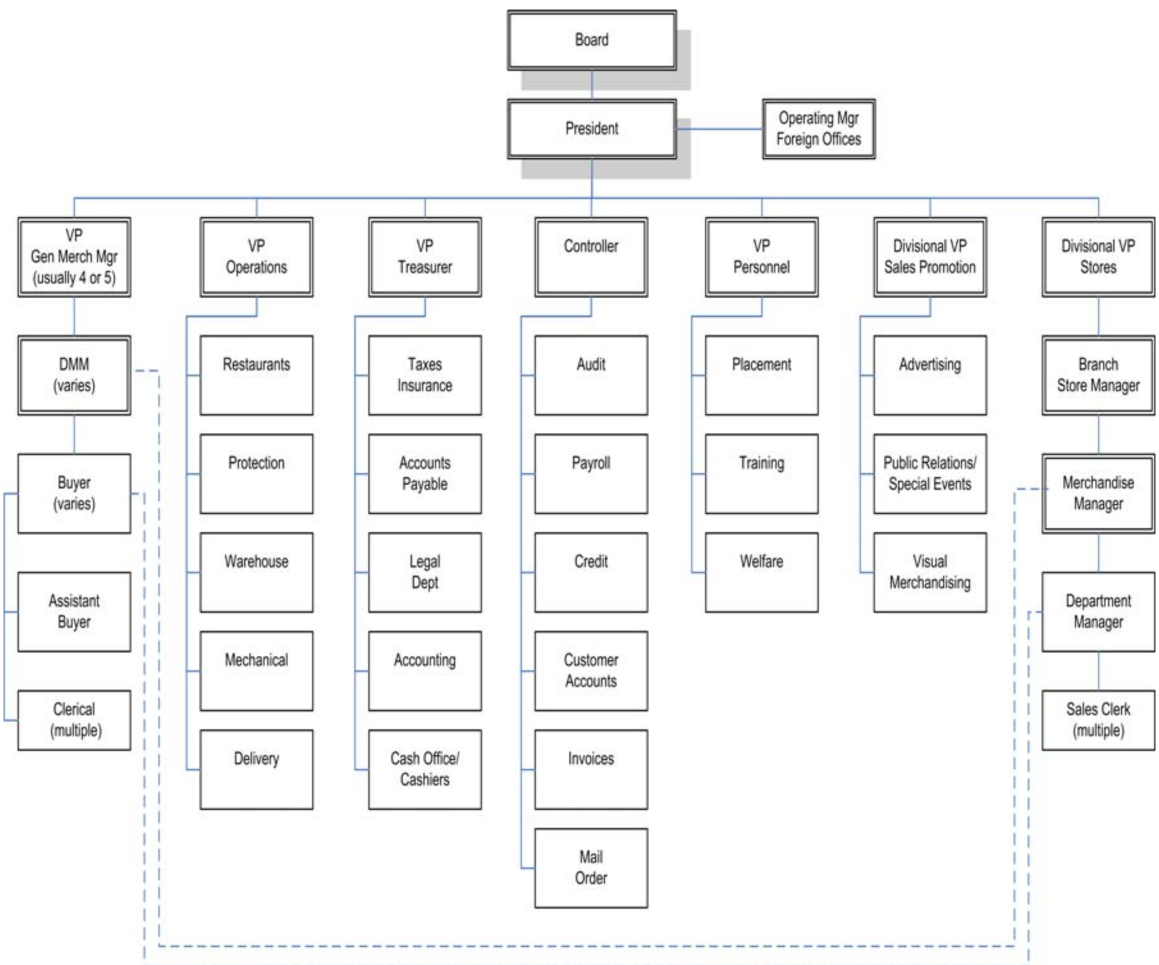


Figure 6.2   Wanamaker organizational structure circa 1950s
(Source: derived from HSP, Wanamaker papers)

Though some department stores would attempt to have special buyers in their new branch store operations, by the time the organization had opened more than a couple of branch locations, this structure became unwieldy and inefficient. By the 1950s, all merchandising functions would return the central flagship and merchants ceased the direct management of sales in their respective departments. A new class of managers would be placed in the stores to ensure steady sales and to provide product knowledge to clerks and customers (Figure 6.3).

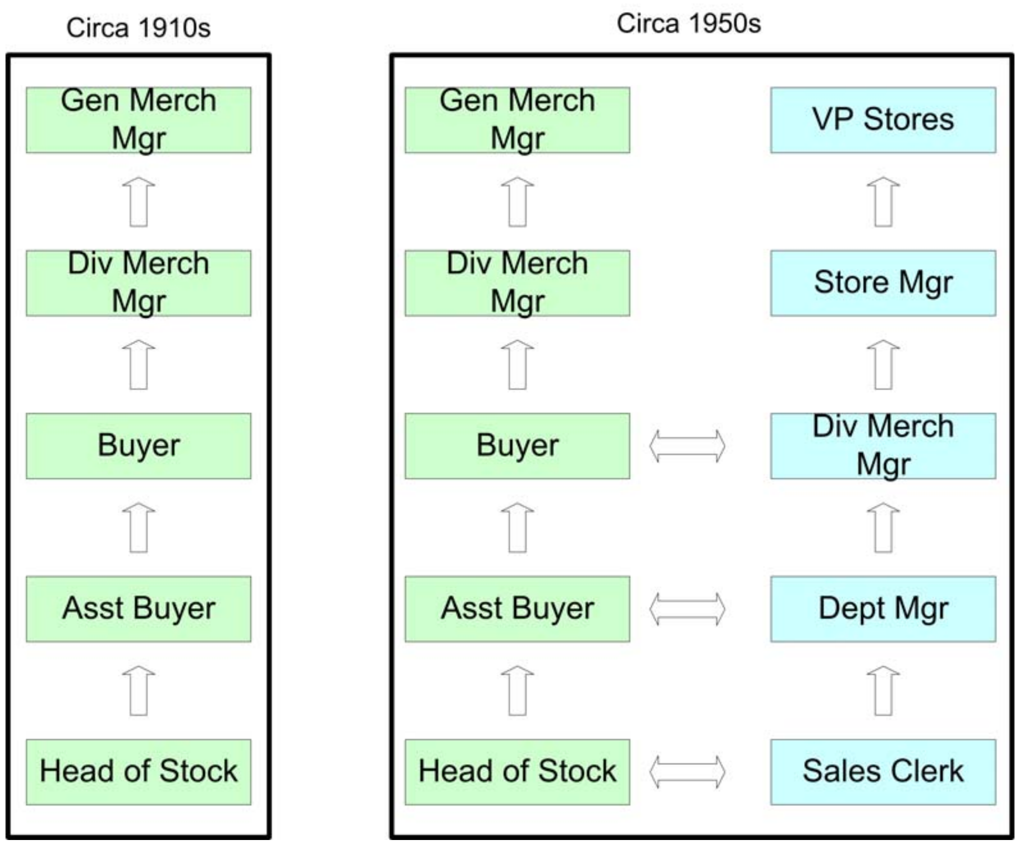


Figure 6.3 Comparison of promotion tracks, 1910s and 1950s

On the left the singular management track is shown, while on the right, the "selling" track which evolved is shown parallel to the merchant track. Early career transitions were possible, but in upper management, this was rarely the case.

This hierarchy had its own homogenizing effect—eventually the sales managers became less and less an extension of the merchandising office and more shepherds of local personnel; and this effect would become embedded as divisions built more and more branch stores, and eventual consolidations brought more and more departments, both in terms of store locations but also in terms of product assortment, under the analytical umbrella of the merchants. Technology also provided a homogenizing effect as better information management, notably in desktop computing, allowed a buyer and his/her staff to be responsible for larger and larger buying zones as the continued automation of accounting and analysis replaced manual calculation.

This same effect would be felt on the national scale as the merchandising organizations, which had their roots in sharing best practices across markets, came to have a centralizing momentum of its own, with product assortment, vendor matrices[14], and sometimes even open-to-buy[15] controlled from the corporation, through the divisional management, down to the individual buyer level. Figure 6.4 generalizes this temporal change in terms of both the movement of goods to the customer as it changes from downtown store, to

[14] A "vendor matrix" is a formally defined list of not simply preferred vendors but mandated vendors. Often basic items could only be purchased from certain sources at the exclusion of others. Within these vendor matrices, often product lines and assortments were mandated as well. Larger divisions, or buying departments with high-end merchandise had more autonomy, whereas smaller divisions or departments were directed so as to match the basic assortment at their sister divisions.

[15] An "open-to-buy" is a calculation including a number of accounting inputs differing from department to department—literally this calculation shows the available dollars a department has available to spend on orders at any given point in time. Always included are projected sales, inventory, inventory turn rate, markdown rate, and gross margin/markup. In the early days department store buyers would have had total autonomy, only being required to turn their profits back to the owner/management. As the structure of the department store became more and more complicated, these open-to-buy budgets were planned top down, so a divisional merchandise manager (DMM) would receive her planned figures from a general merchandise manager (GMM) or VP. The department level buyer would then receive her plans from her DMM. If one department was not performing well, other departments within the division might have their plans adjusted to compensate, and the same would be true if one DMM was not performing well.

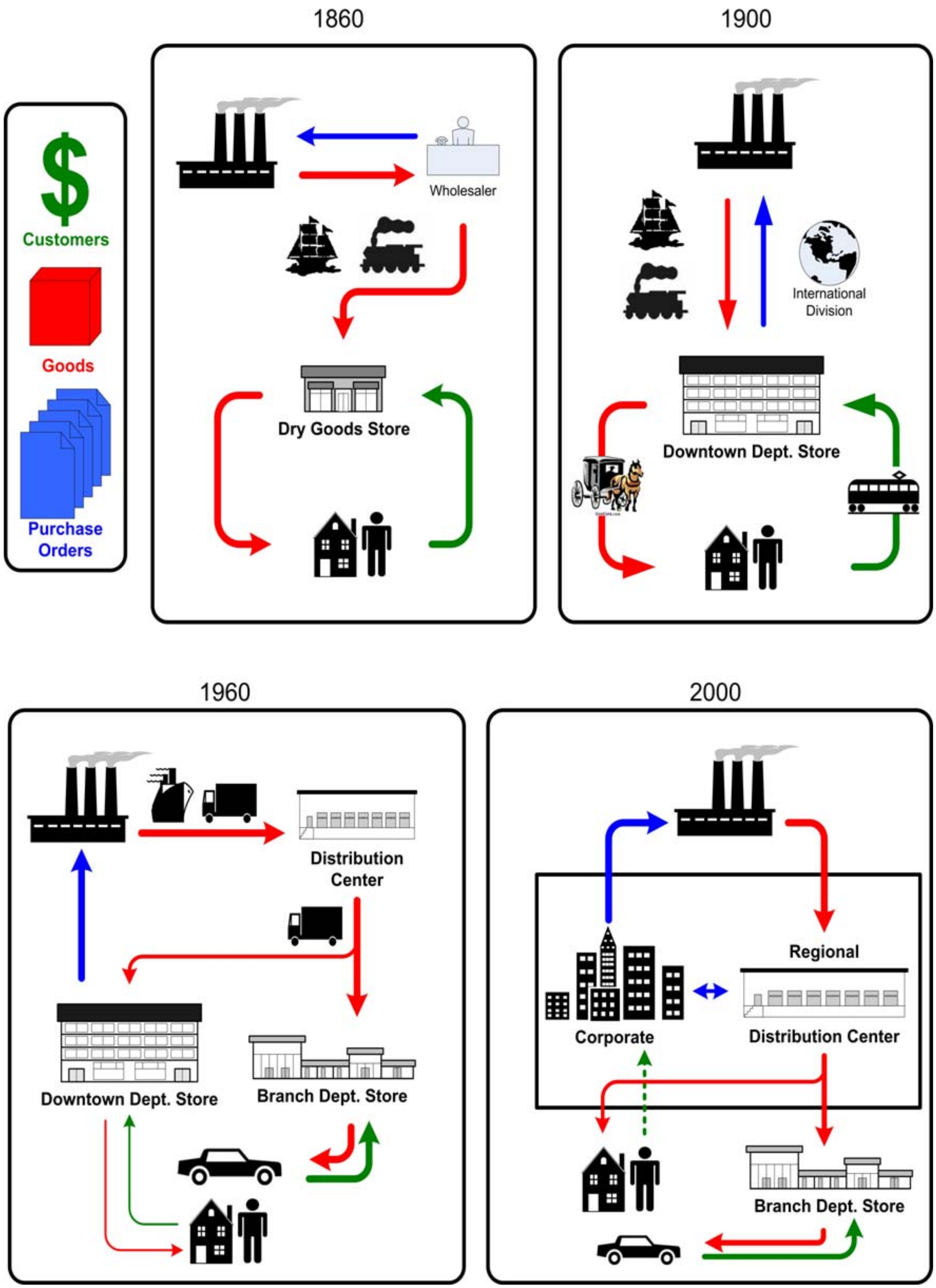


Figure 6.4 Changes to department store distribution, purchasing and customer flow

branch, and eventually to other methods. It also shows the growing centralization of decision making within the general department store industry in terms of distribution and sourcing goods from the manufacturer. In all four panels the arrow size shows the relative importance of each flow.

In the 1860 panel, the general store or dry goods merchant purchases manufactured goods through a wholesaler while the customer makes purchases from the dry goods store or general merchant. In the 1900 panel, the department store, due to its size and resident buyers who each run distinct departments, secure goods directly from the manufacturer. Located in the core of growing American cities, customers often arrived by streetcar, made their purchases, and then returned home. The department store would aggregate a customer's purchases and then group purchases by geographic area to be delivered by horse-drawn wagon. In the 1960 panel, the growing suburbanization of American cities caused the automobile to become a more mode of transport. The customer arrived at a department store, initially in the downtown business district, but increasingly in a branch store or shopping mall located closer to suburban residential areas, making purchases and retrieving them in their own automobiles. The downtown department store, no longer able to manage the inventory for the entire store network, had been replaced by a distribution center which received shipments and redistributed them to stores based upon percentage of sales—the branch store was gradually eroding the dominance of the downtown store in terms of total sales, though the downtown store retained management functions, buying offices, advertising and other central functions. In the last panel, circa 2000, many former metropolitan divisions had been consolidated into regional divisions which managed buying, advertising and often included a regional distribution center that covered stores located in multiple states. The branch store had become dominant in all but a few markets—the downtown store existed only in very dense urban centers such as New York, Chicago, Philadelphia, and San Francisco. Also, new versions of non-bricks-and-mortar sales had experienced resurgence, primarily with the advent of internet sales and department store websites.

An Epilogue to Wanamaker's and Strawbridge & Clothier

By the last quarter of the 20th century, the form and composition of the department store was firmly set. Nationally-organized department stores anchored the regional shopping mall. The categories of goods had become limited in range to garments, accessories, cosmetics, home textiles, and kitchen and tabletop. Some regional chains purveyed a broader assortment; however, breadth was typically limited to the smaller chains—the larger chains occupying larger regions typically possessed a more homogenized assortment. And though this period brought about a static form in terms of the structure of the store itself, the consolidations and changes to ownership ensued more dynamically than ever.

The 1980s in particular were a decade during which a particularly frenzied period of buying and selling of chains took place. By the mid 1990s, most of the chains shown in Table 4.1 were owned by May or Federated. As these regional department stores were acquired, the largest ones were often left as operational units within the larger corporations, but the smaller ones were folded into larger extant operations, losing their autonomy and often their name recognition as well.

John Wanamaker's was purchased by holding company Carter Hawley Hale in 1978 after a long period of slow decline due in no small part to the entry of Bloomingdale's and Macy's to the Philadelphia market in the 1970s. After ten years of disappointing returns, and despite store renovations, Carter Hawley Hale sold the 15 John Wannamaker's locations to Washington, DC based Woodward & Lothrop. The DC-based chain was then owned by Detroit real estate developer A.A. Taubman, who actively infused more cash for further renovations. Despite this attempt to regain market share and reinvigorate what had by then become simply "Wanamaker's", parent Woodward & Lothrop declared bankruptcy and sold the Philadelphia area stores to May. Without regard for the long tradition of the Wanamaker's name in the region, May folded the stores into its Arlington, VA based Hecht Co. division and the Wanamaker name ceased to have a place in retailing, as all stores were renamed Hecht's. A year later when May acquired Strawbridge & Clothier, the Hecht's name was removed from Wanamaker's and replaced with Strawbridge & Clothier. The naming convention may well have been key to the strategy of May as the whole of the Philadelphia-area stores were operated by Hecht's, meaning all merchandising, sales promotion, and distribution functions were centralized in the DC area, but May recognized the value of a name to which Philadelphians could relate.

These acquisitions, consolidations, mergers and other changes to ownership were successors to a process which began before the Great Depression and continues to the present. It is interesting to note that for the majority of the period up to 1986 regional monikers for the most part persisted, at least in the larger metropolitan areas. However, the mergers which followed in the period of 1986 to 1997 caused a much more rapid homogenization of the regional department store in terms of operations and branding. And by the mid 1990s only three of the large holding companies listed in Table 4.1 remained. In addition to the merger of the holding companies, internal reorganizations within the holding companies resulted in larger divisions, covering greater regions, reaching well beyond the former metropolitan markets, sometimes spanning multiple states. And finally the 2001 acquisition of Dayton/Hudson[16] by May left only two rival national-scale chains—Federated and May.

The former downtown Philadelphia Wannamaker's building is now the downtown site of Macy's, though only one-quarter of its former selling place is used, the rest has become office space that looks down over Wanamaker's formerly glamorous Grand Court atrium. The King of Prussia mall, now the largest single shopping complex on the East coast, has had to renovate three different anchors as there was once a Macy's, Strawbridge & Clothier and

[16] Though more publicly known as the acquisition of Chicago's "Marshall Field's", Field's itself had been acquired by Dayton/Hudson in the 1990s. Minneapolis' Dayton's, Detroit's Hudson's, and Chicago's Marshall Field's all operated independently for a time. Then Dayton's and Hudson's merged into one operation, much to the dismay of residents of Minneapolis and Detroit, though Minneapolis would retain the corporate headquarters and buying offices. A further round of reorganization would leave the central corporate functions in Minneapolis but bring all three store companies under the more widely-recognized Marshall Field's moniker. This point becomes particularly interesting when Chicagoan's decry the May acquisition of Field's, then the Federated acquisition of May, and finally the Macy's rebranding, when the corporation had long since vacated Chicagoland in all but name.

Wanamaker's there, but the consolidations have left the need for only one of these sites to remain occupied by the new Macy's. Those are the fortunate sites—traveling further afield in suburban New Jersey and Delaware, and to other malls in Pennsylvania, Macy's stands alone at one end of the mall with varying strategies for renovation for other sites once occupied by Wannamaker or Strawbridge & Clothier, ranging from sectioning off the anchor pads into smaller stores, food courts, and entertainment venues. All the while, the shopping mall's viability continues to erode with the encroaching Wal-Marts, SuperTargets, and new town centers, such as Exton and Vorhees. Department store retail remains the subject of evolution, and with Macy's and the chain stores left as the legacies to industry consolidation, another chapter is set to begin as these remaining players dig their heels in to compete against the next round of innovation.

The Next Chapter

Having investigated the processes which underlay the homogenization both broadly at the national level and regionally in Philadelphia, I am now able turn to the second of my two questions—does "place" have value in retail anymore? Further research is needed to investigate this question, which in large part is still playing out in the retail landscape. The national homogenization of retail brands has resulted in a significant loss of local and regional distinctness. Department stores spent the first half of the 20th century enticing the consumer to a single large venue with a wide array of goods replacing more specialized, smaller storefronts. In the mid century, they found growth as anchors of the

shopping malls which came to dominate the growing suburban landscape. By the late 20th century, many of these once-independent operations had consolidated into a few large chains. Discounters such as Wal-Mart found success in diffusive expansion (Graff 2006) while the emergence of the "category" killer has removed any trace of locale from electronic, book and pet supply retailers, to name but a few. Despite the increased national-scale homogenization in retail, there has been surprisingly little analysis of the consumer reactions to changes in a business's "place" identity.
Geographers have tended to stress characteristics which favor an analysis of "location"—a node within particular networks having properties which must be economized—over "place"—the less tangible value that a distinct location has in a business's operation, market, and branding.

What distinguishes the next stage of my proposed research is the blending of quantitative financial analysis with a qualitative analysis of the consumers' perception of "place" in retail operations, a characteristic which has economic value, but is not easily measured. This analysis of the economic value of "place" is absent from the current body of knowledge. As previously mentioned, the cultural-economy literature (Amin 2007) suggests that beyond the traditional economics of supply, demand, and pricing there are other "registers", other characteristics, which have economic value.

The latest reaction by Macy's came in February 2008 when Macy's announced the "MyMacy's" campaign. Macy's is currently restructuring into three "hyper" divisions, west, central, and east, and will then reintegrate management into the individual metropolitan markets to better understand each region's differences in terms of product preference and clientele. The "MyMacy's" strategy strikes at the heart of my questions surrounding business strategy and the relationship the consumer has with perceived "place" of a business. 1) How does the consumer perceive retail "place"? 2) What are the consequences when a retailer's "place" changes? 3) Is the success/failure of competitive strategy "place" dependent (in addition to/rather than location dependent)? 4) Are there scalar differences in "place" when shifting from local to regional to national?

I plan to employ a case study of the national branding of the Macy's organization to understand these homogenizing trends and their impacts on the perceived value of place when place is removed or changed. The Macy's organization has spanned the local, regional, and national retail landscape and offers opportunities by which to investigate changing perceptions in "place" of operation. I will use this process of consolidation to investigate how identities of place are tied to retail, but the correlation could be made to other operations in many other sectors—consolidation in banking and finance, the re-emergence of a once again national AT&T, among countless others. I expect to find a perception of "place" value that is strong in the consumer yet often forgotten in business and economics.

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APPENDIX A

Reference map of metropolitan Philadelphia
1:450,000

(Source: User generated at Google Maps, 2008)