Organisational Rigidities and Marketing Theory:
Examining the US Department Store c.1910-1965

Abstract

By analysing the US department store between c.1910-1965, this article deepens our understanding of the nature of the transition to phases of ‘maturity’ and ‘decline’ that are fundamental to models of retail change (retail wheel, retail life-cycle). By employing a close reading of key marketing and management writing of the period, it finds that “lock-in” to an organisational structure associated with a single downtown store posed significant obstacles to suburban branched expansion. Only partial organisational centralisation occurred with the formation of holding companies in the 1920s, which contrasted with chains of general-merchandise and some department store retailers that were efficiently structured and better able to exploit suburban growth. When major department store companies finally embraced branched expansion they were forced to significantly revise their operational structures.

Keywords: retail failure; retail wheel; retail life-cycle; department store; central buying.

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Revised manuscript: April 2009
Accepted for publication in The Service Industries Journal
INTRODUCTION AND PURPOSE

The standing of marketing theory has been criticised for both its lack of a theoretically driven focus and acceptance within broader management thinking (Burton, 2005), yet two key explanatory models of retail change endure: namely the retail life-cycle and the wheel of retailing (Davidson et al., 1976; McNair, 1958). Both models retain interest and relevance in conceptualising contemporary retail change (Palmer, 2005; Schultz, 2002) and seek to describe the adaptation of retailers following introduction to the market as they respond to competitive pressure. The retail wheel asserts ‘that retail institutions commence as cut price, low cost, narrow margin operations which subsequently “trade up”’ (Brown, 1987, 10). Meanwhile the retail life-cycle charts the innovation, accelerated development, maturity and decline phases experienced by retail formats (Davidson et al., 1976; see Figure 1).

The development of both models was significantly influenced by the experiences of the US department store following its emergence in the late 19th century. The decline of the department store format is partly attributed to inadequate adaptation to its competitive environment. As a closed-system theorisation, the retail wheel contends that ‘retail change is both stimulated and explained by the activities of the institutions themselves’ (Alexander and Phillips, 2006, 71). The department store is seen as “trading upward”, substantially decreasing its competitiveness (Converse, 1959; Crask, 1980; Hollander, 1960) – a disadvantage that was exacerbated as the format proved ‘slow to recognise the market potential of the rapidly growing suburbs in the post-war period’ (Brown, 1987, 8). This is viewed as leading to exposure to competition from highly efficient, chained, low margin, price-focused competition.

However, these factors alone do not explain the unsuccessful response to competitive challenge. As Hollander (1960, 41) asked in his seminal paper examining McNair’s wheel model: ‘Why should reasonably skilled businessmen make decisions that consistently lead their firms along seemingly profitable routes to positions of vulnerability?’ Clearly then there is a need to move beyond a simple and generic closed-system conceptualisation of retail change to cast further light on the inflection points between various stages of the models – in the case of department stores, the transition to
periods of decline. We need to enrich our understanding regarding why retailers do not act to maintain market position in the face of deteriorating performance. As Palmer (2005, 719) notes with the case of the retail life-cycle, explanatory accounts of these episodes have been under-developed both theoretically and within academic research which often:

‘…underplays the pressures faced by executives during the turning or inflection points between the various stages. In other words, it does not account for the types of pressures faced by retailers…. [furthermore]… there is little indication of how firms break through the life cycle inflection points, and whether such points are prolonged periods. Put differently, the retail life cycle does not indicate the processes by which the retailer will progress from one stage to another’.

Therefore, with Hollander’s key question regarding organisational inertia framing our analysis, the aim of this paper is to examine the organisational adaptation of US department stores between c.1910-1965. In doing so, we seek to make linkages between both the spatial and structural elements of retail organisation (cf. A Alexander, 1997; Shaw et al., 1998).

More explicitly, first we seek to understand why department stores seemingly delayed wide-ranging suburban expansion. Second, we offer greater explanation as to why department store cost structures increased and operating efficiency deteriorated – a factor specifically represented in the retail wheel model. We achieve these through a close reading of the key marketing, retail, economic and management writing of the period.¹ Our explanations have their origin in the ‘built in organizational rigidities, cumbersomeness, a slowness to act, a lack of receptivity to new ideas’ that came to characterise some department store retailers (May and McNair, 1977, 57). Our analysis also has its focus in “lock in” to principles of organisation that can become engrained with decades of successful operation but which can ultimately serve to resist adaptation (cf. Jensen, 1993; Schoenberger, 1997).

** Figure 1 about here **

The article is organised as follows: first, we examine the development of the ‘department-manager plan’ – an operating structure designed for stand-alone downtown department stores. Although effective, the structure proved inflexible and would subsequently limit branch development and
adaptation. Second, we analyse how traditional department stores struggled to replicate the centralised efficiency of chain stores within their organisations even after extensive merger and acquisition activity. Third, we explore the challenges associated with post-1945 suburban growth and interpret traditional department store organisational responses. The paper concludes by discussing the implications for marketing theory, retail change and the avoidance of retail failure more widely.

THE DOWNTOWN DEPARTMENT STORE: ORGANISATIONAL STRUCTURE AND INITIAL BRANCHING ACTIVITY

The emergence of the downtown department store and its ‘golden age’ of expansion has been a feature of marketing and business history research (e.g. Coles, 1999; Hower, 1943; Laermans, 1993; Pasdermadjian, 1954; Resseguie, 1965; Tadajewski, 2008). However, there has been minimal coverage after the period of initial growth and the sector’s subsequent participation in large-scale systems of Fordist production and consumption during the 20th century. In this first section we examine how US department stores had formalised their operating structures by the 1930s but struggled to replicate this efficiency with initial forays into branch store development.

The advent of the single downtown store department-manager plan

Mirroring the revolution occurring in manufacturing at the time, from 1910 there was a focus in the marketing literature on realising advances in the operation of distribution: ‘the administration of department stores in general is so far behind that of modern factories as to constitute the former a particularly promising field for the application of scientific management’ (Thompson, 1915, 268; see also Walker, 1913; Weld, 1923). One of the most formidable advances in the organisation of the single site department store – and a structure that served to make wide-ranging branched development later problematic – was acceptance of a four division model of responsibility (see Figure 2). First suggested by Paul Mazur (1925a; 1927), the model provided the necessary division of labour to the store with the development of specialists in each of the main divisions.

** Figure 2 about here **
The organisational structure saw each department sales manager possess full control of buying and selling, along with responsibility for departmental expenses and profits (Tolman, 1921) – in turn codifying the late 19th Century tendency to give ‘buyers a free rein in running their departments’ (Benson, 1986, 16). Each department was ‘considered as a separate speciality store or shop. Its accounts are kept separate; and under normal conditions it must stand on its own feet’ (Nystrom, 1919, 256). The fusing of the buying and selling functions was partly driven by the belief that tacit knowledge gained from a physical presence in the store was required for the store buyer to make fully informed merchandise decisions. Doubman and Whitaker’s (1927, 117-118) comments are typical of the period when they note that ‘in order that our large retail stores may do their buying efficiently, it is necessary that continuous representation takes place’ in order ‘to maintain adequate or complete stocks of merchandise and yet be in a position to secure maximum turnover’.

Concomitant with the formalisation and acceptance of an organisational structure suited to the downtown department store was the introduction of scientific principles of management to the shopfloor, often driven by time and motion studies (Graham, 2000). Non customer–facing store organisation was enhanced with the introduction of the retail price inventory method (Filene, 1930; Savitt, 1999), along with credit and store overhead control (Jeacle, 2004). In practice these measures constrained the dominance of the buyer to a greater degree than previously (Walsh and Jeacle, 2003), as a war of attrition commenced between managers’ desire for lean stocks and frequent reordering versus the buyers’ yearning for ‘larger authorizations and more autonomy’ (Benson, 1986, 50). Critically though these changes did not separate the buying and selling function, thereby retaining considerable influence for the buyer, which ultimately had significant future implications for multi-unit department store development.

**Early branching initiatives of traditional US department stores and organisational structures, 1910-1945**

Before World War II, department stores focused largely on the single downtown unit. However, the late 1920s saw some early attempts at branching along with limited retail decentralisation which partially challenged the appropriateness of the single site, department-manager organisational
structure. These initial forays were partly facilitated by the emergence of neighbourhood and community centres that were intended to supply lower-order goods to growing populations outside of the downtown (Longstreth, 1992; 1997a). Most new branches that were opened in these areas during the inter-war period were considerably smaller than downtown stores (at less than 50,000 sq ft) and focused on clothing and accessories (Longstreth, 1997b, 246). Only in Los Angeles did the branches more closely resemble their downtown parents at 150,000 sq ft of selling area, stocking a wider range of goods to attract more affluent consumers (see Longstreth, 1997c).

The extent of retail decentralisation remained modest but pre-dated large scale suburbanisation of the population. A study of Illinois retailing found that branches of department stores were typically first established between 1927-1943 (Tonning, 1955). Marshall Field’s first branches were constructed in the late 1920s (Wendt and Kogan, 1952) while Goldblatt’s had nine large outlets outside of the Metropolitan area by 1936 (Longstreth, 2007). Elsewhere, by 1931 Strawbridge and Clothier had two Philadelphia branches (Longstreth, 1997a), while Macy’s, which had acquired a portfolio of six downtown stores by the start of World War II, only operated one branch (Bingham and Yunich, 1965).

One of the first department stores to experiment with branched activity was H B Claflin Company of New York that had grown to a chain of 40 stores. However, it filed for bankruptcy in 1914 partly due to its inefficient decentralised operating structure that saw ‘no attempt to buy cooperatively so as to gain the price reductions which joint buying makes possible’ (HBR, 1926, 467; New York Times, 1914). Evidently while there were a number of tentative steps towards constructing additional stores, branches were rarely conceived as possessing equal importance to the dominant downtown unit that often retained managerial control, with the branch typically considered ‘as a service station for customers of the main store’ (HBR, 1927, 84; Pasdermadjian, 1954).

While the department store advantage was based on scale by being a downtown ‘universal provider’ to customers with an organisational structure to match, these initial branches offered a reduced product range and stretched the resources of downtown store management. However, there were
some notable exceptions: in 1915, W A Wieboldt’s (based in Chicago) expanded its department
store operation by running its two stores as a single operation. As Longstreth (2007, 20) comments,
the expansion to a third store in 1924 underlined ‘the efficiencies of centralized management with
uniform buying and merchandising procedures as well as advertising’. In addition, historical
analysis of T C Power department store of Montana at the turn of the century uncovered the growth
of a small portfolio of stores that were administered centrally. However, pro-active branch
managers complemented decision-making at head office to realise a ‘fairly good balance between
centralized decision making and decentralization’ (Klassen, 1992, 699). Such examples, however,
remained the exception as the single downtown unit predominated, supported by an appropriate
organisational structure.

THE RISE OF THE CHAINS, DEPARTMENT STORE CONSOLIDATIONS AND THE
CENTRALISATION CHALLENGE

The chained concept and the centralisation imperative

The dependence of the traditional department store on a single downtown unit contrasted with the
rapid expansion of numerous chain stores after the turn of the century. As one department store
owner commented, ‘chain stores have matched the mass production of the modern manufacturer
with mass distribution’ (Filene, 1924, 7). The literal (albeit small scale) example of this was car
manufacturer, Henry Ford’s chained commissary retail stores (Hollander and Marple, 1960; Freathy
and Sparks, 1995). In the light of centralised retail operations, the marketing literature reflected on
the serious implications for the single site, downtown department store:

‘the chain stores are armed with most of the advantages of the large department store, with
the ubiquity of a whole group of retailers, They are like department stores mobilized and
out for conquest’ (Clapp, 1920, 56).

There was an implicit understanding that a response was required from traditional retailers to
‘devote themselves to the organization and improvement of their own methods of doing business’
(Palmer, 1929, 290; see also Lazurus, 1926; Martin, 1930).

The initial rise of the chain store was impressive (see Figure 3). By 1927 J C Penney’s had a store
estate of over 1,000; W T Grant 109; Kresge’s 435 and F W Woolworth’s 1,581 (Leach, 1993, 274).

In the rapidly expanding grocery field, A&P had expanded from 4,224 stores in 1919 to 15,400 by 1929 (Oi, 2004).

** Figure 3 about here **

While adherence to chain principles was no guarantee of success with numerous chain stores failing in the early stages of development, the accomplishment of the multi-unit concept was undeniable and based on a number of key factors. First, there was an emphasis on centralised scale economies in marketing and, more importantly, buying (Bradshaw, 1943). Multi-unit retailers had the scale of regional (and ultimately national) markets underpinning orders. Hence with a focus on ‘low-cost, high-volume, high-speed through-put of goods’ at the expense of customer service (Madison, 1976, 104), chains bought in greater volume than the isolated department store, and could thus eliminate the middleman, wholesaler, jobber and, in some cases, the manufacturer (Chandler, 1990; Mullen, 1924). Furthermore, many chains pursued vertical integration that offered control over the supply chain, reduced reliance on manufacturers and proved efficient given the scale of operations (Haney, 1920; McNair, 1950; Nystrom, 1919).

The centralised organisational form of chains left store managers with reduced autonomy to adapt assortments to local circumstance (Raff, 2003). Instead, local management were tasked with maintaining low operating costs and high sales volumes as regional headquarters ‘determined store locations and handled accounting, transportation, personnel policies, buying and pricing of merchandise, and sales promotion’ (Raucher, 1991, 132). Whilst foregoing some flexibility, the chains’ efficiency contrasted with single site downtown department stores which, although large stand-alone institutions, had their scale economies diluted by a preponderance of 100 departments or more (McNair, 1931c), leading one department store owner to warn that ‘no department store can buy in such quantities as the large chain’ (Filene, 1927, 4).

Second, there was increasing entry of chain stores into market segments previously dominated by department stores. Before the mid 1920s, chains had been largely confined to the drug and grocery
retail sectors, but after this time there was an increased penetration of chains selling clothing and home furnishings lines (Pasdermadjian, 1954). The growth of ladies’ ready-to-wear was of particular concern and contrasted with the multiples’ previous specialisation in staple merchandise (Phillips, 1937). Larger chained department stores such as Sears and Montgomery Ward grew by adding hardline offers, including auto tires and appliances into the 1930s (Tedlow, 1996). Such commodities were a growth market yet were largely neglected by downtown department stores despite accounting for an increasing proportion of household expenditure.

Third, a new focus on scientific management and consolidated control allowed the chain store to facilitate effective centralisation, signalling the emergence of ‘modern merchandising – a new science’ (Hess, 1924, 5; Hodge, 1925). Highly skilled buyers based in head offices analysed the performance of product lines, adjusting buying patterns and merchandise offers accordingly. In essence, chain stores reflected wider developments in the economy that saw the integration of a greater number of enterprises, the adoption of departmentalised structures, and the introduction of control by salaried managers (Chandler, 1977; 1990).

Finally, without dependence on any one location, chains were able to spread risk throughout their store portfolio. They typically offered a convenient decentralised location, close to residential areas (Nystrom, 1919). In contrast, the downtown department store demanded the highest rentals, increasingly suffered from downtown congestion and saw affluent residents relocate to the edge of city environs (Burnham, 1940).

**The development of the chain concept in department store retailing: Penney, Sears and Ward**

To simplistically depict all department stores as inactive in the inter-war chain movement is inaccurate. Some department store retailers either multiplied and centralised control quickly (thereby overcoming any dependence on the department-manager organisational form), or alternatively became chained department stores from the outset, having developed from a background in mail order retailing. For example, mail order retailers such as Sears, Roebuck & Company and Montgomery Ward developed as store based concerns in the 1920s (Raff and Temin, 1997; Tedlow, 1996). Meanwhile, J C Penney expanded from 312 stores in 1920 to 1,452 stores in
Importantly, these operators developed stores in low rent locations, well away from downtown high rentals and increasing congestion (Longstreth, 2006). In the case of J C Penney ‘more than half its stores in 1929 were in towns of 5,000 or fewer people’ (Raucher, 1991, 154). Furthermore, these retailers typically centralised their buying. As Emmet and Jeuck argue in their biography of Sears, the specialisation of the buying function resulted in considerable advantages over the buyers at *traditional* department stores:

‘Many department-store buyers confine their purchases largely to primary sources, well known and usually conveniently located, mainly because such buyers lack the knowledge, time, or willingness to look elsewhere, Sears’s buyers on the contrary, when they find primary sources unsatisfactory, examine secondary sources which, though less well known and perhaps off the beaten path, produce quality merchandise often available at lower prices than that of primary sources’ (Emmet and Jeuck, 1950, 398).

This meant that decisions had to be made on the basis of data interpreted at-a-distance rather than from the tacit knowledge that came from a continual presence on the shopfloor as at traditional department stores. As Sears Chairman General Wood testified:

‘As a business becomes larger and has branches all over the country, it becomes impossible for the executive to follow it and control except by figures. These figures have to be carefully and rapidly compiled, available immediately, and the executive must be able to interpret them properly - read behind the figures’ (cited by Chandler, 1962, 263).

**Consolidation and co-operation activity: ‘chained’ department stores or decentralised ‘holding companies’?**

**Informal grouping of department stores**

The strategic options for the independent downtown department store in the light of multi-unit retailers seemed ‘to indicate a trend away from the [traditional] department store’ (Mazur, 1924, 434) and ‘a transition from entrepreneurial flair to business control and scale economies’ (Jeacle, 2004, 1172). Organisational and operational centralisation was perceived as critical:

‘There is good ground for the general belief that there is a definite trend toward larger distributive units with increased centralization of control, for the faith held by many people in the economies of mass distribution, economies which might perhaps parallel with those of mass production’ (Lewis, 1930, 37).
Paul Nystrom, best known for his classic text *The Economics of Retailing* (1919), argued that separate department store retailers could co-operate to purchase direct from producers on a single contract while retaining their independent status (Clark *et al.*, 1926). On one level this would mean a partial movement away from a reliance on the isolated downtown buyer (Converse *et al.*, 1929) but could also see department stores share statistics, fashion and style information, along with selling strategies (Clapp, 1920; Patterson, 1915; Nystrom, 1933).

Filene’s was one of the first department stores to promote co-operation in this manner, through the formation of the Retail Research Association (RRA) in 1917. Its remit was to study problems of merchandising and store operation, and for the first time agreed upon a uniform system of record-keeping (Bluestone *et al.*, 1981). In 1918 this initiative was superseded by the formation of Associated Merchandising Corporation (AMC), consisting of 16 non-competing stores (HBR, 1926). Its expanded purpose was to facilitate collaboration between retailers in buying merchandise, recruitment, employee training and improved advertising. Similar institutions subsequently formed such as the Associated Retailers of America (1925) and the Cavendish Trading Company (1926) (HBR, 1926). Finally, this co-operation extended internationally with the formation of the knowledge sharing International Association of Department Stores (1928) (Pasdermadjian, 1954).

While known to be successful in more standardised retail categories such as grocery (French, 2008), the extent of the pooled buying for traditional department stores remained limited. By the mid 1930s, one researcher found that while three out of four department stores had been members of a cooperative buying group, the typical store ‘will not find it advantageous to purchase more than 10 per cent to 20 per cent cooperatively’ (Gault, 1937, 398).

**Formal consolidation and organisational centralisation?**

Beyond the formation of co-operative groups, there were calls for formal consolidation to realise organisational centralisation and scale economies (Griffen *et al.*, 1928; HBR, 1926; Mazur, 1924; New York Times, 1925; see Table 1). Probably the best known argument came from Edward Filene in a 1927 speech which forecast that departments would be highly specialised with the
centralisation of buying supported by ‘facts and scientific knowledge’ (p 13) to allow the best buyers to serve in central offices tempered by ‘decentralized operation and selling’ (p 12). Purchasing would be from ‘approved vendors’ and, given the scale of orders, ‘the manufacturer of vision, therefore, should be anxious to become a preferred source’ (Converse et al., 1929, 44).

** Table 1 about here **

The response of the US department store industry to the cries for action stopped far short of that demanded. Typically, transactions consolidated a number of previously independent department stores into holding companies and included the formation of May Department Stores (1910); Associated Dry Goods Corporation (1913); Hahn Department Store Inc (1928) and Federated Department Stores (1929) (see Table 2).

** Table 2 about here **

Importantly there was minimal consolidation of buying or development of shared services, and hence few synergistic benefits were realised. Instead, operating independence was largely retained; something lamented at the end of the 1920s:

‘…most department store groups have been financial consolidations primarily. Until they add to that finance, enterprise, operating skill, knowledge and effectiveness, you won’t begin to see the real results of operating efficiency’ (Mazur, 1929, 16).

For Doubman and Whitaker writing in 1927, there was optimism that efficiencies would still be achieved:

‘The recent development of consolidation of department stores and the growth of department-store chains are based on certain advantages that are likely to accrue. These advantages will lie to a very great extent in the field of buying. Not only will such organizations be able to take advantage of quantity prices, but they will be in a better position to get cash discounts on purchases’ (p 20).

However, the changes in ownership would only be accretive with restructuring of the new configuration (cf. Wood, 2002). As Nystrom argued at the time, ‘changing the ownership without changing the service, merely results in deflecting retail net profits…from private owners to co-
operative owners’ (Clark et al., 1926, 257). This meant that while mergers had unified ownership, they did not yield ‘the advantages of group management’ (Griffen et al., 1928, 27). By the 1930s it was noted tersely that while the economies of central buying were advanced as the justification for the consolidations, ‘an examination of a number of organizations, each operating several department stores, reveals that central buying is being applied to a very limited extent’ (Falk, 1930, 265; see Table 3).

**Table 3 about here**

There were some exceptions to the lack of central buying that were widely debated (e.g. New York Times, 1927; 1929). By 1930 Associated Merchandise Corporation was using central buying for shoes, luggage, cheap dresses and china; Gimbel Brothers experimented with central purchasing for men’s shoes in four of its stores and Hale Brothers trialled central procurement for c.30% of its departments in five of its stores in 1927 (Falk, 1930). More adventurous forays into centralisation included the use of a consolidated buying office at American Department Stores to source considerable proportions of non-style merchandise sold across its 18-store portfolio (Falk, 1930).

Overall though, the independent and buyer-focused, single-unit organisational structure remained insufficiently challenged:

‘The main obstacle to the establishment of chains of department stores is the separation of the buying and selling functions. As long as it is considered necessary that merchandise shall be bought under the direction of the same person who is responsible for its sale, consolidated purchasing for a group of stores is impossible. And without consolidated purchasing, the full efficiency of centralized ownership and management cannot be realized’ (HBR, 1929, 381).

It was certainly not in the interests of buyer-managers to voluntarily divest themselves of responsibility, even if it was for the ultimate benefit of the retailer (Kaufman, 1932). Such self-interest was clearly expressed in a New York Times article of 1920 where one buyer noted with frustration:

‘I am now part and parcel of a collective group of brains and the results I get are not credited to my individual ability. In other words, the system gets the credit and I come in for a very small share of the praise’ (p 37).
Nevertheless, the buyer-manager plan became increasingly questioned by commentators who argued that a reliance on scientific management of sales trends meant that ‘it is no longer essential for the buyer to have contact with customers to learn their particular desires’ (Falk, 1930, 270). In particular, Filene’s Model Stock Plan (1930) provided strategic assistance in merchandising branches from a central node as it ‘recognizes market variations and consumer preferences by paying attention to the realities of different markets differentiated by price levels’ (Savitt, 1999, 316). However, what was often lacking was the trust, confidence, and willingness to trial the mediation between central buying office decisions based on statistics and those on the basis of the tacit knowledge gained within local markets at traditional department stores:

‘Only in the rare case of a seller’s complete confidence in the judgement of a buying office, located and functioning separately from the several sales units, will the buying have any effectiveness as a selling factor’ (Mazur, 1924, 440).

**Efficiency realisation and cost implications**

The general failure of the consolidations to form efficient holding companies contributed to relative cost increases and ultimately efficiency declines that are well represented by the wheel of retailing: ‘With the growth of large department stores there has not come the reduction in operating expense which is often connected in the minds of most business men with large sales volume’ (Mazur, 1925b, 3). These concerns were increasingly expressed in both marketing articles and data from the 1930s until the onset of significant retail decentralisation in the mid-1950s (see McNair’s series of papers: 1931a, 1931b, 1931c). The standard record of aggregate department store performance for the period was the Harvard Bureau of Business Research (Perkins and Freedman, 1999). Based on this, Figure 4 charts department store expense as a percentage of sales increasing from 29% in the mid 1920s to around 35% by the mid 1950s. Moreover, the decentralised department store holding companies that had formed in the 1920s were even less competitive with ‘the total expense rates of ownership groups…some 20% of sales higher than that of true chains’ (McNair, 1950, 136).
In part, the declining efficiency reflected the costs and decreasing desirability of operating in downtown locations due to congestion and a lack of parking (Burnham, 1938; Tamilia and Reid, 2003) but also – as the wheel of retailing suggests – attempts to “trade up” in order to out-compete other retailers through the provision of customer services with a resulting unproductive allocation of manpower (HBR, 1927; Kaufman, 1932). For McNair, writing in 1958, this move upmarket was partly due to traditional downtown department stores being high-cost and high-margin retail enterprises that ensured they were disproportionately exposed to discounters, chains and supermarkets. Service was seen as a differentiator. As Kenneth Collins (1940), a former executive at Macy’s and Gimbel’s noted, there was a gradual shift in the location of merchandise to positions behind fixtures and counters, away from the customer where salesmen could cater to the needs of the clientele. Such strategies significantly added to department store cost structures:

‘As costs of service have risen, the policy of relying on service has itself been brought into question, since competitors, unhampered by the high costs of free delivery, rest rooms, subsidized cafes, credit and the rest, have pushed the price feature in their ‘cash and carry’ policy’ (Lewis, 1945, 91).

In a particularly damning critique, Hypps (1937, 73) bemoaned the retail format’s ‘elephantiasis’ that saw a lack of focus on costs, an emphasis on driving volume and an expansion of merchandise ‘far afield from their original business’.

**CHALLENGING DECENTRALISED ORGANISATIONAL STRUCTURES: POST-1945 SUBURBAN BRANCHING**

**Suburban population and branch growth**

Significant shifts in the geography of population and retailing that occurred post-1945 left traditional department stores particularly vulnerable given the “lock-in” to single downtown units and associated decentralised organisational structures. The scale of population decentralisation was spectacular (see Table 4). Between 1950-1960 total US population increased by 18%, yet suburban population increased 40% (Dawson, 1974). For the first five years of the 1950s, suburban populations grew more than seven times faster than central cities, as 80% of population growth occurred in the Metropolitan areas outside of the central city (Tarver, 1957). In addition, by 1970,
80% of US families owned an automobile so were less constrained by the schedules of public transportation (Dawson, 1974).

** Table 4 about here **

Initially, retail decentralisation consisted of commercial facilities strung haphazardly along major transport arteries out of a city on ‘suburban freeway corridors’ (Baerwald, 1978). This process gathered pace throughout the 1950s and 1960s, when shopping centre developers began to realise the economic potential of the expanding marketplace (Muller, 1981). Appearing in the 1950s, covered shopping centres possessed many advantages when compared to downtown areas, being enclosed, away from the street and benefitting from a carefully controlled tenant mix (Palmer, 1953; Stedman, 1955):

‘Centralized management enabled the shopping center to function as an integrated business rather than as just a concentration of stores. The management selected the tenants… so that the presence of each establishment could reinforce those of the others’ (Longstreth, 1992, 5).

In part facilitated by a broadly laissez-faire view of Government until the 1960s (Dawson and Lord, 1985), Figure 5 shows the remarkable scale and speed of US shopping centre development. The 1950s proved only the start. With time, Gruen’s two level centre model gave way to the larger regional shopping centre with a vast market catchment (Muller, 1981). Carlson (1991), for example, estimates 19,000 centres were constructed from 1960 until 1980.

** Figure 5 and Table 5 & 6 about here **

As the suburban environment flourished, the previously seemingly invulnerable downtown areas suffered from under-investment (Gruen, 1963; Sturdivant, 1968), traffic congestion, a lack of parking and declining footfall (Gras, 1940; Madison, 1976; see Table 5). While numerous downtown initiatives were forecast to successfully address these difficulties (New York Times, 1955c; 1956), suburban shopping centres equated a new definition of one-stop-shopping as retailers exploited economies of agglomeration, becoming ‘the very heart of the retail market’ (Alevizos and Beckwith, 1954, 111). Less successful department store owners ignored the changes occurring and
incorrectly ‘remained complacent in the knowledge that they were the center of retailing activity’ (Webb-Vignery, 1989, 130).

Department store holding companies ‘initially resisted the move to the suburbs’ until the late 1950s (Ghosh and McLafferty, 1991, 257), when the organisational structure of the retailers would have to be revolutionised. The eventual change in store portfolio development is demonstrated in Table 6. Initially, department stores cautiously avoided each other in the new suburban retailing spaces. Only when it became apparent that competitors were choosing similar locations, which divided business in the local market, did department stores consciously decide to congregate together, competing head-on to anchor shopping centres (Muller, 1981). Progressively some department stores developed their own shopping centres. Such innovative retailers included J L Hudson’s in Detroit, Dayton’s in Minneapolis, May’s of St. Louis, Dillard’s in Arkansas, along with Allied Stores and R H Macy of New York (Carlson, 1991; Rosenberg and Rao, 1989).

When it commenced the pace of change was rapid. For example, in 1955 Allied Stores announced that it would complete ten shopping centres within three years at a cost of $293m, while the expense of the seven centres undergoing construction at that time totalled $238m (New York Times, 1955a; 1955b). Frequently multiple centres developed in close proximity. Cohen (1996) notes that over a period of six months in 1957, Paramus, New Jersey was host to the opening of both R H Macy's Garden State Plaza and Allied Stores’ Bergen Mall, located three quarters of a mile from each other. Both retailers had independently recognised the commercial potential of the location. By 1960 ‘each shopping center had two to three department stores as anchors (distinguishing it from many pre-war projects built around a single anchor), surrounded by fifty to seventy smaller stores’ (Cohen, 1996, 1053). Alongside the organic growth there was a rush to acquire regional operators that could further enhance market position. Between 1951 and 1965, the 20 largest department store companies had acquired 73 companies operating 168 establishments (Bucklin, 1972; see Table 7).

** Table 7 about here **
**Tackling organisational change**

The time taken for traditional department stores to embrace opportunities offered by suburban branches can undoubtedly be attributed to the sunk cost in downtown locations, but also in part to the organisational rigidities attached to the buyer-manager plan. The marketing literature of the 1950s and early 1960s emphasised how the traditional structure became ‘increasingly poorly suited to the developing multiple-establishment system’ (Bucklin, 1964, 41). Similarly, Oaks (1956, 255) commented that ‘traditional department store organizational patterns…as the framework for a large-scale multiunit operation has been seriously questioned’.

While department store branches within holding companies had developed prior to 1945, they were limited in their coverage, retained proximity to the downtown store, and were most often controlled and administrated by it (Bucklin, 1964; 1972). This often caused friction between the downtown buyer and the branch manager (Oaks, 1956) but more importantly, the buyer-managers of the downtown store became over-burdened as the number of branches increased (Bingham and Yunich, 1965; Noyelle, 1987). In the case of Allied Stores, one former divisional President explained:

‘You have a central department store, and you now have satellites all over. Well alright, so you have one store and one store so the buyer in the main store can go visit the small store – for the first one that’s fine. Then you have two and he can still do that. Then all of a sudden you wake up one day and instead of having two or three, you have ten or fifteen spread not only in your State but in other States. It is a physical impossibility for the buyer who had responsibility for the merchandise selection and the merchandise presentation in the old days to be able to do this’ (Personal Interview).

Traditional department store retailers gradually realised the importance of branches to their business and the necessary adaptation toward an ‘equal store plan’ that this warranted (New York Times, 1964). However, the time taken to move away from the established model of organisation ‘hampered spatial expansion’ (Laulajainen, 1987, 225). While complete decentralisation of buying to each unit would be ‘the most suitable with respect to this institution's traditional marketing strategy’ it was correct that ‘many of the branches are too small and were not planned to be self sufficient’ (Bucklin, 1964, 44). What was required was a vastly increased degree of centralisation in the process of buying (Brooks, 1948).
Bingham and Yunich (1965) provide an interesting case study of R H Macy’s with regard to the lengthy introduction of a revised organisational structure. As Macy’s opened 39 suburban stores between 1946 and 1964, the failure of the buyer-manager system became evident with buyers stretched given their responsibility for clone departments in branches as well as goods, procurement, promotion, sales and staffing at the downtown store. A separation of the buying and selling functions would be necessary with data informing decision-making rather than a perpetuation of the ‘longstanding belief that the buyer must have contact with customers and the selling force in order to learn the wants of his clientele’ (Falk, 1930, 269; see also HBR, 1924).

These changes enforced a critical change in the mindset of department store buying executives:

‘… the downtown store was no longer to be thought of as the “mother hen with her branch-store chickens”. Each store was to be regarded as having equal status, and no one store was in an way to have priority over another’ (Bingham and Yunich, 1965, 138).

This was a challenging process and one that was resisted initially. At Allied Stores it was similarly noted by one former executive:

‘What evolved became somewhat difficult for the buyers to accept; that the branch store man at the top was responsible and had as much authority as the other four and you, as a buyer, could not go into a branch store and tell them to redo things because that was no longer your responsibility. Your responsibility was the merchandise selection’ (Personal Interview).

An increasingly centralised buying structure emerged within holding companies that relied on interpreting sales data by a reduced number of buyers but that also had some sensitivity and input from local branch managers (Hollander, 1986). In the case of Macy’s, such restructuring was introduced to the Bamberger’s division of the holding company in 1959 and the Macy’s New York division as late as 1963 (Bingham and Yunich, 1965). By 1964 similar structures were in place at Burdines (Florida) and Lit Brothers (Philadelphia) (New York Times, 1964). Increasingly across the nation’s suburbanising department stores, the constraints posed by a dependence on the department-manager plan were being overcome.
CONCLUSIONS

Our analysis has explored the reasons for traditional department stores’ apparent organisational inertia and recess toward a period of relative decline which are inherent characteristics of established models of retail change. As Clifford (1973) notes, threshold periods often consist of notable instances of environmental change that demand adjustment from the firm. However, we have found that the traditional department store became “locked in” to a locational and organisational structure which constrained the necessary adaptation.

Whilst a limited number of successful chains of department stores centralised organisation and expanded their store networks (contrary to the explanatory thrust of models of retail change), typically traditional downtown department stores were slow to adapt strategically, geographically and organisationally. While in simple economic terms downtown stores represented considerable sunk costs (cf. Clark and Wrigley, 1997), the format’s slow response to competitive and environmental challenge owed a great deal to ‘the inertia of management arising from long experience with present methods – from habit and tradition’ (HBR, 1929, 380). As early as the 1930s, McNair (1931c) commented that the challenge was to develop a central organisation that could be superimposed on the existing administration to produce chains of department stores – this was not achieved until the mid-1960s. Such rigidity ultimately contributed to a steadily declining share of General Merchandise, Apparel, Furniture (GAF) sales from the late 1930s (see Figure 6).

** Figure 6 about here **

We find that the wheel of retailing and the retail life-cycle are only partially useful descriptive representations of retail change that are clearly restricted by their closed system underpinning, their determinism, and their lack of quantitative validation ‘to historical data in any systematic fashion’ (Savitt, 1989, 336). In a simplistic sense, the retail wheel turned and the retail life cycle progressed to decline as the department store lost its competitive advantage. However, the causes of these developments had as much to do with environmental changes in terms of developing multi-unit business models and a decentralising population geography as the internal inertia of management within the constituent firms. Consequently, this study has underlined how a wider, open systems
interpretation of retail change is required to fully understand how formats may lose supremacy and delay necessary strategic change.

So what are the wider implications of this study for retailers wishing to sustain market position in the face of the shifting environmental and competitive landscape? It is well-established that delving into retail history can offer relevant insights to contemporary problems (N. Alexander, 1997; Hollander, 1986). Understanding the nature of decline is all the more relevant amid a background of an increasing academic focus on retail failure and divestiture (Burt et al., 2003; Etgar and Rachman-Moore, 2007). In our case, clearly the formation of holding companies in the 1920s served to protect the largely independent operating nature of traditional department store retailers, arguably ossifying the established independent structures and mindsets. While McNair’s wheel theory underlines the importance of human agency and entrepreneurialism in the initial entry of a retailer to the market (Brown, 1995), so human nature can restrict adaptation.

Necessary change can be blocked by those employees who seek to defend their own personal asset structures, and as a result, foreclose certain kinds of corporate strategies regardless of whether they are necessary (Mellahi et al., 2002). In this way, traditional department store companies largely retained the organising principles of independent downtown stores rather than adopting a centralised operating structure that would allow active pursuit of the opportunities posed by retail decentralisation. In a more general sense, Schoenberger (1997, 227) argues that such ‘lock-in’ can be potentially disastrous for the firm as ‘massive resources can be mobilized in defense of an historical model of industrial practice whose ineffectiveness in changed circumstances has been so thoroughly and repeatedly demonstrated’ (see also Jensen, 1993). Similarly other historical studies have noted how failure is often rooted in the company becoming ‘complacent and committed to established routines, processes and strategies’ with management failing ‘to assess the potential impact of these changes and develop appropriate strategies’ (McGovern, 2007, 900). As a result, maintaining such rigidity in threatening situations can lead to a natural tendency to maintain the status-quo rather than adapt (Pal et al., 2006). Tedlow (2008) regards such a lack of response as ‘denial’, with management failing to face the facts of the new competitive position.
Inertia from competitive reality underlines the need to maintain a flexible and innovative culture (O’Cass and Ngo, 2007). Firms should be free to experiment with new business models and maintain a structure that allows such adaptation while not threatening the legitimacy of the core business (Kaplan and Norton, 2006). The onus, as Peters and Waterman (2004) note, is to be “tight” in terms of executing efficiency, but also “loose” and adaptable to new circumstances. Unsurprisingly the message of avoiding rigidity is a key implication of the retail life-cycle – as Davidson et al. noted over thirty years ago, ‘a company can never afford to get “locked in” to some particular approach or philosophy’ (Davidson et al., 1976, 95). The penalty, as the traditional department store found to its cost, is another turn of the retail wheel or further advance of the retail life-cycle which allows competitors to exploit inaction and leverage their cost and locational advantages.

ENDNOTE

1 This article is primarily based on a close analysis of the extensive business, retail and marketing literature of the time. However, it is also part of a wider project which involved over 30 interviews with current and previous retail executives to which the paper refers where they yield relevant information to the historical developments in question.
ACKNOWLEDGEMENTS
I would like to gratefully acknowledge the constructive comments of two anonymous referees as well as Andrew Alexander and Alan Hallsworth on previous drafts of the manuscript. The PhD research upon which this paper is loosely based benefited from the supervision of Neil Wrigley. All errors and omissions are my own.

FIGURES AND TABLES

Figure 1: Two Models of Retail Change

The Retail Life-cycle

The Retail Wheel

Source: Brown (1987)

Figure 2: Generalised Four Divisional Structure for the Larger Downtown Department Store in the 1920s

<table>
<thead>
<tr>
<th>Merchandising Division</th>
<th>Publicity of Sales Division</th>
<th>Store Management Division</th>
<th>Controlling Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Planning of stocks</td>
<td>(a) Advertising</td>
<td>(a) Personnel</td>
<td>(a) Accounting</td>
</tr>
<tr>
<td>(b) Control of stocks</td>
<td>(b) Display</td>
<td>(b) Selling force</td>
<td>(b) Expense control</td>
</tr>
<tr>
<td>(c) Buying</td>
<td></td>
<td>(c) Service</td>
<td>(c) Statistics</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(d) Maintenance</td>
<td>(d) General merchandise control</td>
</tr>
</tbody>
</table>

Source: Mazur (1924; 1925a; 1927)
Figure 3:

Table 1: The Case for Department Store Consolidation

<table>
<thead>
<tr>
<th>Problems Pre-Consolidation</th>
<th>Proposed Benefits of Consolidation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependence upon department manager</td>
<td>Purchasing power of direct value in buying staples, which form an important part of the volume of sales</td>
</tr>
<tr>
<td>Lack of intensive specialisation and singleness of effort</td>
<td>Engineer huge purchases beyond the reach of an individual unit</td>
</tr>
<tr>
<td>Dilution of the value of volume when reduced into purchasing power of many markets</td>
<td>Ability to buy suppliers and equipment in large quantities at appreciable saving</td>
</tr>
<tr>
<td></td>
<td>Ability to co-operate on style purchases without destroying individual local selection</td>
</tr>
<tr>
<td></td>
<td>Experiments can be made with the advantages of distributing risk</td>
</tr>
<tr>
<td></td>
<td>European markets can be extensively developed</td>
</tr>
<tr>
<td></td>
<td>Opportunities for growth will attract men of the right quality</td>
</tr>
<tr>
<td></td>
<td>Opportunity of developing buying service units. Removes complete dependence on local store personnel</td>
</tr>
</tbody>
</table>

Source: Mazur (1924) and various other trade literature of the 1920s and 1930s
Table 2: Selected Department Store Consolidations and Co-operative groups 1910-1930

<table>
<thead>
<tr>
<th>Year</th>
<th>Nature of Consolidation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>Formation of May Department Stores taking in Shoenberg Mercantile Company (St. Louis); May Store &amp; Clothing Company (Denver;) May Company (Cleveland)</td>
</tr>
<tr>
<td></td>
<td>H.B. Claflin &amp; Co. acquires Tefft-Weller Co.</td>
</tr>
<tr>
<td>1911</td>
<td>National Retail Dry Goods Association formed</td>
</tr>
<tr>
<td></td>
<td>May acquires William Barr Dry Goods Company</td>
</tr>
<tr>
<td>1912</td>
<td>May acquires M O’Neil Company (Akron, Ohio) and Bogg &amp; Buhl (Pittsburgh )</td>
</tr>
<tr>
<td>1916</td>
<td>Formation of Associated Dry Goods Corporation – JP Morgan helps reorganise Siegal Coopers and John Claflin’s stores in New York. Other founding stores include: Hahne &amp; Co. (Newark, NJ); Lord &amp; Taylor (New York); William Hengerer Co. (Buffalo, NY); Stewart &amp; Co. (Baltimore, MD)</td>
</tr>
<tr>
<td></td>
<td>Retail Research Association (RRA) formed</td>
</tr>
<tr>
<td>1918</td>
<td>Associated Merchandising Corporation (AMC) replaces Retail Research Association (RRA) with a wider remit</td>
</tr>
<tr>
<td>1921</td>
<td>Jordan Marsh buys A Shuman Company</td>
</tr>
<tr>
<td>1922</td>
<td>Formation of National Department Stores</td>
</tr>
<tr>
<td>1923</td>
<td>RH Macy acquires Hamburger &amp; Sons; LaSalle &amp; Koch (Toledo); Davison-Paxon Stokes Store (Atlanta)</td>
</tr>
<tr>
<td></td>
<td>National Department Stores takes ownership of Frank &amp; Seder stores</td>
</tr>
<tr>
<td></td>
<td>Gimbel Brothers purchases Saks</td>
</tr>
<tr>
<td>1924</td>
<td>Gimbel Brothers purchase Kaufman and Baer (Pittsburgh)</td>
</tr>
<tr>
<td>1925</td>
<td>Jordan Marsh buys CF Hovey Company</td>
</tr>
<tr>
<td>1927</td>
<td>May acquires Bernheim-Leader of Baltimore</td>
</tr>
<tr>
<td>1928</td>
<td>Hahn Department Store Inc forms – a group of 28 established department stores. This was later reorganised into Allied Stores in 1933</td>
</tr>
<tr>
<td>1929</td>
<td>Formation of Federated Department Stores brought together a number of famous family owned stores, including Abraham and Strauss, F &amp; R Lazarus and Filene’s</td>
</tr>
<tr>
<td></td>
<td>RH Macy acquires Bambergers (Newark)</td>
</tr>
<tr>
<td></td>
<td>Marshall Field acquires Fredrick and Nelson (Seattle &amp; Washington)</td>
</tr>
<tr>
<td></td>
<td>Hahn acquires The Bon Marche</td>
</tr>
<tr>
<td>1930</td>
<td>Bloomingdale’s joined Federated Department Stores</td>
</tr>
</tbody>
</table>

Sources: Bluestone et al. (1981); Bucklin (1972); Doubman and Whitaker (1927); HBR (1926; 1927; 1929); Mazur (1929); Madison (1976); Nystrom (1919; 1930); Pasdermadjian (1954); Raff (1991)

Table 3: Simplified Spectrum of Centralised Buying in the Retail Sector in the late-1920s

<table>
<thead>
<tr>
<th>Degree of centralisation</th>
<th>Centralized – minimal store autonomy</th>
<th>Centralized for most items</th>
<th>Decentralized – group buying is the exception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of retailer</td>
<td>Chain store</td>
<td>Chain department/ apparel stores</td>
<td>Conventional Department Stores (inc. majority in “holding groups”)</td>
</tr>
<tr>
<td>Examples</td>
<td>Woolworths; Kresge, Grant, McCrory</td>
<td>J C Penney; Montgomery Ward, Sears, Roebuck &amp; Company; W. T. Grant Company</td>
<td>Hahn Department Stores; Associated Dry Goods Corp.; May Department Stores; Federated Department Stores</td>
</tr>
</tbody>
</table>
Figure 4:

Annual Operating Results of Department Stores: 1920-1960.
All Firms Reporting to the Harvard Bureau of Business Research in the Respective Years (Weighted Common Figures)
* Total expense includes 6% imputed interest on selected assets

Figure 5:

![Initial US Shopping Centre Construction (all types), 1947-1960](image)

Source: Hanchett (1996)

Table 4: Relative Percentages of Urban Population Growth, 1900-1970

<table>
<thead>
<tr>
<th>Decade</th>
<th>Population growth rate of cities</th>
<th>Population growth rate of suburbs</th>
<th>Percent total SMSA growth in cities</th>
<th>Percent total SMSA growth in suburbs</th>
<th>Suburban growth per 100 increase in central city</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900-1910</td>
<td>37.1</td>
<td>23.6</td>
<td>72.1</td>
<td>27.9</td>
<td>38.7</td>
</tr>
<tr>
<td>1910-1920</td>
<td>27.7</td>
<td>20.0</td>
<td>71.6</td>
<td>28.4</td>
<td>39.6</td>
</tr>
<tr>
<td>1920-1930</td>
<td>24.3</td>
<td>32.3</td>
<td>59.3</td>
<td>40.7</td>
<td>68.5</td>
</tr>
<tr>
<td>1930-1940</td>
<td>5.6</td>
<td>14.6</td>
<td>41.0</td>
<td>59.0</td>
<td>144.0</td>
</tr>
<tr>
<td>1940-1950</td>
<td>14.7</td>
<td>35.9</td>
<td>40.7</td>
<td>59.3</td>
<td>145.9</td>
</tr>
<tr>
<td>1950-1960</td>
<td>10.7</td>
<td>48.5</td>
<td>23.8</td>
<td>76.2</td>
<td>320.3</td>
</tr>
<tr>
<td>1960-1970</td>
<td>5.3</td>
<td>28.2</td>
<td>4.4</td>
<td>95.6</td>
<td>2153.1</td>
</tr>
</tbody>
</table>

Source: Muller, 1981, p 22
Table 5: Retail Change, by City Size Class, 1954-1967

<table>
<thead>
<tr>
<th>Population of metropolitan area (in thousands)</th>
<th>3,000+</th>
<th>1,000-3,000</th>
<th>500-1,000</th>
<th>250-500</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a) Percentage change in sales: current dollars</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBD</td>
<td>12.1</td>
<td>8.3</td>
<td>-3.7</td>
<td>-6.7</td>
</tr>
<tr>
<td>Central city</td>
<td>34.3</td>
<td>26.8</td>
<td>58.4</td>
<td>61.4</td>
</tr>
<tr>
<td>Suburbs</td>
<td>132.2</td>
<td>175.0</td>
<td>209.9</td>
<td>193.1</td>
</tr>
<tr>
<td><strong>b) Percentage change in numbers of establishments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBD</td>
<td>-26.0</td>
<td>-26.9</td>
<td>-38.2</td>
<td>-37.6</td>
</tr>
<tr>
<td>Central city</td>
<td>-26.3</td>
<td>-23.7</td>
<td>-8.4</td>
<td>-8.4</td>
</tr>
<tr>
<td>Suburbs</td>
<td>29.9</td>
<td>30.3</td>
<td>51.3</td>
<td>48.0</td>
</tr>
</tbody>
</table>

Source: Berry and Kasarda, 1977, p 258.

Table 6: Branch Store Sales as a Percentage of Total Department Store Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of firms</th>
<th>No. of stores</th>
<th>% of branch store sales to total sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>104</td>
<td>193</td>
<td>4</td>
</tr>
<tr>
<td>1952</td>
<td>107</td>
<td>206</td>
<td>6</td>
</tr>
<tr>
<td>1957</td>
<td>104</td>
<td>289</td>
<td>23</td>
</tr>
<tr>
<td>1958</td>
<td>104</td>
<td>316</td>
<td>28</td>
</tr>
<tr>
<td>1959</td>
<td>99</td>
<td>303</td>
<td>35</td>
</tr>
</tbody>
</table>

N.B. Only department stores with annual sales of $10 million or more were included

Table 7: Suburbanisation Rates of the Major Department Store Corporations

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Date when Sales from Branches Reach 50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allied</td>
<td>1970</td>
</tr>
<tr>
<td>Associated</td>
<td>1967</td>
</tr>
<tr>
<td>Macy’s</td>
<td>1963</td>
</tr>
<tr>
<td>Federated</td>
<td>1967</td>
</tr>
<tr>
<td>May’s</td>
<td>1962</td>
</tr>
<tr>
<td>Dayton Hudson</td>
<td>1969</td>
</tr>
<tr>
<td>Carter Hawley Hale</td>
<td>1950s</td>
</tr>
</tbody>
</table>

Source: adapted from Laulajainen, 1987, p 235.
Figure 6:

Retail Channels as % of General Apparel and Furniture (GAF) Sales

GAF includes general merchandise group, apparel group, furniture and appliance group combined.

Source: sourced from data located at McNair and May (1963), p 15
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