

TOWARDS A THEORY OF RETAIL EVOLUTION:
AN AUSTRALIAN HISTORY OF RETAILING
IN THE EARLY TWENTIETH CENTURY

By

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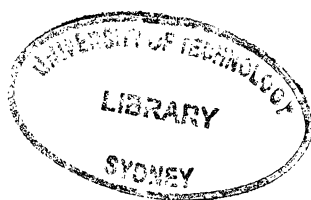
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Abstract

This thesis explores retailing evolution in Western countries during the late nineteenth and early twentieth centuries. A systems theory approach is used to examine retailing at three levels: individual stores, the industry or “population” of stores, and as a part of the larger distribution industry. The interactions of retailers with manufacturers, wholesalers, consumers, trade unions, governments, and others in the system are examined. This affords a view of retailing from the outside, but also from the inside, and the retailers’ point of view. This dual focus exposes change as a process of co-evolution, with retailing firmly embedded, and interdependent, within its environment.

A case study is presented from the archives of the Australian retail industry’s main trade Association for the period 1903-1930, the heyday of department stores in this country. This provides an original history from the primary source documents produced by the men who ran the Association, and Sydney’s largest department stores. The longitudinal coverage of the case affords a view of change as an accumulative process, and confirms the largely untested hypothesis that retail institutions are a significant influence on the course of retailing evolution.

The findings of the research suggest that there are multiple causal mechanisms in the evolution of retailing. The impact of innovators, competition and conflict, and the constraints of the environment were found to have direct and indirect influences on the course of retailing development, and these influences have been identified in extant literature. In addition to extant explanations, this research suggests that consumers’ “innate desire for novelty”, or more broadly a human need for variety, appeared to be a driver of evolution in retailing in the period under study.

Overall, the research presented in this study demonstrates that retailing evolution cannot be properly understood outside the systems of which it is a part. The study shows that, while the retailing system was subject to forces outside its control, it could also exert influence on the system. Furthermore, that the population of retailing institutions, as represented by the industry trade Association, was an important factor in shaping the course of retailing evolution in Australia.

Introduction

In the long input-output chain involving the production and distribution of consumer goods to persons and households, retailers are the terminal members in the chain. Retail stores provide the arena in which the final economic transaction takes place, and consumption begins.

Yet the impact of retailing practices on consumer demand has been largely ignored in marketing theory, setting aside the work of a few scholars, particularly the late Stanley Hollander. Hollander argued that, as a *sine qua non* of marketing theory it is fundamental to understand "the way retailers have and do act as gatekeepers and consumption modifiers" (Hollander 1986, p. 10).

In 2004, retail spending in Australia accounted for around 45 per cent of disposable household income, and the retail trade generated an estimated \$228 billion in revenue spread over 165,000 enterprises. In the same year, the retail trade was the 5th largest contributor to GDP, accounting for around 5.3 per cent of GDP.¹

Retailing is the biggest employer of the nation's 17 industry divisions, employing 1.47 million full-time and part-time persons at the end of 2004, or 15 per cent of Australia's workforce. Retailing is also a major springboard for newcomers to the workforce. Most of us will have found one of our first paid jobs in retailing.

On the other side of the counter, virtually everybody is a shopper, and there is no economic activity more day-to-day than shopping. But this was not always the case. Shopping - as we know it today - has been around for little more than a century, and it arrived with the 19th century emergence of the department store.

Department stores were important social and economic institutions, and while some outstanding retail histories exist for the US, UK, Canada and France², the

¹ Data from IBISWorld, developed from Australia Bureau of Statistics estimates for December 2004. The contribution to GDP is measured in value added terms, not revenue terms.

² For example, Emmet & Jeuck's (1950) *Catalogues and Counters: A History of Sears, Roebuck and Company*; Adburgham's (1975) study of the London department store *Liberty's - A Biography of a Shop*, Hower's (1943) *The History of Macy's of New York*, Miller's (1981) *The Bon Marché Bourgeois Culture and the Department Store 1869-1920*, and Monod's (1996) Canadian study *Store Wars*.

Australian story has remained largely uncharted. Very little research has been published in Australia, aside from company-commissioned coffee-table style histories. Proposals to write the histories of retail giants such as Coles Myer and David Jones have been quashed in spite of their substantial archives (Carroll 1998).³

In addition, most of Australia's grand department stores have now disappeared. The death toll includes, in alphabetical order, Anthony Hordern & Sons (Sydney), Ball & Welch (Melbourne), Boans (Perth), Buckley & Nunn (Melbourne), Farmer & Co (Sydney), Finney Isles (Brisbane), Foy & Gibson (Melbourne), Georges (Melbourne), Grace Bros (Sydney), Harris Scarfe (Adelaide), London Stores (Melbourne), McDowells (Sydney), Marcus Clark (Sydney), Mark Foy's (Sydney), and McWhirters (Brisbane).⁴

Department stores of the early twentieth century were probably the most significant influence in the making of "the consumer society". At a time when customers were relatively unprotected by law, department stores ushered in "risk-free" buying - by offering fixed prices, returns and exchanges, and money-back guarantees. These and other retail practices that today we presume are "modern" - for example, customer loyalty schemes, extended trading hours, and one-stop shopping - were legacies of early department stores. Chain stores accelerated those practices and, in addition, were the main brokers of self-service, and the advance of mass volume retailing into the suburbs.

The retailing sector has been in a state of continuous change since the arrival of department stores. In the 21st century the pace and quantum of change is expected to be no less dramatic. We are already seeing the impact of electronic shopping (B2C commerce) in both domestic and international purchases. Rising numbers of Australians travelling abroad (now around five million per year) will see more purchasing offshore, largely balanced by even greater numbers of inbound

³ In his review of corporate histories in Australia, Carroll argued that only those commissioned histories that give a "sunny side to the corporate record" get published. Renowned historian Geoffrey Blainey was approached to write the history of *David Jones* in the late 1980s, "but Adelaide Steamship owned David Jones then and (CEO) John Spalvins was not impressed. The project was quashed" (Carroll 1998, p. 32).

⁴ These names are drawn from a database of more than 170 retail store archives, which was compiled for the purpose of selecting a suitable case study candidate for this thesis. Further detail is provided in Chapter Four.

visitors. A greater variety of goods is emerging as an increasing proportion of goods is purchased from overseas, especially China where thousands of international manufacturers have set up.

Yet, the reasons for the transformation of retailing have remained "one of the most intriguing and difficult problems in the marketing discipline" (Markin & Duncan 1981, p. 58).

This thesis charts the evolution of retailing in the late nineteenth and early twentieth centuries, and some possible underlying reasons for its transformation. This Australian study provides a macro view of retailing in Western nations, set in context of a much larger, and co-evolving, environment. The thesis also includes a micro view of retailing in an original case history written from the Australian retailers' point of view.

While history does not predict the future, the evolution of retailing during this millennium will depend to some extent on the events of the past. Understanding retailing's history helps us speculate about the present and the future in a way that is not usually possible.

ORGANISATION OF THE THESIS

Chapter One reviews the theoretical literature on retailing and establishes a typology of the primary "causes" of the evolution of retailing.

Chapter Two explains the systems theory model and the three-tiered approach used to examine the evolution of retailing: at the level of the store, the retail industry, and as part of the wider distribution industry.

Chapter Three presents a synthesis of extant historical research on retailing in Western nations during the late nineteenth and early twentieth centuries. Based on the systems approach, this analysis demonstrates the embeddedness of retailing within its larger environment, and how these interrelationships affected the course and pace of evolution.

Chapter Four describes the methodology of the case study developed from the archives of the retail industry's main employers' trade association. The case study,

covering the first three decades of the twentieth century, is presented in Chapter Five.

Chapter Six discusses the findings of the study and offers three propositions about causal influences that appeared to operate in the evolution of retailing during the period under study.

Finally, Chapter Seven summarises the contributions of this thesis, and the potential applicability of the findings for current-day retailing. Suggestions for future research are also provided.

1 Literature on Retailing and Retailing Change

The evolution of retailing in Western nations has interested academics across a range of disciplines for several decades, and a variegated body of literature has emerged from academic disciplines including economics, history, geography, the behavioural sciences, and marketing.

As a consequence of its interdisciplinary study, and its varying units of analysis, the literature on retailing has presented “a rather disjointed collage” (Stern & Reve 1980 p. 52) and the development of a global model to explain retailing change has proved “elusive” (Filser & McLaughlin 1989).

Scholarly studies of retailing based on original historical evidence are rare, although notable exceptions include Fraser’s (1981) systemic account of the forces affecting the British retailing industry after 1850, and Monod’s history (1996) of Canada’s retailing industry from 1890-1939. Research on retailing history in Australia has typically centred around single department stores, or on topics of specific interest, such as female labour in retailing in early twentieth century Australia (Ryan 1984).

Within the discipline of marketing, there are very few accounts of retailing history based on primary sources, setting aside the work of Tedlow (1990), and Donald Dixon (1963, 1994, 2001). Two doctoral theses written from a marketing point of view are Nyberg’s dissertation on retailing innovations in Sweden (1998), and Blizzard’s comparison of Australian and American retail systems (1976), but these were based on secondary sources, and the extent to which their findings might be generalised is not known.

During the past century, retailing in Western nations has undergone significant change in several areas: formats, technologies, forms of ownership, the role of consumers, and geography (Chandler 1977). Very little academic research exists on historical changes in retailing in Australia, although the consulting firm IBISWorld has summarised these five areas of change as they applied in the twentieth century (Table 1 on page 11).

The most visible area of change in retailing during the twentieth century was the evolution of stores through a sequence of different types, or “formats”. In approximate chronological order, the main formats were small stores, general stores, department stores, co-operative stores, chain stores, supermarkets, discount outlets, franchises, and most recently “category killers” or superstores.

Other areas of change in retailing resulted from new technologies. Technological advances such as the adding machine and the cash register were “the computers of their day” (Friedman 1998) and greatly improved both the effectiveness and efficiency of retail managers. Cash registers encapsulated new ideas about management operations, of “scientific” record-keeping, the importance of cash sales, and stock-turn velocity.

Many of the changes in retailing in the early twentieth century, such as stock-turn velocity, and low fixed prices are commonly referred to as “revolutionary” (Briggs 1960). As Walsh (1999, p. 46) observed: “Since the first publications on the history of retailing in the 1950s the development of the department store has been equated with ‘revolutionary’ new techniques in retailing, and retail historians continue to cite window displays, the displays of goods in interiors, browsing and window-shopping, fixed prices and cash sales as key elements that mark a distinct break with the past and constitute the ‘birth of modern retailing’”.

Prior to commencing the analysis of the literature, it is worth noting a distinction in extant theories, which characterises change as either “evolutionary” or “revolutionary”. This dichotomous classification – which sees change as either gradual and continuous, or discontinuous and sudden – pervades the literature (Fisk 1988, Christensen & Tedlow 2000, Gersick 1991).

Evolutionary change is described by Schumpeter as “continual adaptation through innumerable small steps” (Schumpeter 1934, p. 62); whereas revolutionary change, according to Schumpeter, was the “change that matters” (Eliasson 1988) – when innovators break the status quo forcing the population (of similar institutions) to adapt and imitate.

The distinction between revolutionary and evolutionary change is much less clear on an empirical basis, at least for retailing. As Miller (1981, p. 21) points out

“department stores in France as elsewhere did not spring up overnight. All the great emporia of the Pre-War era – the *Bon Marché*, the *Louvre*, *Printemps*, and others – had either modest or intermediate origins, all passed through a *magasin de nouveautés* phase (drapery and fancy goods), and all were predicated on new commercial practices and new commercial frames of mind”.

Similarly the conversion from full service stores to self-service was not simply a managerial decision. Implementation required large operating changes, new fittings and fixtures, and a retraining of staff (Blizzard 1976).

Walsh concluded: “many of the assumptions made about the dramatic rise of the department store and its novelty in the nineteenth century need to be rethought... Many of the techniques credited to the department store can be seen to have had a long-standing history. Window-shopping, browsing, the use of seductive display and interior design to enhance the appearance of goods, and shopping as a social activity were all in operation throughout the eighteenth century... Rather than searching for a revolutionary break with the past at some point in the nineteenth century, it is more effective to consider the subject in terms of elements of continuity and change” (Walsh 1999, p. 68).

In the characterisation of change as either disruptive or gradual, there is the additional difficulty of distinguishing between individual and group responses. As Dawson (1979, p. 351) explains, the pace of change is a *process*, in which at any one time, “there are likely to be participants at a variety of stages of the cycle”.⁵

Related to this are caveats regarding the magnitude of the impact of change. Dreesmann (1968) argues that given that retailing was modernised during the last hundred years, there has been a telescoping or diminution of the impacts of successive changes. Similarly, contemporary writers such as Davies (1998, p. 174) point out that since retail performance has increased, “so the potential for outstanding performance has decreased... Basically the number of axes on which retailers can distinguish themselves... has been cut”.

⁵ In addition, several factors have been found to affect the impact of change on particular institutions, including the age of the institution, and its previous experience with implementing change (Amburgey et al. 1993).

If the scale of change is diminishing, this suggests the usefulness of the evolutionary versus revolutionary distinction is also diminishing.

Another factor militating against spontaneous or revolutionary change is the phenomenon of resistance to change. Every innovation in retailing has met with resistance, from the anti-department store and anti-chain movements⁶, to such incremental changes as the introduction of chromium turnstiles in stores (Kingston 1994). Resistance to innovation acts as a retardant on the rate of its adoption, lengthening the time necessary for the innovation to be accepted (Amburgey et al. 1993).

In short, there are both conceptual and perceptual arguments that undermine the notion of revolutionary change. Precursors always exist, and because there is a difference between individual and group responses, change must almost always be of the evolutionary kind. Doody argues that “change takes place slowly, that there are a number of exceptions to any visible change, that not all institutions change (and that those that do not are often as successful as those that do), and perhaps most importantly that there are precursors to change” (Savitt 1989, p. 337).

Revolutionary change (as distinct from evolutionary) appears to be revolutionary only in hindsight, and with the benefit of long-run historical distance between the observer and the observed.

A summary of the changes taking place in retailing today in Australia and other Western nations is presented in Table 1.

⁶ Although department stores initially had also endured “political and social attack as an undesirable competitor... the anti-department store movement was not as threatening as the antichain store one, but it did induce a federal investigation of the business through a special congressional and governmental committee - The United States Industrial Commission (1899-1901)” (Hollander 1972-73, p. 13).

Table 1: Key Areas of Changes in Retailing in the 20th Century

I	Types of Customers
	<ul style="list-style-type: none"> more family shopping (c.f. mostly males in the 19th Century and mostly females in the 20th Century) more foreign tourists (increasing international tourism)
II	Types of Outlets
	<ul style="list-style-type: none"> food emporiums fast food outlets including drive-through hot-bread kitchens & patisseries discount department stores unisex clothing specialists stores new style homewares/softgoods specialists mega stores (furniture, hardware, domestic appliances, sporting goods etc) recorded music superstores chemists/drug superstores new style second hand goods outlets kiosks, concessions (boutique retailing)
III	Systems & Technology
	<ul style="list-style-type: none"> self-service bar coding, checkout scanners EFTPOS home-ordering, home delivery (direct marketing via letterbox drops, catalogues, direct mail, TV Internet etc) manufacturing and selling on one site (e.g. hot bread kitchens, boutique/micro pub breweries, photofinishing outlets, ice cream outlets etc) leasing of buildings and equipment/fittings by retailers (c.f. ownership in the past) electronic linkage of warehouses to retail (increased stockturns efficiency)
IV	Ownership
	<ul style="list-style-type: none"> chains & co-operatives franchising manufacturing/factory owners of shops
V	Geography/Location
	<ul style="list-style-type: none"> shopping towns/centres (suburbans CBDs) roadside stalls (e.g. florists, fast food vans) corners/island sites (fast food, service stations etc) once the realm of grocers and general stores strips (revitalised, and especially "power strips") precincts (multiple strips, matrix strips, clusters) local centres/squares warehouse type outlet centres industrial locations (for direct marketing and home delivery systems) factories (door sales, cellar sales) "village markets" "entertainment centres" (some emerging from shopping towns)

(Source: IBISWorld, 2004. Web address: ibisworld.com)

1.1 Range of Retailing Literature

Each of the schools of thought on retailing considered in this literature review provides partial explanations of its development, but the number of independent variables that have been studied make interdisciplinary comparisons difficult. As shown in the summary of literature in Table 2, the range of independent variables in the extant knowledge extends across disciplines, from the economic costs of exchange, to individual stores and the study of their geographic dispersion, to power in relationships in the channel of distribution. Integrated approaches to research are rare in marketing literature, although one example is Dixon and Wilkinson (1986), who marry both economic and behavioural aspects in their assertion that intermediaries exist because they deliver economies of scope and scale. Wilkinson (1990) addresses evolution and structural change in marketing channels through a process-oriented approach that draws on work from ecological theories and urban geography.

Given the difficulty of comparing the incommensurate variables of the literature, one possible way of analysing cross-discipline knowledge is not in terms of final or “ultimate causes” (Schumpeter 1947), but of initial governing “first causes”, or fundamental similarities in the assumptions and beliefs about why change takes place. That is, researchers’ choices of topics and methods indicate implicit beliefs about relevance, and also therefore about probable regularities (Hollander 1978).

This review therefore pulls back from a detailed examination of individual schools of thought, to look at shared *primary* assumptions that can be discerned from the literature. It takes a systems approach to the literature, in its “search for fundamental quantities and a listing of parts” (Glaser quoted in Halliday 1984, p. 135).

This is the approach recommended by Boulding (1956, p. 203) “to look over the empirical universe and to pick out certain general phenomena which are found in many different disciplines, and to seek to build up general theoretical models relevant to these phenomena”. This type of analysis necessarily involves reductive generalisations in order to derive the constituent elements of different theories, which have been received with varying degrees of recognition and acceptance. It provides, however, a means of making sense of disparate phenomena arising from different disciplines, and links together bodies of work that, up till now, have

remained conceptually unconnected. It also provides a framework – however inexact – of underlying causes of change.

Each of the approaches discussed has made valuable contributions to our understanding of retail change, but all are limited by their narrowness of view, which may explain the most often-cited complaint about existing bodies of theory: the incompleteness of their explanations for retailing change (Brown 1987). The varying focal units concern parts or components of exchange behaviour, which are typically examined in isolation of their context (Halliday 1984).

Within the discipline of marketing, the growth of knowledge on retailing change has been slow - proceeding in discrete bits - with the exceptions of the far-reaching works of Chandler (1977), and Stanley Hollander (1960, 1964, 1967, 1980, 1986). The slow pace of knowledge development is explained in large part by the ahistorical nature of most research in marketing. As Dixon argues, in denying history, and therefore our intellectual heritage, marketing scholars have tended to redevelop - rather than develop further - concepts that already exist. The main concepts that constituted a channel of distribution, for example, had been present in the literature for centuries, but it was not until the nineteenth century that Shaw first listed them in a “slow and painstaking” working out of ideas (Dixon 1982).

In marketing, the most comprehensive and often cited literature review on retailing is the “synthesis” by Brown (1987) which distils the marketing literature into three main approaches to research on retailing: cyclical, conflict, and environmental. Other commonly cited marketing authors also use this three-part categorisation (Gist 1968, Markin & Duncan 1981, Betancourt & Gautschi 1986), and their influence is echoed by less commonly quoted authors (for example, Roth & Klein 1993, Evans et al. 1993, Davies 1998). These literature reviews ignore the contributions from other disciplines, which typically remain in their separate schools of economics, sociology, history or geography.

There are, however, significant structural gaps in our understanding of retailing change. The role of consumers - although fundamental to exchange - has been either discarded or dealt with in cursory ways, for example, as merely one of many components of an institution’s external environment, or largely as a party to be controlled (for example, Blattberg 1994). This ignores the influence of consumers as

active participants in the process of exchange.

This theoretical absence of consumers in effecting change is related to a general neglect of the role of retailers. Department stores formed the coalface for the ascent of the consumer society during the first few decades of the twentieth century and their impact on consumption practices and beliefs was profound. As Davis found: "Long before the cinema or broadcasting existed, the department stores were helping to mould the tastes of the rising middle class. And they began to guide people's steps towards the important new concept of obsolescence; they were the first preachers of the modern creed that goods ought to be replaced when they are outdated rather than when they are outgrown" (Davis 1966, p. 292).

Setting aside the vanity histories of individual stores and the prolific work of Stanley Hollander, very few studies use the "retailing institution" as the independent variable for analysis (Hirschman 1981). As a consequence, the interrelationships between retailing practices and their impact on consumption habits have been neglected.

Hollander argues that, as a *sine qua non* of marketing theory, it is fundamental to understand "the way retailers have (acted) and do act as gatekeepers and consumption modifiers" (Hollander 1986b, p. 10). Likewise, Hunt argues that because the study of marketing is the study of exchange behaviour, the institutional framework in which exchange takes place should rightly be seen as "one of the fundamental explanada of marketing" (Hunt 1983, p. 13).

The near invisibility of the role of retail institutions may be partly attributed to the difficulty of collecting data on mainly small and privately owned businesses. The idea of retailing as a "small business utopia" with comparative ease of entry and exit (Monod 1996), along with definitional problems and deficiencies in official government data (Layton 1981), have also hampered research on retail institutions, and these complaints are common in other countries.

Samson argues that the reason "retailing has never found a comfortable niche in business historiography" is because "unlike the railroad or steel industries, for example, retailing is composed of tens of thousands of individual, unconnected and often ephemeral units" (Samson 1981, p. 26).

The neglect of the role of retailers also reflects a wider neglect of the study of institutions in general, and this is especially the case in Australia, a country that has “a dismal record of (studying) business history” (Terwiel et al. 1998, p. 1). Classical economic theory dominated business thinking for at least the first half of the twentieth century and its assumption of “costless” transactions meant that “until recently many economists produced institution-free models and were proud of the irrelevance of institutions for their theories... (Economics) assumed that institutions were a ‘free factor’ or, in other words, that organizing economic activity was not costly” (Landesmann & Pagano 1994, p. 199).

The services of retailers are not, of course, cost-free. Retailers bear the risks of forward purchase, later payment, and uncertain demand. As described by the functionalist writers, retailers solve problems of coordination in providing the canonical utilities of time, place, and product assortment which, for consumers, means the ability to buy products when, where and in whatever combination they wish - without recourse to the original producers.

Despite the shortcomings and disjointed nature of the current state of knowledge about retailing, the different schools of study are not incompatible in an epistemological sense. Indeed, there are many points of support and crossover between bodies of work. This review analyses the wider themes of the cross-discipline literature on the basis of assumptions made about fundamental “first” causes of change.

Table 2 summarises, in approximate chronological order of their development, six broad themes in the literature on retailing change, where change is assumed in the first instance to take place as a function of:

1. economic efficiencies
2. patterns operating in nature
3. power inequities
4. innovative behaviour
5. environmental influences
6. interdependent parts of the system in co-evolution

Table 2: Summary of Primary "Causes" & Assumptions about Change in the Literature on Retailing

Change occurs primarily as a function of	Bodies of literature	Typical focal units	Contributions	Limitations
ECONOMIC EFFICIENCIES	Microeconomic theories Transaction Cost Analysis Functionalists	Intermediaries Dyadic exchange cost Utilities	That institutions emerge (disappear) because of economic (in)efficiencies	Static <i>ceteris paribus</i> assumptions; cannot explain "cost-inefficient" institutions, nor suboptimal behaviour.
PATTERNS OPERATING IN NATURE	Wheel of retailing Accordion of retailing Product Life Cycle Third-generation decline Conflict models and dialectic theories Geographic theory	Retail formats Individual institutions Opposing parties Geographic dispersion of stores	Recognise evolution as a fundamentally unstable - but rhythmic - process Understanding of spatial distribution of shops in geographic context.	Determinism implied by patterns. Inability to explain the continued existence of formats that should, according to their own logic, have been superseded. Concerned mainly with normative research and implications for urban and other managerial planning.
POWER NEQUITIES	Power literature Countervailing power	Dyads (manufacturer: retailer) Opposing parties	Sees change as human-centred. Countervailing power can be applied to a variety of cases of change, and has a good general fit with historical evidence.	Reification of power in the face of "enormous difficulties" in its measurement. Dyadic scope deals with evolution only indirectly. Sees change as a two-step process and presumes original and countervailing power are easily told apart.
INNOVATIVE BEHAVIOUR	Department store histories Entrepreneurial literature	Individual institutions Innovators or innovative behaviour	Rich descriptive stories. Recognises the importance of innovative behaviour in change.	Biased studies of individual and successful department store founders Focuses on change agents to the exclusion of other possible causal variables - the fact innovators exist does not "explain" evolution.

Change occurs primarily as a function of	Bodies of literature	Typical focal units	Contributions	Limitations
ENVIRONMENTAL INFLUENCES	Historical works Ecological theory	External context General environmental characteristics Specific variables	Views change in context of environment Acknowledges exogenous forces and complexity	Narrative rather than theoretical; special purpose histories that concern unique events. Overlooks the principle of co-evolution and how institutions, and the inter-relations between institutions and the environment, are effecting change.
INTERDEPENDENT PARTS IN CO-EVOLUTION	Systems theory Evolutionary theory Co-evolutionary theory	Sets of relationships	Allows cross-discipline viewpoints, heterogeneity in outcomes and initial conditions	Assumes all components are knowable. Inability to extract "universal" truths because of context dependence.

1.2 Change as a Function of Economic Efficiencies

Economic approaches dominated management thinking about distribution for at least the first half of the twentieth century, reflecting the push for "scientific" management advocated by Taylor (1947). Early writers included Nystrom (1930), Coase (1937) and Friedman (1953), whose influence reflected and prolonged the primacy of economic explanations of exchange behaviour.

Economic approaches focus on both micro and macro structural changes in the distribution industry and their central concerns include costs, productivity and concentration (for example, Bucklin 1981, Mallen 1973, Tucker 1978).

The viewpoint typified by these works is summed up by Mallen (1973), who saw total distribution cost efficiency as the reason intermediaries emerge or disappear - the relevant cut-off points when economies versus diseconomies come into play. Under this logic, "the basic *raison d'être* of middlemen is providing external economies to producer firms" (Mallen 1973, p. 20).

Related to this are studies on horizontal concentration in the industry or changes in the number or types of intermediaries, such as Tucker's (1978) study, or Hall and Knapp's (1959) survey on the relation between the number of shops and

retailing productivity. The impetus for studying horizontal concentration stemmed from the belief that there were “too many stores” (for example Ford 1935), an issue which “has been vexing retailers at least since Adam Smith”. A lack of data, however, meant industry “concern about over-trading tended to result from value judgements - from the shopkeepers’ sense that competition had passed the limits of fairness” (Monod 1996, pp. 26-7).

Historical research on concentration in the retail sector in Australia is rare, particularly prior to 1948 when government officials first began collecting data in this country. Little’s (1979) unpublished Ph.D. thesis provides the number of shops in Sydney in selected trade categories in 1882, 1891, 1901, and 1911, as drawn from trade directories such as *Sands Sydney and Suburban Directory*, and *Wise’s NSW Post Office Directory*. Little’s reliance on trade directories means her analysis often divides into trade-based commentary rather than retailing as a whole, but her work on retailing changes during the early century stands alone.

Transaction cost analysis (TCA) originated by Williamson (1975) focussed on how the role of transaction costs shaped the structure of market relations. Although its original focal unit was exchange dyads, TCA has been extended in more recent work focussing on the choice of using local intermediaries versus the establishment of a company’s own market entry channel, in other words “make or buy” decisions (Anderson & Coughlan 1987).

Another stream of economic explanation is that of the so-called functionalist writers, whose research concerned the specific utilities of intermediaries, such as Alderson’s (1957) time, place, and product assortment utilities, or Bucklin’s list of channel functions: transit, inventory, search (communication), persuasion, and production (Bucklin 1967).

A definitive list of the functions of retailers is yet to emerge (Nyberg 1998) though standard textbooks suggest: anticipating customer wants; developing assortments of products; storing products; sharing risk; acquiring market information; financing and transport (Stanton et al. 1994). Despite their mechanical nature, functionalist approaches provide a means for conceptualising channel structure in terms of the patterns of relationships among organisations and the way the work is divided, and the cost efficiency of performing each activity (Dixon & Wilkinson 1986).

Economic approaches may be efficient but they are not sufficient in explaining evolution. Economic approaches rely heavily on *ceteris paribus* assumptions and presume that equilibrium solutions will prevail. Economic approaches also assume that behaviour is governed - and fully explained - by cost/revenue considerations. In addition, economic approaches do not explain why “uneconomic channels” or cost-inefficient retailers persist over time (Filser & McLaughlin 1989), nor why change is resisted by institutions even when it appears to offer economic benefits.

The unifying characteristic of works in this category is their logical or rational nature. Their governing assumptions, however, are limited to the justification of intermediaries, which gives economic efficiency as a first cause of change.

1.3 Patterns Operating in Nature

As Table 2 indicates, the second main explanatory theme in retailing change focuses on patterns operating in nature. Common to these models is a belief in the presence of repeating phenomena, either through time and/or space. There are three different emphases in this group: cyclical models, conflict models and spatial positioning.

Cyclical models propose that institutions pass through several predictable stages, before an inevitable decline. Cyclical models include McNair’s wheel of retailing, the product or institutional life cycle (Davidson et al. 1976), and the observations of a general decline during the third generation of family-run businesses (Dreesman 1968), prompting the maxim: “from shirtsleeves to shirtsleeves in three generations” (Lazonick 1994).

The wheel of retailing - which predicts a pattern of growth, development, maturity, and decline - has widespread acceptance in the teachings of marketing, and in some standard textbooks it is the only explanation proffered for retailing change (for example, Kotler et al. 2003). Although its simplicity is appealing, the wheel of retailing has limited power in explaining why department (and other) stores that, according to its own logic should have been superseded, continue to trade today. Rather than being a theory of change, the wheel of retailing is perhaps “simply an artifact of a particular industrial evolutionary stage” (Hollander 1981, p. 89).

Other models classified as cyclical predict a pendulum-like movement between two ends of a spectrum (Savitt 1989). They include the retail accordion, or the general-specific-general approach (Brand 1967). This model describes the evolution of institutions in a polar pattern of the number of lines of merchandise handled by the predominant format. An illustration is the general store of the nineteenth century, which “gave way to the specialist, single-line businesses of the twentieth, which were themselves superseded by the mass merchandisers of the post-war era” (Brown 1987, p. 9). The mass merchandiser was followed in the late 1970s, by the advent of franchising, when highly specific outlets again developed. By the end of the century, the giant superstore had re-emerged, for example the U.K. 40,000 square feet store offering dry-cleaning, photo-processing, health checks, a restaurant, crèche, pharmacy, and cut-price petrol (Jones 1998).

The polarity of the retailing sector in terms of small and large entities has been an ongoing theme in the literature (Palamountain 1955), and in recent years, work has been undertaken on the polarisation of retailing on such variables as service and size (Brown 1987, Monod 1996).

Although cyclical in their rhythmic nature, these polar models can be differentiated from cyclical models such as the wheel of retailing because they lack the terminality of eventual decline. Instead, they allow for ongoing oscillation in a given plane of interest, and as such they move towards a more general theory of change.

A more analytical class of works based on polar patterns includes conflict models or dialectic theory. Dialectic theories hold that innovation is brought about when newcomers challenge, and force change in, traditional institutions.

Change takes place through a process of thesis[] antithesis[] synthesis[] thesis[] where the established or maturing class of institutions forms the thesis, and new, innovative institutions the antithesis (Gist 1968). Both institutional types adapt to produce a synthesis or composite form, which becomes, in turn, the new thesis - and so on. While this seesaw of change and counter change exhibits polarity, dialectic theory diverges from other cyclical models in its perception of the source of change, the innovator, and also of the nature of change as a two-way process.

Dialectic or conflict models have a good general fit with historical evidence, and can

be applied to a variety of cases of change. Examples of the phenomenon of synthesis are also readily observable. Department stores, for example, were challenged by the advent of large discount houses that began to appear in Australia in the 1970s. By the 1980s, a new species or format of discount department stores such as *Target*, *Big W*, and *Kmart* had appeared on the Australian landscape.

Early conflict or dialectic models grew out of the work of Nieschlag (Fullerton 1986), and Schumpeter (Bliss 1960). Schumpeter argued that discontinuous change ("change that matters") happens when innovators force the existing body of retailers to adapt and imitate. Nieschlag, on the other hand, believed that the innovators themselves are modified in the process of diffusion of the innovation.

The unifying characteristic of all the literatures above is their teleological nature, in their shared belief that "there is a grand perpetuity" (Hakansson & Lundgren 1997, p. 19). This gives patterns operating in nature as a fundamental or "first" cause of change.

Less metaphysical but also concerned with a search for patterns, are the studies on retail location, which has been explored by researchers from diverse disciplines, although geographers have made the main contributions (Clarke et al. 1997). The central focus of these works is on the patterns of spatial distribution of shops, the associated patterns of shoppers' behaviour and store choice (Craig et al. 1984), and the implications of these patterns for managerial or urban planners. Ingene & Lusch (1980), for example, examined geographic market selection for department stores using data from more than 200 United States metropolitan areas in an attempt to predict the potential profitability of specific markets.

In their application in site selection and normative purpose, the works concerning geographical patterns differ from others in this category. In common with other pattern research, however, is their understanding of evolution as a fundamentally unstable process of continual flux. This contrasts with the assumptions of economic theory of steady states and equilibrium in markets.

1.4 Power Inequities

The literatures in this category assume that, contrary to economic assumptions, not all behaviour is optimal or logical. Rather humans typically act - in the first instance - in their own best interests, which may or may not coincide with rational expectations ("bounded rationality"). The unifying assumptions of this group of works are that "the *basic* variables are social variables" (Stern & Brown 1969, p. 13 *italics in original*), and that "economic relations are embedded in social ones" (Nelson 1995, p. 76).

The growth of interest in behavioural explanations of channel behaviour corresponded with a rising discontent with the dominant economic paradigm (Nyberg 1998). By the 1950s, the idea of the channel as a mechanical conduit was giving way to the channel as a set of relationships or a "behaviour system" that changes over time (Alderson 1957). Retailers were coming to be seen "as whole individuals not simply economic agents" (Dixon 2002, p. 741).

The research and literature on power has been "truly inter-disciplinary" (Clegg 1989) stemming from political theory and philosophy to become "perhaps the single most important concept for contemporary sociology. Indeed, the dispersion may be said to be even greater. Power has become one of the central concepts of the social and human sciences *per se*" (Clegg 1989, p xvii).

In marketing, the power literature focuses on the dynamics operating in human relationships and deals with questions of evolution only indirectly. That is, it does not seek to explain evolution, but its substance highlights how distribution channels are shaped by power relationships in the channel.

Chandler (1977), Chernatony (1989), and Mallen (1967) described how the role of "channel captain" has shifted over the past two centuries: from the wholesaler in the last half of the nineteenth century, to the manufacturer during and because of the Industrial Revolution, and then finally, to the retailer in the twentieth century.

The recognition that manufacturers had lost in prominence and power because of the rise of large-scale retailers, was being discussed in academic journals in the early 1940s (Wingate 1941), and led to research into such behavioural issues as

collaborative efforts within the channel and, more recently, the development of trust (Young & Albaum 2003, Young & Daniel 2003).

Closely related to this was research into the construct of conflict. Palamountain (1955) and Mallen (1967) identified the relationships of retailers with other retailers (intertype competition⁷) as the major source of distributive conflict in channel relationships.

In spite of the difficulties of measuring the constructs of power and conflict, the inclusion of power in an analysis is much more realistic than the no-power assumptions of economic theory. Klein (1980) claims that economists have swept considerations of power under the “*ceteris paribus* rug” because it does not fit their paradigm. Instead, they pay heed only to the power differential between firms, and the typical unit of analysis is usually confined to the manufacturer:retailer dyad (for example, Krishnan & Soni 1997, Segal-Horn & McGee 1989, Tynan & Cunningham 1995, Chernatony 1989).

The theory of countervailing power directly addresses the issue of change in its more general proposition that, the aggregation of power in any part of a system often results in a corresponding but opposing force in another part of the system (Polanyi 1975, Emerson 1962, Galbraith 1967, Gaski & Nevin 1985).

Galbraith (1967, p. 120) wrote: “power on one side of a market creates both the need for, and the prospect of reward for the exercise of countervailing power from the other side. This means that, as a common rule, we can rely on countervailing power to appear as a curb on economic power”.

In 1967, Galbraith predicted the rise of retailers’ power as a countervailing force against the dominance of manufacturers at that time. History thus supports Galbraith’s thesis of countervailing power, since retailers have taken the dominant position in the channel, driven in large part by the imposition on manufacturers of trade allowances and “slotting fees” to rent shelf space (Lariviere & Padmanabhan

⁷ Mallen identifies three types of distributive conflict: horizontal, intertype and vertical conflict. Horizontal is competition between middlemen of the same type for example, discount store vs. discount store; intertype is competition between different types in the same channel sector for example, discount store vs. department store; vertical is between channel members at different levels for example, discount store vs. manufacturer.

1997).

Countervailing power makes explicit the idea of imbalance in relationships as a primary driver of change. As Segal-Horn & McGee (1989, p. 26) argue: “much of the shift in balance of power towards retailers has itself been a response to the previous market power of suppliers”. This brings into focus the idea of *relative* power and improves on the shortcomings of economic approaches with their reliance on horizontal or industry-wide competition as the chief regulating mechanism. In countervailing theory, competition extends both horizontally and vertically or, as Galbraith predicted (1967, p. 119) “big sellers (manufacturers) cause the rise of big buyers” (retailers).

If perceived power inequities are a force of change in retailing, then we should expect to see a backlash against retailers’ current domination of the distribution channel, which has been evident since at least the 1980s. Since then, however, there have been very few manifestations of countervailing power against retailers, unless we consider the possibility that the rise of electronic commerce is being driven, at least in part, by the need to curb the power of existing retailers.⁸

Countervailing power, in common with the polar models discussed in the last section, describes a pendulum-like pattern which views change as a two-step process of action and reaction. Its underpinning, however, is overtly behavioural in that countervailing power is seen as a solvent to human tensions and in some way necessary as a corrective balance or “curing” power (Boulding 1989).⁹

The theory of countervailing power can be applied to a variety of cases of change, and generally fits well with historical evidence. Wilkinson (1990, p. 19) points out, however, that its predictive power is limited in scope. It does “not explain why new institutional forms emerge at particular times and not others, nor why some...

⁸ For manufacturers and suppliers, the Internet presents a means of bypassing retailers that is, for the first time in the history of direct channels, a viable alternative, that is, offering relative and absolute cost-efficiencies, plus access to a market that spans the globe. Similarly, consumers boost their relative power whether consciously or not, through the adoption of electronic commerce, because they multiply the number of alternative suppliers available, as the cost of “comparison shopping” across the globe approaches zero (Bakos 1991).

⁹ By its very nature, however, countervailing power comes into play only when there is perception that there “is an exercise of original market power with which to contend” (Galbraith 1967, p. 122). This implies the significance of managing perceptions of the threat to be imposed by the “original” power holder, or in broader terms, of the threat imposed by change in general.

succeed and survive while others fail and die”.

Another difficulty with countervailing power is its premise that “original” power and countervailing power can be easily told apart. What is considered “original” power, however, depends on the point of view of the observer. An example is the emergence of consumer co-operative stores in rural Australia, which could be considered a countervailing response to the monopoly enjoyed by country storekeepers because of geographic isolation. Rural storekeepers in Australia and in the UK, however, displayed a “virulent anti-cooperative mentality” (Eklund 1999, p. 10), viewing the rise of co-operative stores as an unrelated and “original” threat.

Related to this perceptual and conceptual difficulty is the question of whether countervailing power is the end product or simply a stage in a continual process of change (Hollander 1981, p. 89). If we accept the morphing to form that is described by dialectic theories, then “original” power is more likely a countervailing response to some even earlier accumulation of power. In essence, countervailing power is concerned with relative power in a two-step process of change, but dialectic theory allows for ongoing change, and so moves towards a metatheory of change.

The contributions of power literature include its recognition of the role of humans as active agents in shaping exchange behaviour and, therefore, in effecting change over time. The theory of countervailing power acknowledges change more directly, and makes explicit the concept of change as a two-way process. The significance of both bodies of work is in their acknowledgement that power exists in the channel of distribution, and in the shared primary assumption that change is human-centred.

1.5 Innovative Behaviour

This literature is the least developed of the six causal streams, even though the role of the entrepreneur was recognised at least as early as Adam Smith. Its focus lies not so much on the implications of self-interest, which characterise the power literature, however, but on the particular role of innovators, or innovative behaviour in general.

Works in this category include the hagiographies of Australia's great stores and their founders. Australian examples are *The Romance of the House of Foy* (Mark Foy's 1935), Grace Bros' *The Model Store 1885-1985* (Brash 1985), *Bound to Rise: The Story of Henry Marcus Clark and Sefton Hall* (Clark 1985), *Gone to Gowings* (Gowing 1993), and *Prince of Merchants: the Story of Sir Norman Myer* (Warrender 1972).

These celebratory works provide rich descriptions of the "personalities" behind department store retailing (Converse 1959), men who were by definition excellent promoters. Often referred to as "merchant princes", these department store founders prompted the remark by economist Alfred Marshall that "in the hands of an exceptional genius (department stores) sometimes rise with meteor-like rapidity and splendour" (Perkins & Meredith 1996, p. 7).

The role of department store founders as modern impresarios was a central theme of novelist Emile Zola's *Au Bonheur des Dames* (*The Ladies' Delight*, 1883). Zola's "fictional" account of the development of a department store, and its founder Mouret, is thought to closely resemble that of the Paris-based *Bon Marché*, generally regarded as the world's first department store. Throughout the novel, "Mouret's commercial success is attributed to his unique ability to combine financial daring with artistic panache" (Artley 1976, p. 7).

With similar reverence, Americans celebrated department store founders John Wanamaker, Marshall Field, and Roland H. Macy¹⁰, while the British lauded Gordon Selfridge of *Selfridges*, and the founders of *Harrods* and *Liberty's*. In this country, department store innovators such as Sydney's Colonel Lassetter, and Melbourne-based Sidney Myer were undeniable sources of change in retailing. Colonel Lassetter was celebrated for a series of well-publicised innovations, for

¹⁰ See for example, Hower R. 1943. *The History of Macy's of New York, 1858-1919*.

example, forming the first limited company in Australia in 1878¹¹, and the issuing of his own currency, "Lassetter's pennies". Colonel Lassetter is discussed further in Chapter Five.

The more analytical class of literature on the role of innovators stems from the eighteenth century writings of Adam Smith. Early works adopted a functionalist approach to entrepreneurs, similar to the functionalist works written on retailing, which recognised the value of "entrepreneur-coordinators" in adding "marginal product", especially in their function as business forecasters (Coase 1937).

The importance of innovators was elevated by Schumpeter (1947), who saw their role as pivotal to change, and synonymous with progress itself. Schumpeter argued that the "creative response" of innovators (as opposed to the "adaptive" responses of others) was an "essential element in the historical process... (which) shapes the whole course of subsequent events and their 'long-run' outcome" (Schumpeter 1947, p. 150). In a similar vein, more recent authors such as Aldrich and Zimmer (1986) have proposed that new organisational forms emerge because of the entrepreneurial activities of new entrants.

Most contemporary writers regard entrepreneurship as a collective activity, which nowadays is subsumed as a part of the corporate mission. Cole's "multiple entrepreneur" (Silk & Stern 1963) concerned entrepreneurship as a corporatised collective function, which Chandler (1961) endorsed and explained as a corollary to the development of "multi-function enterprise". The consequence, as Schumpeter pointed out, is that "innovation is itself being reduced to a routine" (quoted in Lazonick 1994, p. 254).

The common emphasis of this category of works is on the importance of the role of innovators and innovative behaviour in effecting change. This moves beyond the behavioural locus of "self-interest" that underlies the power literature, to a broader consideration of human behaviour, in which self-interest may well play a part. The two schools are not incompatible in an epistemological sense.

Recognising the role of innovative behaviour addresses the issue of change

¹¹ *Australia in the Good Old Days: Facsimile Pages From Lassetters' Commercial Review*, No.26, 1911. Anon. Ure Smith. Sydney. 1976.

directly. It posits change as an endogenous process, in contrast with the next category of literature, which looks to external causes.

1.6 Environmental Influences

Compared with the literature so far discussed, works in this category are unified by their tendency to look at change as context-driven or “at retailing from the outside” (Samson 1981, p. 32).

Most works of an historical nature implicitly accept the environment as a first cause of change. Indeed, one of the characteristics that separates historical research from other approaches is its broad domain and attention to the context of the object of study.

In Australia, there are two general histories of shopping - the book by Kingston (1994), and Pollon’s account of the history of shopping in New South Wales (1989), which provide rich descriptive narratives, largely from the shopper’s point of view. There remains, however, “a conspicuous lack of historical study of the general development of retail and wholesale trade” (Forster & Bridge 1987, p. 227).

More specific historical research concentrates on particular time periods or events - such as Spierings’ (1989) thesis on consumption as a social phenomenon in the inter-war years in Australia - and Wolfers’ (1980) research on Sydney department stores between 1920-39.

Other histories are written from a particular disciplinary viewpoint, such as the study by Macculloch (1980) on the world of female shop assistants in Sydney from 1890-1930; Reekie’s (1993) treatise on the gender-based nature of arrangements in Sydney’s big stores between 1880-1930; and Ryan’s (1984) history of women and arbitration in NSW which includes a section on The Shop Assistants Case which ran from 1904-1907. It is worth noting that these studies reflect a common view that the history of retailing is “women’s history”.

In general, these descriptive accounts of retailing evolution pay heed to the time and space context of change, and its antecedents. While the assumption upheld by historical research is that change cannot be understood outside of its context, the aim of most extant historical works does not involve the development of theory about change.

Another more recently developed body of works also gives primacy to historical context but its arguments rest on the epistemological necessity of considering history. There are two main types of argument central to the claim that history matters. The first concern path-dependence arguments (David 1994, Hakansson & Lundgren 1997) about the succession or *flow* of events, and sunk-cost decisions, such as “lock-in” and the irreversible investments involved in, say, the choice of competing technologies.¹² Path dependence contributes to our understanding of cumulative causation, with the observation that “extraneous features of the initial conditions, the historical context in which institutions or organizations are formed, can become enduring constraints” (David 1994, p. 214).

The second type of arguments supporting consideration of history concerns behavioural expectations. These contend that history is important because it contains precedents for behaviour which give rise to conventions and expectations of role conformity in relationships (Hodgson 1998). Habits and expectations are, in turn, important because deviance from role expectations can be a significant source of conflict (Rosenberg & Stern 1970).

Beside the literature that gives primacy to historical context, another group of works in this category identifies specific causal variables in the environment. Examples are Gist’s (1968) nomination of demographic, social, economic, cultural, technology, and consumer character variables; and Blizzard’s (1976) similar classification of political and legal, competition, economic system, value system, technology, and social structure variables. The four variables associated with current-day change, according to industry consultancy IBISWorld, are the rate of new household formation, the level of disposable income, consumer confidence, and the arrival of major “must-have” new products (IBISWorld).¹³

The major significance of these works is their explicit acknowledgment of multiple influences in the environment, especially consumers as a force of change - a “variable” that until this point in the development of thought on retailing evolution, had been largely dealt with only indirectly. A spattering of literature appeared on “the consumer movement” following the rise of activist groups in the

¹² The Qwerty typewriter keyboard (David 1993), and the VHS video format (Cohen & Stewart 1994), are often-cited examples of the adoption of inferior technologies.

¹³ Email from IBISWorld to author 29.7.2004.

1930s, but its focus was largely about consumers as a new organised political entity (Dameron 1941, Craig-Lees 1991).

Another school of study that places the environment at the centre of change is ecological theory (Etgar 1984). This approach views change in Darwinian terms of “natural selection whereby only the fittest retail species survive” (Brown 1987, p. 8), or an evolutionary process in which firms that do not adapt to their environment struggle and die out (Davies 1998).

Ecological theory treats retailing as “a dependent variable in a world of environmental forces” (Hollander 1981, p. 90), and so ignores the process of how retail institutions - and the inter-relations between institutions and the environment - are effecting change. To some degree then, ecological theory is limited by deterministic and mechanical thinking.

Characteristic of these works is the acknowledgement of the environment and also the “process” of change over time. While ecological theory represents the most promising of these attempts at explaining change, the assumption that the environment determines what succeeds, dismisses the essential principle of co-evolution that underlies works in the next category.

1.7 Interdependent Parts of the System in Co-evolution

This is the most recently developed of the six groups of literature, and like the historical/environmental stream discussed above, these works concern the “urge to look at change” (Dosi 1990). Their difference, however, is in their epistemological position, since this body of work recognises interdependencies between components and *two-way* processes of co-evolution.

Several theories are linked by this focus on “wholes” rather than “parts”, and the consequent refutation of single-cause arguments because of the implausibility of providing an “explanation of complex phenomena in terms of isolable elements” (Bertalanffy 1975, p. 151). These theories are variously known as evolutionary theory, co-evolutionary theory, and more broadly, systems theory.

Evolutionary theory according to Nelson and Winter is “structurally” different from orthodox theory, presenting a “way of theorizing rather than an explicit

formal theory... (though) the lines between these are somewhat blurry" (Nelson & Winter 1993, p. 194).

Nelson and Winter argue that existing "orthodox" theory about change must be "regarded as not merely oversimplified but a misleading structurally inadequate explanation... (because) important mechanisms are disregarded or dealt with shallowly". The authors argue the value of re-specifying extant knowledge which is characterised by "little theories aimed at different phenomena", as "special cases of a broader 'master theory'" (Nelson & Winter 1993, pp. 194-195).

While Nelson and Winter acknowledge the purposeful behaviour of firms, the emphasis placed on aspects of "selection" in their evolutionary model on the behaviour of firms and industry response, implies that environments select organisations (Lewin & Volberda 1999).

Lewin & Volberda (1999) argue instead for a "co-evolutionary theory", which "requires that sets of co-acting organizations and their environments be the object of study". The authors recommend four criteria for the co-evolutionary approach: studying organisations over a long period of time, examining organisations within a historical context of the firm and its environment, considering multidirectional causalities between micro and macro evolution, and the study of the interactions between multiple nested levels of co-evolution. These co-evolutionary criteria are well attended by systems theory.

Systems theory recognises that evolution must be both context and path dependent. History is important, because the "dynamics of a system are not only governed by where it is, but also by where it is coming from" (Hakansson & Lundgren 1997, p. 128). Local context is also important, because the terrain on which development takes place can be very uneven (Boulding 1981).

Systems theory then, provides for heterogeneity in both outcomes and initial states, which is absent from the more deterministic and monocultural literature thus far discussed. As yet, this theoretical approach has not been applied to the topic of retail change, except by Evans et al. (1993) whose work considers only the cyclical, conflict and environmental literatures discussed earlier.

In its epistemological aim to provide a “way of seeing things which were previously overlooked or bypassed” (Bertalanffy 1975), systems theory also provides a structure that is “openly interdisciplinary in recognising insights” from a range of sciences (Hodgson 1998, p. 173).

This addresses the main problem of conventional theory in which “the broader conceptualization tends to be implicit and ad hoc, rather than explicit and systematic, (and in which) a number of important issues tend to be neglected” (Nelson & Winter 1993, p. 197). That is, compared with the adoption of a particular approach in the pursuit of further knowledge, systems theory controls for “error” in knowledge development, by making explicit the ways in which single-cause arguments are invalid.

While their emphases may differ, all of these streams of literature agree on the basic or holistic system viewpoint, and reach similar conclusions. Their differences then are largely semantic. Indeed, Bertalanffy introduced the term ‘general system theory’ “deliberately in a catholic sense... So the name, ‘general system theory’ may be used broadly, similar to our speaking of the ‘theory of evolution’ which comprises about everything between fossil digging, anatomy and the mathematical theory of selection... It is the introduction of a new paradigm that matters” (Bertalanffy 1975, p. 157). The significance of these works is their recognition of the interdependent and two-way process of evolution.

Evolutionary approaches are often criticised for their lack of predictive power. This is countered by other writers such as Davies who argues that “if we seek regularity and predictability over the richness of ‘real’ situations, then we get minimal prediction at the very real risk of losing all understanding” (Davies 1998, p. 175).

The main value of systems theory lies in its broad scope. This has particular merit in the discipline of marketing, since “too much research in marketing concentrates on a major variable without regard to the grand flow of events... The major variables are never placed in the context in which they arise nor are they considered as to whether they are part of one or more ongoing processes” (Savitt 1988). Further, Dixon and Wilkinson (1985, p. 62) point out that standard texts deal “solely with marketing management, or... the management of a small system”.

A macro perspective, therefore, provides an “alternative paradigm” for current-day readers in understanding and planning for the future - a view of change in a broader context, and as part of an ever-changing environment. This extends and anchors the microeconomic nature of knowledge in marketing, and provides a more useful approach for future managers.

1.8 Conclusions

This review presents a classification of the cross-discipline body of literature according - not to final or “ultimate” causes but - to “first cause” arguments, or broad governing assumptions about change in retailing.

By taking a macro perspective, we are better able to appreciate the many parts and purposes of extant knowledge, at least in English-language literature, and rather than assuming a default methodology, to not take for granted the supremacy of a particular theoretic point of view. This review is not intended therefore as a comprehensive account of the literature on retailing change, but rather as a birds-eye view on a landscape of knowledge and its most salient features.

Six broad causal themes were discerned in the literature on retailing change, wherein change is assumed to take place *primarily* as a function of:

1. economic efficiencies
2. patterns operating in nature
3. power inequities
4. innovative behaviour
5. environmental influences, and
6. interdependent parts of the system in co-evolution.

First, regarding economic approaches to explaining change, this review acknowledged their usefulness in providing *a priori* frameworks that explain why intermediaries appear in a channel, and in predicting the number of levels to be expected in a channel. Given the static assumptions and shortcomings of economic explanations in explaining “uneconomic” behaviour, however, this review assumed that as Stern & Brown (1969, p. 13) assert “the *basic* variables are social variables”. The economic tasks imposed on retailers by suppliers are just one subset of the “demand function”, and the behaviour and goals of actors are governed by more than merely functional considerations of costs, prices, and

goods. Economic efficiency plays a role as a driver of change, but it leaves a great deal of change in retailing unexplained.

The second causal theme covers works bound by a shared faith, explicit or otherwise, in the existence of generalisable patterns in nature. Such patterns were discussed as cyclic or circular, polar or pendulum-like, and locational or geographic. Circumstantial evidence points to the existence of repeating patterns in a wide range of spheres¹⁴ but inconclusively so. Schumpeter (1939) drew from history several synchronous waves that he attempted to crystallise in a scientifically predictive theory, although why it was possible to count off these cycles was “indeed difficult to see”.¹⁵

The general pattern of rise and fall, however, is repeated in the rhythmic tendencies to equilibrium in economic theory, and also in the dialectics of conflict models and countervailing power, in which seesaw patterns of tradeoff in the *relative* power of actors are observed. The persistence of claims for patterns in nature cannot be denied, but seeking proof of their existence is outside the scope of this study. Ultimately, such patterns may be more useful in a predictive, rather than explanatory way.

Setting aside the possibility of a grand expository pattern, we are left with causalities that are essentially behavioural (power inequities and innovative behaviour), or environmental, or which recognise the interdependency of all parts of the system in co-evolution.

There is much evidence to support environmental or ecological explanations of the evolution of retailing. Indeed, the rapid changes that took place in retailing in Western markets in the late nineteenth and early twentieth century could be explained almost entirely in terms of environmental influences.

The new technologies and expanding markets of the Industrial Revolution created the need for a distribution system much more efficient than that offered by fairs,

¹⁴ See for example Kondratieff Nikolai. 1950. “The Long Waves in Economic Life”. In *Readings in Business Cycle Theory*, or Zarnowitz Victor. 1992. *Business Cycles Theory, History, Indicators and Forecasting*. For a discussion of cycles in Australian industries, see IBISWorld’s undated monograph *Lifecycles in Industries*.

¹⁵ Based upon “six Juglars (8-10 year business cycles) to a Kondratieff (50-60 years) and three Kitchins (40 months) to a Juglar”.

markets, and small shops. The department store then had better environmental “fitness” than its competitors. Chain stores were also better adapted to the environment of the late 1920s, because they offered “low” prices at a time when the Depression was looming, and located outside the rising rents of downtown city sites, where department stores congregated.

In Australia, however, while Victorian-based chains such as *Moran & Cato*, *Crofts*, *O’Gilpin*, and *Permewan Wright* were rapidly expanding, the progress of chain stores in Sydney was negligible before 1930. This supports the idea that different kinds of environments yield different outcomes, or at least different rates of change. Local influences need to be taken into account, and in Sydney’s case, where six department stores ranked among the top 100 companies in Australia in 1930 (Ville & Merrett 2000)¹⁶, there is tentative support for the idea that power could be a retardant on change.

When we look at the development of knowledge in its approximate chronological order, it can be observed that our understanding of retailing change has grown slowly, and is both context and path dependent. That is, to the extent that theory embodies empirically measurable events, schools of thought develop in their own cultural and historical contexts and are influenced by local circumstance, habits and attitudes (Coats 1976).

The different “world views” (Bertalanffy 1975) that have evolved to explain exchange behaviour were products of their time and place, and the body of ideas that purport to explain retail evolution is in itself path dependent.

In the early twentieth century, the capacity of manufacturing industries for producing and distributing an unprecedented flow of goods dominated contemporary thought. This was reflected in the growth of academic interest in the rational science of “Taylorism”, with little thought being given to the “social” tasks of exchange, which are performed by retailers.

¹⁶ Ville and Merrett found that, in their survey of Australian firms, six NSW department stores ranked among the Top 100 Australian companies by asset value in 1930: *Anthony Hordern & Sons* (26th), *David Jones* (42nd), *Farmer & Co* (43rd), *Marcus Clark* (48th), *Mark Foy’s* (61st), and *Murdoch’s* (98th). Only two Victorian retailers, *Myer Emporium* (15th) and chain store *O’Gilpin* (88th), ranked in the Top 100 firms (Ville & Merrett 2000).

In the post-war 1920s, when supplies of goods around the Western world became abundant, a more humanistic conception of the distribution channel began to take hold. Attention shifted towards the demand end of the channel - as captured in the emergence of the “customer is king” philosophy. The corollary of this was the idea that emerged in the 1920s, that retailers – and not manufacturers - occupied the cardinal position in the channel. This was because of their proximity to the consumer, and their concomitant role in influencing customer wants and needs.

By at least the 1950s, the prominence and power of manufacturers had fallen in line with the rise of large volume retailing intermediaries (Bucklin 1973), and a body of academic research on the significance of power relations had appeared. The concept of power inequities continues to be a central focus of research in the discipline of marketing, although its role in shaping change in the *long-run* has been addressed only indirectly.

These bodies of knowledge that evolved over the twentieth century were typified by a neglect to explain the historical and cultural contexts under which their findings were made (Savitt 1988). This lack of attention to the influence of context may explain why the Western literature on retailing evolution falls short in its application to other nations (Davis & North 1971). Extant literature fails to explain why department stores did *not* take off in Eastern European countries (Pasdermadjian 1954, p. 7), nor in much of Latin America (Rassuli & Hollander 1986, p. 9).

In addition, most theory was, until recently, developed largely without reference to other theories. This review has revealed significant overlap and thematic similarities across different disciplines. Furthermore, if we look at the fundamental assumptions and beliefs that underpin the literature, we can combine extant knowledge, despite its seemingly incompatible focal units.

This review suggests that extant knowledge about the evolution of retailing is accumulative and thus path-dependent, and limited by its historical setting. This becomes evident only in an historical approach to analysing the literature and to the context surrounding the unfolding of different schools of orthodoxy. In essence, the ahistorical assumptions and “closed system” thinking of single-cause theories are epistemologically indefensible.

This study, therefore, adopts a systems approach to the study of retailing evolution. This choice does not in any way invalidate the contributions of the numerous and discrete explanations of exchange behaviour. Rather, it provides a framework in which we can seek to acknowledge - and support or refute - the litany of ideas contained in extant knowledge, together with their underlying causal themes as identified in this review.

The next chapter examines the literature that deals with the ontology of systems, their components and interrelationships, and the characteristics of retailing that allow it to be viewed as a system.

2 Systems Ontology

The last chapter outlined the epistemology of systems theory, which contends that the evolution of retailing cannot be understood outside the context of the co-evolution of the economic, social and political systems of which it is a part (Wilkinson 1990). This chapter examines the ontology of systems, referring first to the construction of a systems model, and then to the delineation of its components. This introduces the analytical framework, together with the focal actors in the system of retailing, which will be used to review historical research on retailing evolution.

A system may be broadly defined as “a set of elements standing in interrelation among themselves and with the environment” (Bertalanffy 1975, p. 160). The object of study, or system, is viewed as embedded in a much larger system, the suprasystem, that is itself subject to complex change. In turn, the system comprises smaller subsystems from which it is aggregated, and which also influence and proscribe the limits of its operations. This three-tiered set of relationships, in turn, must be understood in the context of the environment, and its physical and cultural parameters.

The chief characteristic of systems is the interdependency between parts, and because of the interdependency, there are processes of co-evolution between interconnected systems taking place (Wilkinson 1990). Systems are also typically characterised as open, complex, dynamic, self-organising and goal-directed (Bertalanffy 1975). Furthermore a system can achieve its objectives by a variety of paths (equifinality).

The tiered systems approach provides an effective framework to study history in an analytic as well as a descriptive way.

2.1 Constructing the Systems Model for this Study

In this study, the distribution industry is conceived as a nested set of systems, operating in a given environment. The central idea is that “any group can be viewed in the context of still larger groups” (Dixon & Wilkinson 1982, p. 25), and the systems model is derived by a process of successive grouping of individuals.

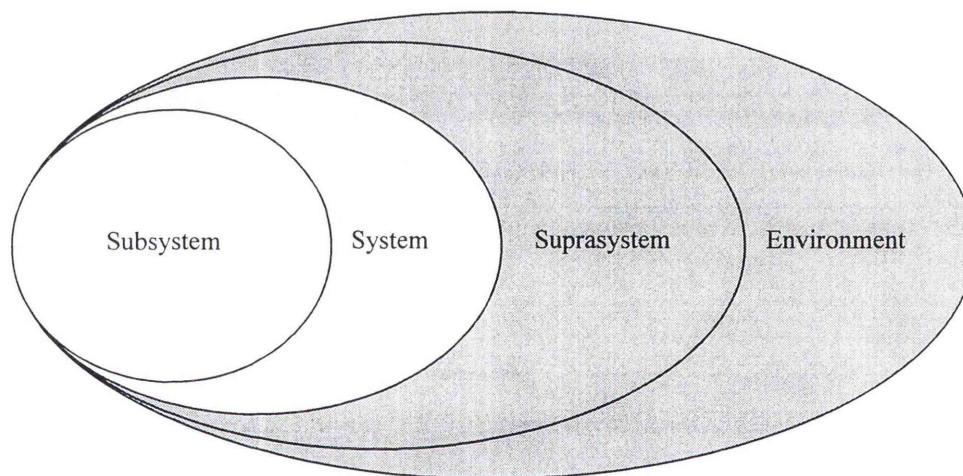
Individual retail stores form the Subsystems (A), and the individual workers and store founders, who together carry out the work of the store, are components of these subsystems.

The sum of retail stores, and the consumers who patronise them, comprises the retail industry (System B). This, in turn, is seen as part of the total system of distribution (Suprasystem C), which includes other necessary “actors”¹⁷ such as manufacturers, wholesalers, and governments.

This process of cumulative grouping is shown in Figure 1.

Figure 1: Nested Systems Hierarchy

(Adapted from Dixon & Wilkinson 1982).



The environment includes both physical and socio-cultural components, which at any given time, can impose constraints on, or provide opportunities, for the operations of a given system.

The physical environment includes those constraints and opportunities imposed by such components as geography, population density, climate, and natural resources. The cultural environment manifests itself through both artifacts and ideas (Dixon & Wilkinson 1982), influencing our behaviour through the establishment of socially accepted values or “rules” about what is considered normal, ethical and fair behaviour.

“The cultural environment influences behaviour because it establishes social habits which are learned and standardised behavioural tendencies which are shared by members of a society. These social habits are important, for a society can operate only when its members perceive a social framework which makes sense to them and specifies correct conduct – what is good and bad, true and false, beautiful and ugly” (Dixon & Wilkinson 1982, p. 27). These values or rules, and the social institutions through which they are perpetuated, such as the family, educational and political institutions, constitute a “system of ideas” (Dixon & Wilkinson 1982, p. 28). The next task is to identify the components of the retail system and their interrelationships - the two factors inherent in the definition of “system”.

2.2 Components of the System of Distribution

In this section, we examine the characteristics of a channel of distribution that allow it to be viewed as a system, and the components of the system of distribution to be considered in this study.

A “channel of distribution” has been defined as “the set of functions that are needed to bridge the gap between production and consumption, transferring goods or services from producer to consumer” (Nyberg 1998, p. 12). This takes in both structural and functional considerations, including the way in which work is divided among the set of actors.

The typical approach to channel theory, however, centres on the back-end of distribution - the “commercial channel” as Bucklin called it (Stern & Brown 1969) - and the role of consumers is largely ignored. In this study the term “channel of distribution” extends to include the consumer - as a fundament of consumption.

Channel theory has been fragmented into economic and behavioural approaches (LaFleur et al 1989), but both see the channel as being goal directed and self-organising. Indeed, a defining characteristic of a distribution channel is that its members have “common and complementary participation in some operation” (Alderson 1957, p. 26).

17 The word “actors” is preferred over other terms because it implies that theses constituents are “active or “creative” (Bertalanffy 1975) in their interactions and influence on the system.

Interdependency in the channel is also brought out in functionalist literature, which views the channel as a sort of “a sort of ‘bucket brigade’ that passes goods from manufacturers to consumers... represented by little boxes bearing the conventional letters ‘M’, ‘W’, ‘R’ and ‘C’ for manufacturer, wholesaler, retailer, and consumer” (Hollander 1964, p. 18).

In short, the chief tenets of a system - of interdependency, self-organisation, and goal directedness - are also defining characteristics of a distribution channel.

In this study, the components of the distribution system - that is, the set of actors and their relationships - include those identified by functionalist writers, namely manufacturers, wholesalers, retailers, and using our extended meaning of channel, consumers.

Other less obvious actors to be considered are non-store retailers. In early twentieth century Australia, when transport was limited, peddlers¹⁸, street vendors, and mail order catalogues comprised a significant source of household supplies (and a source of distress for store-based retailers). Direct mail and e-commerce are modern examples of non-store channels of distribution.

Another set of actors is government and regulatory bodies generally, which imposed constraints on operations of retailing at both micro and macro levels, in for example the setting of store trading hours, or fiscal policies that affected the level of aggregate economic activity.

Unions are the final actors that will be considered in the set of actors that make up the retailing system for this study. These are The Shop Assistants’ Union, and its counterpart in the retail employers’ trade association, The Master Retailers’ Association, renamed in the Retail Traders’ Association in 1921. This Association is the case study subject of this thesis.

Other service providers are also necessary in moving a product from its origin to consumption. The growth of public and private transport, consumer credit, and mass media advertising had important influences on retailing evolution, and were in turn shaped by developments in retailing. Because these support services were

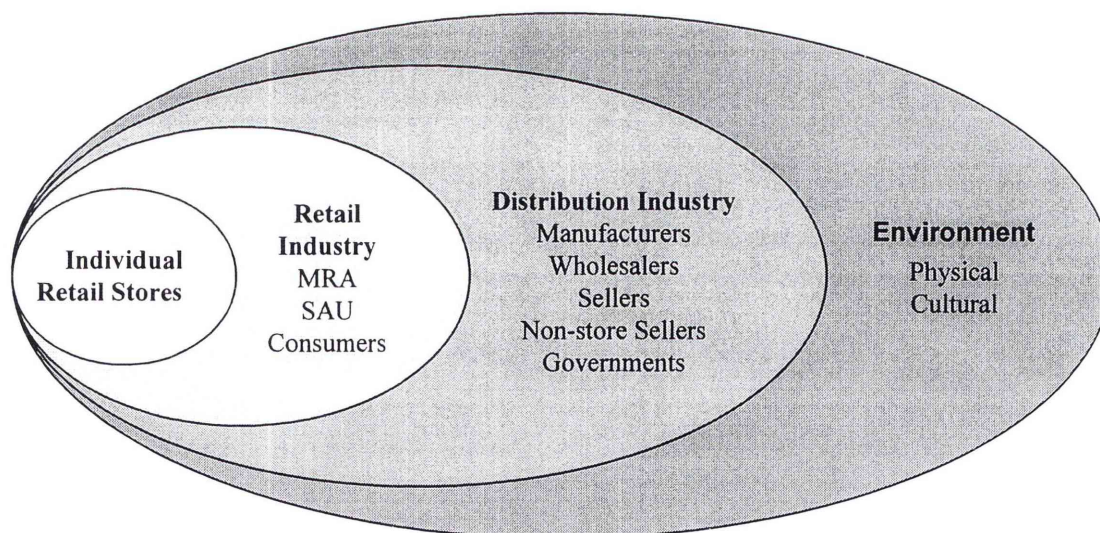
essentially ancillary, however, we have not nominated them as distinct components for consideration. Instead, discussion of their growth and impact on retailing is spread throughout the study.

In sum, the following components of the retail system have been identified for study:

1. Individual retail stores, and their staff
2. The retail employers' trade Association
3. The Shop Assistants' Union
4. Consumers (consumer movement)
5. Non-store sellers
6. Manufacturers
7. Wholesalers¹⁹
8. Governments and
9. Physical and cultural aspects of the environment.

These components are summarised in Figure 2 below, which forms the framework for the next chapter.

Figure 2: Systems Model for This Study



In the next chapter, we turn to consideration of the interrelationships between these actors. To do this, we draw from a wide range of historical literature, examining both micro and macro variables that influenced the direction and the

¹⁸ This study uses the spelling "peddler" since this was more common in the archival case study data.

pace of change in retailing.

¹⁹ Including importers, agents, “jobbers”, and other historical intermediaries, who operated at the wholesale level.

3 The Retail System

This chapter presents a systematic review of extant research on the history of retailing in Australia during the late nineteenth and early twentieth centuries, and compares this to other Western countries' retail evolution. Such a cross-cultural and wide-ranging analysis of retailing history has never before been developed.

This chapter is organised according to the systems model presented in the last chapter. That model showed how the retail system could be understood as a three-tiered structure of subsystem, system, and suprasystem, which is embedded in a given environment. This structure will be used as the framework for reviewing the historical literature.

The chapter begins with a brief overview of nineteenth-century shopping to set the scene for the changes to be discussed. The environment section examines the physical and socio-cultural components that proscribed the operations of the retail industry in the period under study.

The section on subsystems examines the literature on individual types of stores, the department store being the predominant retail format in Australia for the 1900–1930 period. Some of the reasons for the relative decline of department stores in the 1920s, at least in other Western nations, are also discussed. Chief among them was the arrival of the low-price chain store.

The section on the retail system examines historical research on retailing at the industry or population level, and introduces the subject for the case study in this thesis - the key trade association of industry employers, the Master Retailers' Association, and its adversary organisation, the New South Wales Shop Assistants' Union.

Finally, the suprasystem section draws on research that concerns the retail industry as part of the larger distribution system, and how retail evolution was impacted by a range of actors in their interrelations with retailers, including non-store sellers, wholesalers, manufacturers, and government regulators.

3.1 Nineteenth Century Shopping

This section commences with a description of shopping at the end of the nineteenth century. This allows a better appreciation of the impact of developments in retailing in the 1900–30 period.

Up until the nineteenth century, retailing had evolved little and slowly. The retailing mix in a typical Western city consisted of open markets and fairs, door-to-door peddlers and street vendors, and small specialist shops “in some cases little more than crates piled up outside a house” (Monod 1996, p. 30). As Cundiff (1988, p. 149) describes it, buying took place through a mix of “basic retailing institutions that served consumer needs virtually unchanged for several millennia”.

Most stores sold products that were produced by hand, and in small batches, using subcontracting systems (Walsh 1999, p. 57). Products were non-standardised, unlabelled, and of poor or even dangerous quality. In Australia, “serious adulteration” in confectionery, tea, and milk resulted in public outcry and the first legislation of its kind in the world *The Victorian Pure Food Act* of 1905 (Farrer 1988, p. 113).²⁰

On top of the uncertain quality of goods, it was very difficult to “shop around”. There was a relative absence of public and private transport, which kept the majority of shoppers confined to their own neighbourhood stores. In addition, newspaper advertising was rudimentary (tiny typeface, single-column, no pictures or colour) and literacy rates were comparatively low.

Unlike today, browsing or “just looking” was not encouraged, and entering the store involved an unspoken obligation to buy (Miller 1981). Goods were typically kept behind the counter stacked on shelves that constituted both stock and display (Cummings & Lewandowska 2000, p. 63), and “very few goods were available for the customer to touch” (Humphery 1998, p. 49). Furthermore, fixed and marked prices were only just emerging, and shopping inevitably meant haggling over price.

The Australian experience echoed the developments taking place in other Western nations. Davis wrote of the UK: “There were plenty of goods and plenty of shops,

²⁰ In America, the “Pure Food and Drugs Act” was passed in 1906. Viewed 21 January 2002. <http://scriptorium.lib.duke.edu/mma/timeline.html>.

but using them was no simple, impersonal routine, like putting down sixpence for a tin of beans... Nothing, of course, was branded, or standardized, or guaranteed. No two manufactured articles could be relied on to be exactly alike. About their materials, their design, their workmanship, the buyer could only guess; he had to rely on the shopkeeper's word as an expert" (Davis 1966, p. 182).

During this period leading up to the end of the century, there were two quite different types of shopping, differentiated by the nature of the purchase, and the socio-economic status of the shopper. As Humphery wrote, up until the late nineteenth century there was a "sharp distinction" between everyday "marketing", or food and grocery shopping, which "was a chore for working class women, and 'shopping' which was a leisure activity for the well-off involving mostly non-food items" (Humphery 1998, p. 29).²¹

In downtown Sydney in the nineteenth century, "the only women to be seen in the streets were assumed to be convicts or prostitutes" (Kingston 1994, p. 20). "Ladies" who could afford their own horse-drawn transport – the lucrative "carriage trade"²² – were driven direct to the door (in an era when parking spots were plentiful), then whisked away home again. In Sydney in 1880, a contemporary writer lauded *Farmer & Co* for "the domestic felicity which ensues from an unqualified permission on the part of paterfamilies to the lady members of their family to visit and make all suitable and necessary purchases in the way of summer or winter clothing, or any article which may be acceptable to, and desired by ladies generally".²³ Drapery stores (and also the emerging "tea shop") thus provided safe havens for women in a cityscape dominated by male enclaves and immorality (Rappaport 2000).

The absence of ladies on Sydney streets was also partly explained by the poor conditions of roads and footpaths, which ruined the full-length dresses worn in Victorian times (Kingston 1994, p. 21).

21 The distinction between shopping as a chore and shopping as entertainment was also evident in London at the turn of the century, as brought out in Adburgham's work (Adburgham 1975, 1979).

22 "The History of David Jones Limited by Sir Charles Lloyd-Jones". Business Archives Council of Australia. 1.1. pp. 1-10.

23 Mortimer F. 1881. "Farmer & Co". "Some of the Leading Mercantile Houses in the City". *A Glance at Australia in 1880*. pp. 196-414.

Because of the difficulty and risks entailed in shopping, most customers were relatively loyal to their chosen providers. The bondage of customers was further entrenched by retailers' traditional role – up until the arrival of lending banks – as the main suppliers of credit for consumer use.

In America, working-class consumers turned to “three primary institutions” for credit: storekeepers, pawnbrokers, and small loan agencies (Calder 1999), but the latter two lenders charged “exceptionally high” rates of interest (Fraser 1981, p. 89). In Canada until the 1920s “individuals who needed personal loans had few real options; if a retailer would not credit them with the desired goods, then there had remained only family or friends or an advance from a moneylender or pawnbroker. It would have been virtually impossible for anyone to obtain a bank loan for consumer purposes” (Monod 1996, p. 166).

In Australia “the need for cash or the availability of credit often decided how and where householders in the spreading suburbs would shop” (Kingston 1994, p. 43), and both rich and poor customers used credit:

10. The credit provided by small shopkeepers in the nineteenth century had been vital to those of their customers whose income was both small and irregular. The rich expected credit for its convenience. It saved them from having to carry large sums of money, enabled them to keep some check on the honesty of servants entrusted with making purchases for the households, and generally simplified household accounting practices (Kingston 1994, p. 62).

Shopping in the nineteenth century then, was difficult and risky and the storekeeper exercised considerable influence on the customer's purchasing decision. “He provided both the material and symbolic link between production and consumption, that is, he both handed over the product and advised the customer as to its quality and meaning” (Hilton 1998, p. 131).

The relative naiveté of consumers and their lack of rights were reflected in the general advice to retailers to practise “commercial chivalry”. “The grocer was not to take advantage of the easy going, to treat the faddy with delicacy and to appeal to her vanity, exhibit an openness towards the suspicious, and to gently deceive the bargain hunter into thinking she'd bought things cheap” (Humphery 1998, p. 57).

In comparison with today, shoppers in Western markets in the nineteenth century

shared a *caveat emptor* position in the exchange transaction, subject to both moral lapses by retailers and health hazards, but relatively unprotected by yet-to-be-formed legislation or the consumer interest groups that emerged in the 1920s.

Around the turn of the century, the “problems” imposed by shopping spawned the establishment of professional shopping services. In America:

Several hundred women acted as full-time or part-time independent professional shoppers during the years between 1870 to 1940, going from store to store making selections for their consumer customers in return for discounts or commissions received from the stores where they made their selections... they provided a mechanism for putting expertise, or supposed expertise, at the service of the out-of-town, timid, or uninformed consumers (Hollander 1972–73, pp. 11–12).

Professional shopping services also existed in Australia by 1901, targeting “ladies” and offering a “system of town shopping” through “agents who have special knowledge and experience, and make it their business to buy for you on the best terms” (Kingston 1994, p. 24).

“Town shopping” was becoming increasingly sophisticated around this time as Australia’s emerging larger retailers were widening into “universal providers”, or emporia.²⁴ The term “department store” did not come into common usage in Australia until the 1920s (Reekie 1988, p. 38).

The emporium grew mainly from two types of specialist shops: the drapery store, and the ironmongery (hardware) store, which were vital providers in the days when most household goods were hand-made. Apart from home-tailored furnishings, “many households in Australia made soap, candles, clothes, medicines, jam, bread and butter in their own kitchen” (Blainey 1980, p. 11).

Drapery stores (also known as soft goods stores) typically carried dress materials, haberdashery, millinery, manchester, men’s and women’s clothing, fancy goods, and later soft furnishings. Generally speaking, the drapery store targetted high-class women, as reflected in the gentility of the atmosphere in the Australian drapery store of the late nineteenth century:

Many of the domestic accessories considered appropriate to the well-dressed

²⁴ The word emporium derives from the ancient Greek word ‘emporos’ which referred to merchants who imported foreign goods and sold them ‘by wholesale’ (Rosenbloom 1989).

parlour were common features of drapery store interior decoration: ferns and large pot-plants in brass planters and arranged on cane plant stands, carpets with floral designs, horsehair sofas and cane chairs, ornate mirrors, decorative pelmets and lace curtains, occasional tables draped with soft coverings, framed prints on the walls. Premium fashion goods were displayed on dummies, in large glass casements, or arranged on small tables which allowed the customer to move freely around, touch and inspect from all angles any article that appealed to her (Reekie 1993, p. 13).

Drapery stores were cordoned off to many shoppers, however, by barriers of income, class, and sheer physical distance. Street stalls and markets such as Sydney's *Paddy's Market* were therefore also important sources of clothing and drapery goods for the poorer majority (Reekie 1993, p. 39).

Ironmongery stores carried hardware, building materials, fixtures and builders' sundries, along with goods that were products of their time, for example, *Nock & Kirby's* "busy" trade in the sale and repair of kerosene lamps, or "supplying the requirements of passengers bound for England by sailing ships, each passenger being required to provide a wash basin, supply of candles, lamp, bath, bedding, and other articles for the voyage".²⁵

Apart from ironmongers and drapers, an alternative antecedent for the department store was the shopping arcade with its accumulation of specialist providers (Cummings & Lewandowska 2000). Like many major Western cities, Sydney experienced rapid development of shopping arcades between 1880 and 1900. *The Strand Arcade*, built in 1892 and inspired by London's Burlington Arcade, was "the pinnacle of Sydney's glass-roofed arcades" with its overhanging gallery providing an unobstructed view of the full length of the interior. *The Strand* also originally included a special gas and electricity system and hydraulic lifts (Graham 1997, Entry 241). In country towns of Australia, however, the roots of the department store were somewhat different, and department stores typically grew up from the all-purpose general store.²⁶

3.2 The Environment

This section examines the broader environmental forces that shaped the evolution of retailing in the 1900–1930 period. Consideration of the environment is important

²⁵ *The Journal of the Retail Traders' Association of NSW*. December 1923. 5.6. pp. 145–152.

²⁶ "Business Organisation. Modern Methods of Management, Scientific Organisation the Basis of Success". *The Draper of Australasia*. November 16, 1914. pp. 435–436.

because geo-demographic and socio-cultural factors can hinder or help the process of evolution (Cundiff 1988). That is, particular environments differ in both resources and opportunities and also in their constraints on the system, which prescribe the parameters or “upper limits” for what is physically possible, or culturally acceptable.

This review pertains to research into the Australian experience in the 1900–1930 period, and specifically the Sydney-wide environment. First, some of the physical components of the environment are reviewed, such as geography, resources, and population density. Second, the cultural aspects of the environment are discussed, the socially accepted values of the time, which provided informal norms for running a “proper” retail operation.

3.2.1 Physical Components of the Environment

The growth of retailing, and department stores in particular, was aided by both the distribution and demographic characteristics of Australia’s population. The Australian population was highly urbanised, and in 1901 more than a third (36%) of the total population lived in New South Wales, a figure that had increased to more than 39% by the end of the period under study (see Appendix).

Amongst the residents of New South Wales, almost half (47%) the total population lived in the capital city, Sydney, in 1911 (Macintyre 1986, p. 36). Sydney was the largest city in Australia, with a population in 1901 of about half a million, placing it “among the 30 largest cities in the world” (Humphery 1998, p. 35). By 1933, the population for the Sydney metropolitan area had doubled to more than one million.²⁷

Department stores, with their city-based locations, were well positioned to take advantage of Australia’s highly urbanised society. In the metropolis of Sydney, many emerging department stores of the late nineteenth century congregated along the main thoroughfare for horse-drawn commuters from the country, travelling down Parramatta Road and George Street to Circular Quay. These included the ironmonger *Invicta Stores* at Petersham (and later Leichhardt), *Grace*

²⁷ In 1933, the population for the Sydney metropolitan area was 1,235,267 (Vamplew 1987).

Bros complex at Broadway²⁸; *Marcus Clark & Co* and *The Bon Marché* near George and Harris Streets; *Anthony Hordern & Sons* and *Mick Simmons* at Haymarket, and further north on George Street *Gowings*, *McDowells*, and *Lassetter's*, and *Nock & Kirby* at Circular Quay. As Kingston wrote: "the whole length of George Street from Central Station to Circular Quay had clusters of shops and offices like beads on a string" (Kingston 1994, p. 39).

Sydney's CBD as we know it today did not exist at the turn of the century, and the neighbourhood around Pitt and Liverpool Streets was:

A very obscure part of the city... There were no important business houses near at that time, in fact there were only a few shops in the neighbourhood and they mostly workshops, second-hand shops, and Chinese residences. Up and down Liverpool Street to Castlereagh Street and the Central Police Station, and down Pitt Street on both sides... were small houses without any ground in front, and with stone steps abutting on to the footpath, the front doors opening off the street into the living-rooms and mostly occupied by Chinese... There were no trams running in Pitt Street (and) it was not a very enticing neighbourhood.²⁹

The north-eastern drift of nineteenth-century stores towards today's CBD was spurred by several landmark constructions, including the glass-roofed Strand Arcade, completed in 1892, and the Queen Victoria Building, which opened in 1898 as a fresh-produce market.³⁰ In 1902, Pyrmont Bridge, spanning Darling Harbour, re-opened as the world's first electric swing-span bridge, emptying travellers from the western suburbs into Haymarket. Proposals and designs were also being invited for the Sydney Harbour Bridge, although it was not until post-war 1923 that construction on the bridge commenced.³¹

Developments in public transport in the 1920s accelerated the shift towards today's CBD, in particular the City Circle underground railway loop which opened in 1926, linking stations at St. James, Town Hall, Wynyard, Museum, and

28 For which the brothers Joseph and Albert Grace built a "Power House for generating Electricity as it was not available beyond the Central Railway Station" "Grace Bros. Ltd". *The Journal of the Retail Traders' Association of NSW*. 1923. 5. pp. 33-7.

29 "Edward Fay Ltd.". *The Journal of the Retail Traders' Association of NSW*. 1924. 6. pp. 8-12.

30 Graham 1997.

31 The idea for a bridge to link Sydney's northern and southern shores had been discussed as early as 1815, but it was not until 1900 that designs and proposals were requested, and a formal proposal was not accepted until 1911.
<http://www.nationmaster.com/encyclopedia/Sydney-Harbour-Bridge> Viewed 14 April, 2004.

(later) Circular Quay.³²

Wolfers (1980, p. 28) found that by 1925, “the big stores were sited at five points where Sydney’s main traffic arteries converged”. These five sites were Circular Quay (*Nock & Kirby*), between Martin Place and Park Street (*David Jones, Peapes & Co, Hordern Bros, Gowings, McDowells, Lassetter’s*), Oxford Street (*Reuben Braschs, Winns, Buckingham’s*), Central Square (*Marcus Clark, Bon Marché, Grace Bros*), and Brickfield Hill (*Anthony Hordern & Sons, Snows, Mark Foy’s, Mick Simmons*). The locations and distribution of Sydney’s big stores are shown in Wolfer’s map overleaf.

³² Circular Quay Station was connected to the loop in 1956. For more detail see *Sydney's Forgotten City Railways and Sydney's Central* by John Oakes, and the *City Lines of the Sydney Tramway System* by David Keenan.

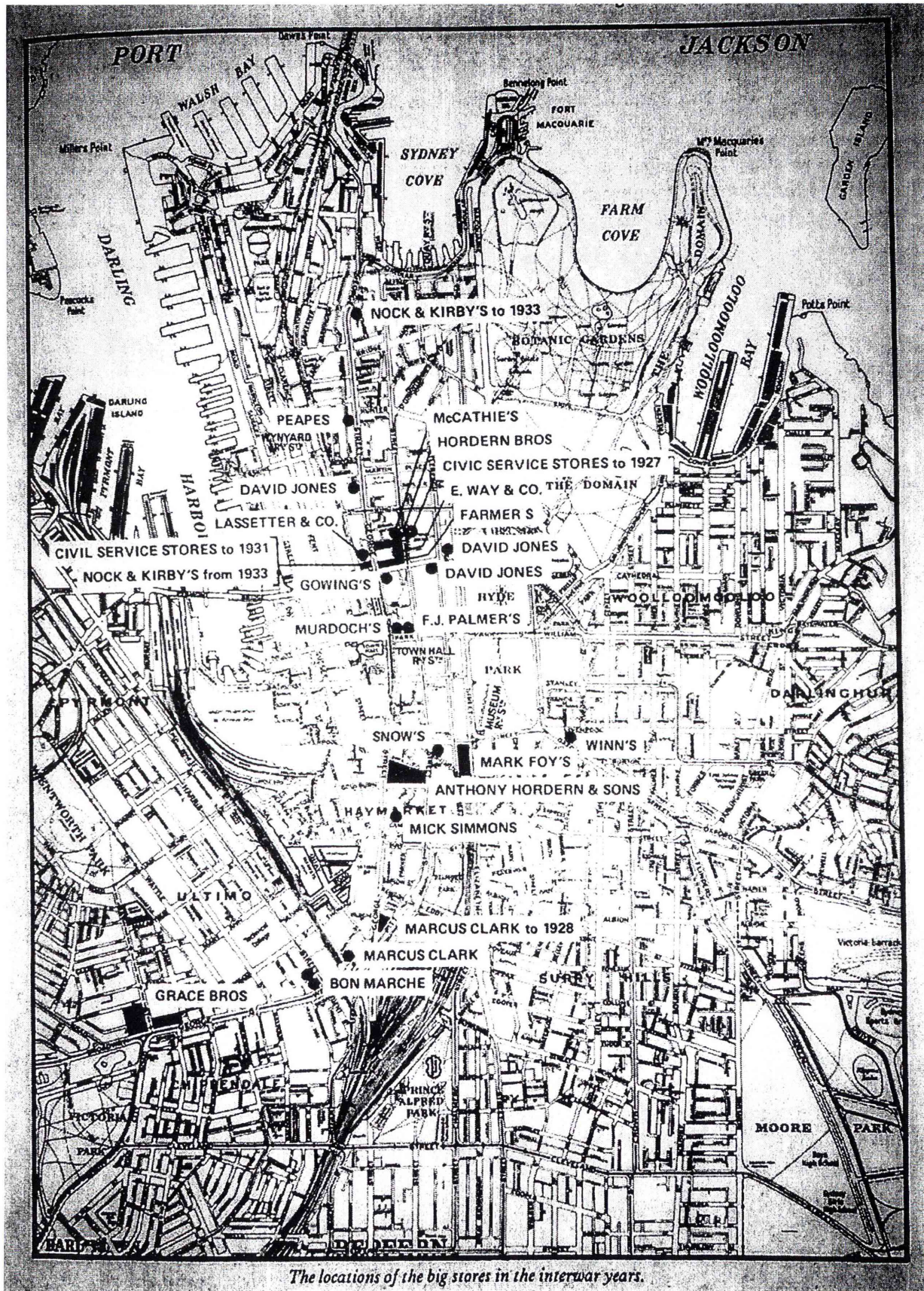


Figure 3: Locations of Sydney Department Stores in the Interwar years.³³

³³ Reproduced from *Twentieth Century Sydney: Studies in Urban and Social History*, Ed J. Roe. Hale & Iremonger in association with the Sydney History Group.

Apart from Australia's urban population, the age structure of the population also supported the growth of department stores during the period under study. Age structure is important because it influences future patterns of growth, and the future age structure, through fertility and mortality (ABS 1997, p. 250).

In 1901, Australia's population of 3.77 million had "a young age structure" with 35% aged less than 15, and 4% aged 65 or over (ABS 1997, 3102.0). The largest age group (12%) was 5-9 years old, and the median age was 22.5 years.³⁴ Populations with young age structures typically result in a large number of births, and birth rates outstripping death rates. Net growth in the population, in turn, supports retail sales growth.

Age structure is also important because consumers' needs are influenced by their stage in the family life cycle. In Australia's case, the young age structure and high proportion of women of child-bearing age (together with a sex ratio where men outnumbered women 110:100 in 1900), ensured a ready supply of new families needing to set up house. Although statistics on new household formation in the early century do not exist, the natural increase in the population averaged 1.6% a year in the period from 1900-1913, the highest rate recorded in the twentieth century (ABS 1997, 3102.0). For new homemakers, "universal providers" offered an extensive merchandise mix and one-stop shopping appeal.

Another environmental factor that helped the development of department stores was the increasing relative spending power of Australian households in the early twentieth century. This was partly because of the decreasing size of families, which declined from 4.2 births for women born during the years 1871-76, to 2.5 births for women born during 1903-08 (Reekie 1993, p. 30). By 1909 "average real income per head exceeded the peak reached in the post-goldrush 1880s and continued to rise, although the benefits were not evenly spread" (Buckley & Wheelwright 1988, p. 224).

During the period from 1911 to 1920, however, retail prices in Australia "doubled, along with those in most other countries, causing considerable social unrest, as

³⁴ By 1933 the median age had risen to 27.7 years. Contrast this with the 1996 statistics when 21% of the population were aged less than 15 and 12% were 65 or over. The largest age group in 1996 was 30-34 (8%), and the median age was 33.7 years (ABS 1997 3102.0).

wages only increased by about one-third" (Forster & Bridge 1987, p. 228). This would have curtailed spending, and thus the growth of retailing during this period. The inflationary price hikes of the war period are reflected in the table below, which shows the relative retail price index for the period 1901–1945, using 1945 as the base year. The table shows the steep increase from 1915 and that in 1920 prices peaked, outstripping those for the base year, 25 years later.

Table 3: Retail Price Index Numbers - Australia 1901-1945

Long term Linked Series
(Base: Year 1945 = 100)

YEAR	INDEX NUMBER	YEAR	INDEX NUMBER	YEAR	INDEX NUMBER
1901	47	1916	71	1931	78
1902	50	1917	75	1932	74
1903	49	1918	80	1933	71
1904	46	1919	91	1934	73
1905	48	1920	103	1935	74
1906	48	1921	90	1936	75
1907	48	1922	87	1937	78
1908	51	1923	89	1938	80
1909	51	1924	88	1939	82
1910	52	1925	88	1940	85
1911	53	1926	90	1941	89
1912	59	1927	89	1942	97
1913	59	1928	89	1943	101
1914	61	1929	91	1944	100
1915	70	1930	87	1945	100

Reproduced from Australian Bureau of Statistics Cat. No. 1300.0, Year Book Australia, 1988.

While the general growth in population rates and expendable income supported the growth of retailing, other characteristics of Australia's physical environment hampered the development of retailing.

A "critical" determinant of Australia's development generally (Blainey *The Tyranny of Distance* 1966) and retailing development in particular, was the "chronic problem of size, density, and demand" (Todd 1995, p. 246). The major markets were spread across six capital cities that were roughly 600 miles apart (Terwiel et al. 1999). Distance, combined with a lack of transport systems and this country's small and scattered population, meant that Australia lacked critical mass in

population density that would have helped create an integrated national market. An undeveloped manufacturing sector – and Australia's consequent dependence on imports – resulted in a general shortage of goods, which also restricted the growth of retailing.

There were two major socio-political consequences of Australia's vast landmass and its low population density. The first was a crippling jealousy between Australia's six colonies, and by the nineteenth century intercolonial rivalry had led to "disconnected colonial railway systems with differing gauge sizes, uncoordinated schedules and fluctuating freight rates" (Todd 1995, p. 246). In addition to high transportation costs, a range of protectionist tariffs existed between the six colonies which, for retailers buying from interstate, increased the price of goods at their source.

The 1901 Federation of Australia called for "free trade" between the States, making fair access to goods across state borders theoretically possible yet State and regional rivalries persisted in one form or another throughout the period under study. As a consequence, the biggest retailing businesses in Australia worked mainly within State borders, and the small scope of the available market prohibited the possibility of growth through economies of scale (Ville & Merrett 2000).

Australia's communication infrastructure also remained relatively undeveloped in the early twentieth century, and this also would have retarded the development of retailing. Osborne & Lewis (1995) point to the trickle of progress during the first two decades of the century in Australia including:

the extension of a Pacific cable service (1910), town and city electrification, continued interstate and regional rail building (the transcontinental to Perth in 1917), the spread of domestic telegraph... the first cars (Melbourne-Sydney Dunlop Rally in 1905) and aeroplanes (England-Australia flight in 1919), the first movies (1899) and the first wireless broadcasts (1906). These innovations were welcomed as signs of Australia's links with the rest of the civilised world and of the nation's growing modernity (Osborne & Lewis 1995, pp. 10-11).

The second major consequence of low population density was the resulting high levels of concentration across many commercial endeavours. This meant that, compared with other nations, Australia's biggest firms occupied a more dominant position than their counterparts in other countries (Ville & Merrett 2000, p. 20). The top 25 large-scale enterprises in Australia "were relatively more important than in

a number of major economies” and occupied a “more dominant position” in the market (Ville & Merrett 2000, p. 20, 26).³⁵ Giving evidence in the “Shop Assistants’ Case” (1904–1907), a respected union advocate said “he believed that no other city in the world the size of Sydney possessed such an enormous concentration of trade as that enjoyed by Sydney’s big retailers” (Ryan 1984, p. 170).

High levels of concentration delivered economies of scale for Australia’s large firms – which would have helped to cement their dominance – even in times of adversity. In the retailing sector, Sydney’s large department stores appeared relatively unaffected by the depression that hit the eastern colonies of Australia in the 1890s. Indeed, Sydney department stores enjoyed a period of prosperity in the early years of the twentieth century (Reekie 1993, p. 45), which was reflected in the openings of grand new stores such as *Grace Bros’* landmark building at Broadway (1904), and *Anthony Hordern & Sons’* giant Palace Emporium (1905).

In summary, while the geo-demographic composition of Australian society supported the growth of department stores, isolation from the source of supplies and an underdeveloped transport and communication sector curbed the potential growth of retailing. This contributed to Australia’s belated rate of development, compared with other Western nations, and also helped to prolong the era of dominance by department store retailers in this country.

3.2.2 Cultural Components of the Environment

The cultural components of the environment impacting upon retail development include political influences, in particular regulatory constraints, and social influences, or the impact of prevailing social norms. There is a close relationship, however, between social norms and legal rules, as Khan found in an historical study of commercial litigation in New South Wales (Khan 1999).

Because regulatory legislation is discussed later, the discussion in this section is confined to the description of social values about consumption and shopping during the period under study. Social norms – that is socially accepted values or

³⁵ This conclusion was reached using “Schmidt’s approach of comparing the size of the leading 25 firms with the level of national income. The assets of the leading 25 firms in America and Japan accounted for 10% of GDP in 1917 and 1918 respectively, compared with 9% for Germany in 1912 but 19% in Australia in 1910. In 1930, the respective figures for America and Japan were 19% and 17%, with 10% for Germany in 1937. Australia remained ahead with 21% in 1930” (Ville & Merrett 2000, p. 20).

“rules” about what is considered normal, ethical or fair behaviour (Dixon & Wilkinson 1982) - are important because they influence both our behaviour, and our expectations about the behaviour of others. Deviation from expectations, furthermore, can be a significant source of conflict.

Social Norms Surrounding Consumption

At the close of the Victorian era of the nineteenth century, prevailing attitudes about consumption handicapped the development of retailing. This was a time when temperance and frugality were regarded as the traits of a “good” character. Shopping – and consumption in general – implied immodesty, and for “much of the Victorian era, shopping had often been denigrated as a wasteful, indulgent, immoral and possibly disorderly female pleasure” (Rappaport 1995, p. 131). In the 1880s the *New York Times* warned that women’s “instinct for shopping” was an “addiction every bit as bad as male drinking or smoking” (Leach 1984, p. 333). Women were exhorted “to resist the tyranny of ornament and embellishment and the veil of extravagance in dress” (Reekie 1993, p. 20). The “profound ambivalence” towards shopping (Rappaport 1996, p. 66) – and women as consumers – was “also a debate over acceptable feminine spaces and behaviors outside the private home and family circle” (Rappaport 1996, p. 70).

In order to cultivate a mass market, therefore, the nineteenth-century disdain for materialism had to be overthrown. To achieve this, consumption had to be “completely detached from necessity” (Humphery 1998, p. 25). At the same time, consumption “without shame or embarrassment” became the goal of department store managers (Spierings 1989, p. 55). In short, the task department store pioneers faced in the nineteenth century was the selling of “not only merchandise but consumption itself” (Miller 1981, pp. 165–6).

Department store retailers used a wide range of means to cloak the act of consumption in respectability:

The attraction of society women to late 19th-century department stores depended not only on the sale of exquisite goods or deft and helpful service, but on presenting an image of such stores as *respectable* places of public assembly at which unaccompanied women could congregate without damage to their fragile reputations... (The use of building materials that were) all too visibly above suspicion was therefore one way in which the proprietors of department stores could make it plain that however commercially novel their

establishments, they were not overheated dens of vice into which society women... need fear to trust themselves (Artley 1976 p. 8, italics in original).

Inside their grand new multi-storey buildings, “were added elaborate furnishings, chairs and stools for customers, sometimes upholstered in velvet or leather, contributing to an air of comfort and deference intended to both flatter and detain customers” (Walsh 1999, p. 49). In Sydney, as elsewhere, many large stores also “devised imperious emblems, crests and mottoes to signify their elite position within business and the community” (Spierings 1989, p. 464). Sydney’s *Marcus Clark* was “The Firm That Kept Faith”, while *Anthony Hordern & Sons* adopted an Oak tree emblem with its motto “While I live, I’ll Grow”.

In the UK, the policy of early department stores “was to convince the well-to-do, usually female customer that shopping was no longer an unavoidable chore but a social activity which took place amongst sumptuous surroundings, in a warm, light environment, freed from the inconvenience of negotiating numerous accounts with individual proprietors, achieved without venturing into changeable weather or brushing shoulders with lower classes in the streets” (Winstanley 1983, p. 35).

Contradicting this exclusive appeal, however, was the fact that department stores “deliberately courted a mass trade” (Reekie 1993, p. 41). In the US, the early department store “was mainly based on a middle class clientele. As a matter of fact, the increase in importance and wealth of the middle class during the nineteenth century has been one of the factors contributing to the development of the department store” (Pasdermajian 1954, p. 21).

The drive for volume sales was based on the department store principle of stock-turn velocity, or the number of times goods can be sold during the year (and thus the number of times in which a retail profit could be made). With faster turnover of goods, retail prices – and also the retailer’s risk – could be reduced. Faster turnover depended on appealing to the widest possible market, however, and department stores adopted a range of innovations to break down nineteenth-century barriers of income and social class. In addition to “sales”, and “low” prices:

The relative anonymity of the customer, the physical separation of salesclerk and customer in many departments, the consequent ease of terminating a transaction, the impression of fixed prices, the availability of return and

guarantee safeguards, and conveniences in buying made department stores much more congenial than small, snobbish specialty stores for the timorous and unsophisticated (Rassuli & Hollander 1986, p. 9).

Similarly in Australia, the department store's drive for volume sales helped to dilute class-based distinctions between shoppers:

As centrally located public institutions to which admission was not only free but actively encouraged, men and especially women of all classes could enter and browse in the big city stores. A working-class woman might buy cheaper goods in smaller quantities, and buy less frequently, than her wealthier sister, but she was nevertheless an equally valued customer (Reekie 1993, p. 39).

While the rise of grand department stores made shopping more acceptable across all social classes, other changes in the social environment of Australia were also helping to reform public attitudes towards consumption. Following the First World War, household servants began to be displaced, and the novel figure of the "housewife" emerged as a modern household manager, aided by a battery of helpful new whitegoods such as refrigerators and washing machines.³⁶ This echoed the push for "scientific" management in the workplace. Both the production and the consumption process had become "embedded within an ideology of efficiency" (Humphery 1998, p. 29).

With the disappearance of household servants during the 1920s, shopping became an every-woman experience, further dispersing any lingering disdain towards consumption. "The idea of women as 'domestic feminists' was highlighted first with the idea of woman as a household manager and second through the idea of 'scientific' motherhood. Women journalists and domestic science teachers helped spread the idea of the 'new woman' as household manager" (Osborne & Lewis 1995, p. 20). This diverted general public discourse away from traditional questions about the "immorality" of wasteful consumption, towards its efficient and scientific management. Thus by the 1920s in most young Western nations, a "new culture of spending" had emerged (Monod 1996, p. 128) and shopping was coming to be viewed as a woman's "duty".

Department stores provided more than respectable shopping destinations for women. They also laid the foundations for the seismic shift in general values

36 By 1930 in Australia, when most houses were connected to mains electricity, "there was a strong demand for domestic appliances such as irons, radiators and vacuum cleaners" (Macintyre 1986, p. 212).

towards the “disposable society” and the new concept of obsolescence. One of the retailer’s most effective tools in transforming attitudes about consumption was mass advertising and mass media.

Mass Advertising and Mass Media

The main vehicles for retail store advertising during the 1900–30 period were print-based media: primarily newspaper advertising, plus store catalogues and outdoor advertising. Outdoor wall posters were the leading print medium in the nineteenth century and “all the best products used posters” (often produced by famous artists) including *Oxo*, *Rowntree*, *Bovril*, and *Pears* soap. Wall posters were also credited for creating a new market in the UK for the product category of “cocoa and other non-alcoholic drinks” (Fraser 1981, p. 135). In America too, department stores used “poster art, electrical signs, and illuminated and painted billboards – all new kinds of advertising blanketing the cityscape by 1915” (Leach 1984, p. 324). Little research exists on illuminated outdoor advertising, although in London in 1894 “magic lantern advertisements” had been projected on Nelson’s column and on the National Gallery (Fraser 1981, p. 137).

Department stores were heavy users of newspaper advertising. Because they were such large volume advertisers, they have been closely linked with the development of advertising itself (Nystrom 1930). American department store founders Rowland Macy, and particularly John Wanamaker are generally credited as being the “inventors” of modern newspaper display advertising and, by 1910 in America, department store retailers were following Wanamaker’s innovation of “replacing ‘cold print’ with ‘hot pictures’”. Endowed with color, those images possessed carnivalesque properties” (Leach 1984, p. 329).

In Britain, “not until the 1880s did papers like the *Daily News* begin to allow display advertisements to spread over more than one column, though the illustrated magazines were opening their pages to increasingly lavish pictorial advertisements. American methods with eye-catching newspaper advertisements, came in very slowly, and a 1905 writer on advertising complained that ‘in the main the newspaper advertisement is only read by the person who intends to read it’” (Fraser 1981, p. 138).

The pressure for retailers to advertise was apparently fierce, and made worse by “a great deal of deceptive advertising” (Fraser 1981, p. 140). By the turn of the century, however, “advertising had become well established as an industry, and an ever-growing number of workers in the advertising industry were committed to its continued growth. The pressure to advertise became too intense for even the most conservative of firms to resist” (Fraser 1981, p. 146).

In Australia too, department stores relied heavily on newspaper advertising and the growth of newspapers mirrored the expansion taking place in department store retailing. Australian department stores boomed in the 1920s, coinciding with a rapid rise of tabloid press, and by 1923 there were 26 capital city dailies, a peak figure in Australian newspaper production (Osborne & Lewis 1995, p. 25).

Although accurate data on the contribution of retailer advertising to the growth of newspapers in this period do not exist, the evening and Sunday newspapers “like the Sydney *Sun* and Melbourne *Herald* were packed with retail ads” (Osborne & Lewis 1995, p. 47). In Melbourne, “the standing joke that the Melbourne *Herald* was printed on the back of Myer advertisements contained more than a grain of truth” (Kingston 1994, p. 66).

The interdependence of retailing and media was underlined by the fact that major retailers in Australia were heavily represented on the boards of directors of newspapers (Osborne & Lewis 1995, p. 26), reflecting the primary reliance of newspaper media on retail advertising income. Increasingly, women were the targets of advertisers’ dollars and in Australia “throughout the 1920s and 1930s newspapers began actively to court female readers with special pages, features and even a new editorial slant because they were the real targets of their increasingly valuable advertising columns” (Kingston 1994, p. 66).

At the same time that newspapers were booming in this country, the 1920s saw the launch of glossy magazines such as Sydney Ure Smith’s *The Home* “in which art and design were brought to the services of fashion and elegant living...

Undoubtedly the fact that the art studio of Smith and Julius, and Catts Patterson’s advertising agency were engaged in preparing the artwork and selling advertising for most of the elegant and expensive items appearing in the pages of *The Home* was significant. Its purpose was to discuss and photograph the social life founded

on the most fashionable consumption" (Kingston 1994, p. 50). It was not until 1933, however, that the first Australia-wide magazine, the *Women's Weekly*, was launched (Kingston 1994, p. 68), after which time magazine advertising began to flourish.

Strong growth in commercial radio did not begin in Australia until 1931 (Osborne & Lewis 1995, p. 42), although the "possibilities of radio as an advertising medium were almost certainly behind the first broadcasts from Farmers Store (2FC) in 1923. Throughout the 1920s and 1930s the press fought this threat to its advertising revenue. Great competitions were staged with lavish prizes to encourage women to respond to advertising in newspapers" (Kingston 1994, p. 66).

The first radio station in Australia (2SB, now 702 ABC) started in Sydney on 23 November 1923, followed a week later by the "informal" opening of radio station 2FC, owned by Sydney department store *Farmer & Co* (Van Oudtshoorn 1982, p. 66). The timing was significant. News coverage of the launch of 2SB appeared in *The Daily Guardian*, one of Sydney's most important newspapers for department store advertising. Alongside the news story were display ads by *David Jones* and *Anthony Hordern & Sons*, announcing the opening of their new radio departments manned by "wireless experts" – and just in time for Christmas. "What better gift could be imagined than a ... radio receiving set".³⁷

The role of mass media in promoting mass consumption was critical. In Australia "all media, except the ABC, were committed to consumerism as a way of life... In the cities, advertising, retailing and publicity were the driving force behind the new consumer society, where community was defined in terms of consumption" (Osborne & Lewis 1995, pp. 46-47).

In the UK, Gordon Selfridge became the first London department store owner "to gain nearly full media support". Before the 1909 opening of *Selfridges* department store, Selfridge "regularly wined and dined reporters and escorted them through his emporium. He regularly entertained editors and allowed journalists free use of telephones and other store services. For the opening advertising campaign, which lasted a week, Selfridge filled ninety-seven pages of the daily and weekly press

³⁷ "Broadcasting Calls – Are you Listening? Marconi, the Wonder Man – Genius of the Age". *The Daily Guardian*, 23 November 1923. p. 4.

with richly illustrated advertisements drawn by some of the best-known British graphic artists.... the first retailer to adopt such graphically compelling advertisements on such a grand scale. After the opening, the main promotional themes resurfaced in 'news articles' about the store in scores of English and foreign newspapers, journals, fashion magazines and trade papers... (Critics) complained that Selfridge 'bought his crowd' by 'buying' the newspaper press with his advertisements" (Rappaport 1995, p. 135).

Advertising began to be recognised as a discipline in Australia in the early twentieth century, as reflected by the establishment of new journals such as *The Reason Why* in 1908, which was devoted to the "science" of advertising. Reekie (1988) found that in Australia, the managers of big department stores "with the aid of advertisers and sales experts, began deliberately to cultivate a mass market after 1905. During the next twenty years they increasingly adopted, refined and articulated a theory of marketing that embraced window dressing, interior displays, advertising, and store promotions" (Reekie 1988, p. 38).

Australian department store retailers took "a prominent position within the fledgling Australian advertising industry from its outset: more than one-third of the delegates to the first Australasian Conference on Advertising held in 1918 were connected with the retail trade" (Reekie 1993, p. 50). In 1927, the NSW Chamber of Manufacturers called for the creation of an Australian Institute of Industrial Psychology (Taksa 1993, p. 463), and The Retail Traders' Association became a member of the Institute on its formation in 1928 (Reekie 1993, p. 51).

Early advertising agencies worked more as "extensions of newspapers, rather than as independent agents serving the potential advertisers of goods" (Bell & Bell 1993, p. 66). By the second decade of the century, however, the attention of advertising agencies had turned to serving advertisers. In 1918, for example, for the launch of Mother's Day in Australia, "The New South Wales Men's Advertising Institute joined with Anthony Hordern & Sons, David Jones, Lassetter's, Marcus Clark, Snows and McCathies to introduce Mother's Day to Australia with a two-week campaign of newspaper advertisements, rubber stamps and window displays" (Reekie 1993, pp. 46-7).

By the 1920s, Australian "advertising agencies such as Patons offered clients a

range of services, including market information and advertising space" (Reekie 1993, p. 137). Manufacturers such as *Berlei* (underwear) also offered advertising advice to retailers, who were exhorted to "sell not the goods themselves, but the sentiments attached to them. Retailers were advised by sales experts to sell youth not hats, cleanliness not soap, fashion not gowns, social status not pianos. Or, as Berlei's Advertising Director advised his colleagues in 1929, 'Never mind about the commodity. Sell Ideas'" (Reekie 1988, p. 38). In the UK by the late 1920s, consumption was being linked with social anxieties. One example was an advertising campaign suggesting that "nightly 'Luxing' of underwear would save a shaky romance" (Benson 1986, p. 79).

The developments in mass media advertising during this time – aided by avid editorial support – helped to both stimulate and naturalise shopping desires. In addition to mass advertising, "scientific" packaging and marketing were "important weapons in the battle to transform the Protestant, thrifty households of nineteenth-century America into the credit-dependent consumers of the modern era" (Bell & Bell 1993, p. 68).

At a broader and more academic level, the new "science" of psychology – following the work of Freud, Jung, and others – also helped dilute resistance towards materialism. Jungian theory provided a concept that "shopping" was a natural, modern-day substitute for our hunter-gatherer instincts. (The idea of shopping as fulfilling some basic human need is also argued by other influential writers. Stanley Hollander asserted (1984) that the urge to shop, specifically the consumption urge, was an innate human tendency. The idea is supported by the common childhood game of "playing shop", and in such modern slogans as "retail therapy" where shopping is endowed with a recuperative power.)

The notion that shopping had a biological basis – the "instinct of acquisition" or the "hoarding instinct" (Hillsmith 1931, p. 167) – was echoed in trade press and popular literature, and "shopping was likened to a 'rest cure' that reduced rather than increased anxiety" (Rappaport 1995, p. 144). Women were portrayed as "instinctive" or natural shoppers, with a "craving" for endless novelty (Scranton 1997). The *Draper and Warehouseman* argued that "women were attracted to the city by their highly-strung, nervous temperaments, fits of depression, craving for

constant change, and the excitement and bustle of shopping crowds" (Reekie 1993, p. 15). Men, on the other hand, were generally perceived as relatively reluctant shoppers but more rational than women and more likely to remain loyal to a store (Reekie 1993, pp. 57–8).

Retailing journals published advice from "expert authors" on how to use "psychology" to best effect.³⁸ "Strategies applying psychology to merchandising and labour management increasingly filtered through to them in the pages of retail manuals, the *Draper of Australasia* and the *Retail Traders Association Journal*" (Reekie 1987, p. 13). The word "psychology", however, was given wide application and its meaning was not always clear. Reekie (1993, p. 52) observed that "sales experts consciously deployed the term to lend scientific authority to their profession and its discourse". These new ideas were important, however, because they recast shoppers "as the agents, not subjects, of consumption" (Rappaport 1996, p. 73). As Monod found, the significance of "psychological advertising (lay) in the fact that in trying to manipulate what was now perceived to be a disinterested or even hostile mass of shoppers, the new form of advertising evidenced an increasing awareness on the part of manufacturers of the active and autonomous power of the consuming public" (Monod 1996, p. 143).

The newfound interest in consumers mirrored the growing competition for their custom, and "retailers seized eagerly on psychology's promise to introduce rationality and scientific precision to their operations. An article (in the Retail Traders' Association journal) explained that psychology was as necessary to the modern business-man as the chart and compass were to the sea captain. It helped advertisers to manufacture in the mind of the consumer new and acquired desires" (Reekie 1993, p. 52).

In sum, social norms about consumption shifted radically during the period under study, from pervading public values that eschewed materialism, to the emergence

38 One of the "earliest applications of psychology to retail problems was the construction of theories of customer 'types'... One of the earliest schemes, run by (department store) *Bright and Hitchcock* of Geelong, included a Study of Types of customer. Three general types – the Sanguine, Nervous and Phlegmatic – were supplemented by the 'special' types: the calmly indifferent, over-careful, grumpy, overbearing, argumentative, frigid, procrastinating, prejudiced, logical or emotional types of customer. Although these types were not explicitly attributed to the female customer, the store's choice of adjectives strongly suggests that its managers had women in mind" (Reekie 1993, p. 53).

by the 1920s of a discernible consuming culture. As Pasdermadjian observed, what was “lacking” in the nineteenth century “was the habit of spending. And it was here that the department store with its methods, especially its technique of window and interior display, its concentration of the buying opportunities and its use of sales promotion, played a major role in inducing, one may almost say educating, the public to buy. The great increase in the sales of department stores during the (1880–1914) period is thus not only due to their encroaching on the turnover of other forms of distribution, but also the fact that they induced in a great number of people the habit of spending more” (Pasdermadjian 1954, pp. 29–30).

Commercial media were eager accomplices in promoting bourgeois consumerism and, at the same time, academic discourse endorsed shopping as an activity rooted in nature. By the early 1920s, retailers who had “worried about the morality of consumption became concerned with how to encourage more and longer shopping and how to increase its pleasures” (Rappaport 1996, p. 83).

By the mid-1920s in the Western world, department stores had become “cathedrals of consumption” (Crossick & Jaumain 1999) and shopping had been accepted as a “full-time pre-occupation” that readily filled the day (Miller 1981, p. 186).

Furthermore, in most Western cities of the 1920s, a woman “carrying a package wrapped in the well-known manner of the city’s most prestigious store, or in front of whose house that store’s truck often stopped, gained in estimation of those who calculated status by patterns of consumption” (Benson 1986, p. 94).

3.3 The Retail Store 1900–1930 (Subsystem)

The central focus in this study is on the retail industry, or the “population level” of stores. To understand the retail population, however, it is necessary to examine its subsystems – in this case, individual retail stores. This section investigates the literature pertaining to the predominant format in the 1900–1930 period in Australia – the department store and its internal workings and management.

The defining characteristic of the department store was its massive range of merchandise, organised into different departments. The “departmentalisation” of the store was a new idea in retailing, with a “segregation of the different merchandise lines as regards location, personnel and records in separate selling

departments. Each merchandise line had a distinct location in the store, its own buyer, a separate sales force, and separate accounts were kept for it” (Pasdermajian 1954, p. 11). The separation of accounts had the advantage that the owner could see which departments were profitable and which were not.

Department stores also sold at cheaper prices than other stores, using fixed and advertised prices “from 15 per cent to 20 per cent cheaper than those of the remainder of the retail trade” (Pasdermajian 1954, p. 10). In Australia as well, the typical “universal provider” in the early century also distinguished itself as a “cash trader”, though by the 1920s, department stores competed with other providers in selling credit to their customers.

Other characteristics of department stores included their city-based locations, high volume of advertising, and their division of labour into specialised tasks. The separation of the discrete skills required in retailing gave the department store the advantage that “salary expenses could be reduced because the work, thus organized and standardized, made it possible to use for the lower positions, which included mainly routine jobs, less qualified personnel” (Pasdermajian 1954, p. 14).

3.3.1 Department Stores

The forces leading to the 1850s emergence of the first department stores were in place some time before their actual arrival. New technologies and expanding markets brought about by the Industrial Revolution were creating the need for a distribution system much more efficient than what then existed. On the demand side, the increase in wealth of the middle class in the nineteenth century, especially in America, and “the continuous and great increase in the population of the towns” (Pasdermajian 1954, p. 24), brought the volume required to sustain the comparatively lower margins of larger stores. In Australia as well, the discovery of gold in the 1850s brought an influx of new settlers and affluence, which in turn increased the aggregate demand for goods.

The coming of department stores was also made possible by a number of forces in the environment. Among the critical factors was the development of public transport, and also of “the large daily newspaper (which) has taken place

concurrently with the expansion of the department store, and one may say that either of these modern economic and social instruments would not have reached its present stature without the existence of the other” (Pasdermadjian 1954, p. 40). Public transport was important because the possibility of operating larger retail shops began to emerge “only with the development of horse-drawn buses... (and) the first horse-drawn streetcars in the period 1850–60” (Pasdermadjian 1954, p. 2), since customers could be drawn from a much wider geographic radius. Other authors suggest that the new technology of railroads was the chief reason why department stores blossomed when – and where – they did, since they allowed the congregation of not just customers, but products which could be drawn from all over the country (Christensen & Tedlow 2000). This geographical catchment function is one of the canonical “utilities” provided by retailers, as taught in marketing classes today.

By the late 1850s, department stores had emerged in broad synchrony in Paris, and in England and America. As Pasdermadjian observed, “one may say that in the course of a few decades the department store swept across the Western world. Its success demonstrated that it represented a necessary form of enterprise. In fact, the department store can be considered as one of the most characteristic forms through which the new forces released by the industrial revolution sought expression” (Pasdermadjian 1954, p. 7).

It was not until the late 1880s in Sydney, however, that drapery stores such as *David Jones* expanded into furniture and furnishings³⁹. Similarly, large-scale retailers emerged in Canada around the 1880s:

These stores were all characterised by their ‘departmental’ organization, the separation of display stock, workforces, accounts, and buying by type of goods, and by the centralization of their administration and management. But it was not their form that made them so singular; it was their size. These businesses came to be called ‘mass merchandisers’ not because they ‘sold to the masses’, but because they sold so much. And because of size they were able to buy in volume, price goods more cheaply, and pay for the kind of advertising that gave their lower prices wide currency. It was their method of marketing, a system entirely dependent on volume and scale, that made them so threatening to the increasing number of independent specialty shops

³⁹ David Jones, Australia’s oldest surviving department store, began in 1838 as a drapery store, later adding manufacturing to its business. The firm became insolvent in 1860, but in 1887 the resurrected company – expanded to include furniture and furnishings – emerged in a new four-storey building that resembled the department store of today.

(Monod 1996, p. 27).

Most authors credit the Parisians with the first department store, the *Bon Marché* (Miller 1981), which became an archetype across the Western world, as indicated “by the number that adopted that name elsewhere, including in London, Liverpool, Southport, New York and Seattle” (Perkins & Freedman 1999, p. 144, “Notes” 2), and also in Australia.⁴⁰

The evolution of department stores, however, was a gradual process. As Miller (1981, p. 21) points out, “department stores in France as elsewhere did not spring up overnight. All the great emporia of the Pre-War era – the *Bon Marché*, the *Louvre*, *Printemps*, and others – had either modest or intermediate origins, all passed through a *magasin de nouveautés* phase (drapery and fancy goods), and all were predicated on new commercial practices and new commercial frames of mind”.

3.3.2 The Physical Environment of Shopping

During the early part of the twentieth century, the physical environment of the retail store changed profoundly, with the use of multi-storey buildings and “bargain” basements, and completely new ways of displaying goods.

The most visible of the physical changes in the shopping environment was the store building itself. Compared with the dark one-storey shops of the nineteenth century, department stores were “cathedrals of consumption” (Crossick & Jaumain 1999), which architectural textbooks today regard as “ranking among the masterpieces of *fin-de-siècle* commercial building” (Artley 1976, p. 9).

The colossal buildings that survive from those times nowadays rank among the finest in most Western cities. *Mark Foy’s* Piazza Store on Hyde Park⁴¹ and the *Grace Bros* buildings on York St and on Broadway⁴², like their counterparts in other cities, were imitation palaces – deliberate analogies to such aristocratic institutions as theatres and museums (Walsh 1999, p. 63).

⁴⁰ In Australia, independent *Bon Marché* stores appeared in Sydney and Perth in 1896 and 1897 respectively.

⁴¹ The still intact building is now known as *The Downing Centre*.

⁴² Now respectively *The Grace Hotel* and *The Broadway Shopping Centre*. For a history of the Grace Building see http://www.teachingheritage.nsw.edu.au/b_expressing/wb2_gracechron.html.

The first department store, the *Bon Marché*, originated the monumental style of department store architecture. Designed by Gustav Eiffel, the *Bon Marché* building created an environment that:

demonstrated all the features associated with modern pleasure and luxury. Dancing with light reflected from its luxuriant marble, bronze and brass fittings, the new store invited people to leave cold, wet, streets and enter a realm of seemingly effortless spectacle. This seductive show was rigorously stage-managed by the store's innovative design: the structural use of iron and steel (copied from new spaces commissioned for the Universal Exhibitions) allowed for the creation of large, open floor space, supported on widely spaced internal pillars; glazed lightwells meant that daylight could penetrate down through the different floors and dramatically highlight displays well below roof level; and galleried mezzanine floors created the impression of 'cascades' of merchandise, as goods spilled out from one space and down into another. The *Bon Marché*'s huge windows also allowed electric light to flood onto the street, dwarfing the dull glow from nearby gas lights (Cummings & Lewandowska 2000, p. 66).

Grand storefront windows had become possible through the innovation of large sheet glass and advances in building techniques, including the use of iron, steel and reinforced concrete, which relieved exterior walls from their load-bearing function. Compared with the tiny, poorly lit windows of nineteenth-century shops, the department store's large and dramatically lit displays were a powerful form of advertising (Pasdermadjian 1954, p. 26).

Electric lighting inside the store was a welcome replacement for the gas lighting of nineteenth-century times, and Benson found that the intensity of illumination in the typical store tripled in the period from 1911 to 1936 (Benson 1986, p. 39). New techniques in lighting were also impacting upon the exterior facades of stores. Writing about the wave of refurbishment that swept over Sydney department stores in the early 1920s, Kingston (1994, p. 57) observed:

Lighting was an important component of the new style. It now became possible to light a window so that every detail was clearly visible by day or night without distorting reflections through the glass. Employment of an 'illuminating engineer' was recommended as early as July 1926. The impact of lighting on colours became a subject for discussion, not only among retailers but also among their customers. Thoughtful retailers could install a Phillips 'daylight matching unit'. The same firm also offered 'Fasolite' – different coloured light globes which flash on and off at regular intervals and 'compel attention'. By 1930 Claude Neon had installed at least thirty-six coloured neon light displays in Sydney.

A key characteristic of the department store was the wide range of merchandise

handled, which gave shoppers the opportunity to buy virtually everything under the one roof. In London's *Harrods*, for example, even funeral services were offered from the store's undertaking department (McNair 1931, p. 346). Department stores continued to add departments to their merchandise mix during the 1900–1930 period, as the number of new consumer products mushroomed, including the bicycle, box brownie camera, phonograph, wireless, washing machine, and refrigerator. Indeed, managers of department stores were "constantly in search of new articles or very receptive to new merchandise developments, always eager to present novelties – a spirit which has been reflected by the very name which has been given to department stores: 'Grand Magasins de Nouveautés'" (Pasdermadjian 1954, p. 15).

The ever-growing spread of merchandise was reflected in the fact that by 1923 *Grace Bros* operated 250 separate departments (Brash 1985) including the newly installed self-service cafeteria, opened "to match their new cash and carry grocery section" (Kingston 1994, p. 60).

One of the most profitable "new" departments in Australian department stores from the 1920s onwards was women's "fashion". This was spurred by the loose flowing styles of the 1920s "flapper" and the baggy "zoot suits" worn by men, which were ideally suited to mass production, and replaced the hand-tailored garments of Edwardian times. Department stores played a significant role in promoting the new notion of fashion – and the implied need to constantly replace outfits – and for consumers, ready-made clothing was much cheaper than a visit to a dressmaker.

Fashion shows staged in department stores "were immediately popular" (Leach 1984, p. 328), and Wolfers found that "Sydney's big stores so dominated the retail trade of New South Wales in the 1920s and 1930s that few fashion trends or urban changes could take place without the active involvement of the big stores" (Wolfers 1980, p. 28).

Apart from the growing number of new products in the merchandise mix, department stores increasingly provided "many 'free' services" (Hower 1943). In *David Jones* in the years between the two world wars, for example, "ladies" could enjoy the benefits of the store's free public library, post office, and travel service, or

free tuition in handicrafts and bridge, before dining at the in-store restaurant (Thompson 1980).

In addition, by the 1920s, “most department stores began introducing new services which might be useful as an occasional substitute for the domestic servants who were disappearing at home. At *Grace Bros*, for example, ‘Miss Service’ would book theatre tickets, make travel arrangements, or purchase, pack and despatch any article requested” (Kingston 1994, pp. 61–2).

Apart from a huge increase in the range of products, there was also an explosion in the varieties of products on offer, which followed from “the penetration of style into every area of material life; from the seasonal fluctuation of clothes design, to the appropriateness of the colour of domestic appliances” (Cumplings & Lewandowska 2000, p. 158).

In America, by 1920 “the department store was a zoo (*Bloomingdale’s* and *Wanamaker’s* in New York had enormous pet stores), a botanical garden (floral shops, miniature conservatories, roof gardens), a restaurant (some of the major stores had lavish restaurants bigger than any other in their cities), a barber shop, a butcher shop, a museum (gift and art shops, art exhibits), a world’s fair, a library, a post office, a beauty parlor” (Leach 1984, p. 326).

In Sydney, Christmas pageants and other seasonal festivities were also part of a regular parade of entertainments staged by large department stores (Pollon 1989). Sydney department store shows became so successful that in 1931, theatre owners made deputations to the Chief Secretary’s Department complaining that “Christmas pantomimes in stores were detrimental ‘to all sections of the theatrical industry’” (Wolfers 1980, p. 23).

Standardised store layouts that continue in retailing today were established during this period. When the *Bon Marché* appeared, the layout of the store was observed to follow “a false disorder that forced shoppers to travel the breadth of the House” (Miller 1981, p. 169). The implication was that by pulling customers through to the back of the store, more goods would be exposed, perhaps triggering impulse buys. This principle is still employed today in store layout, as seen in the placement of daily needs such as milk and bread at the back of the shop.

In Australian department stores in the fashion department:

Goods were deliberately arranged in order to tempt women into what would today be called impulse buys... retailers tried to persuade women to buy more than one garment at a time by displaying together certain combinations of clothes so that customers would be tempted into purchasing a blouse and a matching skirt. The term accessories, also indicating the need for a coordinated outfit or ensemble, began to appear in trade literature in the 1920s (Reekie 1993, p. 105).

By the second decade of the century, a conventional placement of departments had arisen (Benson 1986) which appears much like the layout of stores today:

“Basements sold bargain goods, groceries, and (less often) housewares. Street floors offered cosmetics, notions, gloves, hosiery, jewelry, and other small wares... Yard goods (or outdoor goods) were relegated to the middle floors which they shared with ready-to-wear clothing, shoes, millinery, and lingerie. Upper floors featured furniture, appliances, carpeting and housewares” (Benson 1986, p. 44). Reekie (1992, p. 177) noted the gender-based organisation of departments in Australian stores, and how “the men’s clothing, mercery and tobacco department occupied less display area and were located in a peripheral position immediately inside the entrance... (which) allowed men, considered to be reluctant and self-conscious shoppers, to make a quick entrance and exit from the store”.

In sum, the physical environment of store shopping changed significantly in the 1900–1930 period. Both interiors and exteriors were transformed into “a kind of permanent exhibition” (Pasdermadjian 1954, p. 32), elevating shopping and consumption into a spacious new domain which broke through the veneer of Victorian temperance.

Set against a shopping scene that had remained virtually unchanged for centuries in Western countries, the department store was a palace. Consumers “were awed and flattered, and before they knew it they were influenced and persuaded” (Davis 1966, p. 292). These changes in the physical environment of shopping were the most tangible signpost to a profound gentrification of consumption that was taking place in Western nations, a process that was aided through newspapers and allied interests, as described earlier.

3.3.3 Retailer Relationships with Shoppers

In the period under study, social relationships between shop owners and shoppers changed in significant ways. The first broad change was the increasingly impersonal nature of shopping, the inevitable outcome of the growth of larger and yet larger stores. As with most types of retailing at the turn of the century, “not only did the grocer deliver, but ... importantly too the grocer was a familiar face and knew each customer by name” (Humphery 1998, p. 40).

As shops began to expand in size, however, the personal relationships that had existed between owners and customers began to give way to impersonal transactions with unknown shop assistants. This was because of the widespread disappearance of owners from behind counters as their focus switched from front-of-store selling to back-room management of their spreading enterprises. By the end of the period under study, “faceless” chain stores had appeared, in which shoppers could make their selection totally unsupervised by a shop assistant, and without ever meeting a storeowner.

The second broad and related change for consumers in the 1900–1930 period was a removal of some of their former dependence on retailers as the chief arbiters of consumption. This was made possible partly by the advent of prepackaged proprietary products and their mass advertisements, which helped shoppers make their purchase decisions without the need for the retailer’s advice. The proliferation of outdoor media such as street signs and posters in the nineteenth century was also helping consumers to make independent purchase (and other) decisions. Henkin found that early outdoor billboards and other “urban texts” laid the groundwork for “modern ways of voting, shopping, moving, participating in popular culture and forming public opinions” (Henkin 1998, p. 176).

The increasing autonomy of consumers in the period under review was accelerated in the 1920s by the arrival of formal credit institutions, and schemes such as lay-by and hire purchase. With the arrival of consumer credit, shoppers were no longer limited to their local store for the only line of credit available, and could begin to exercise greater choice about where they shopped.

Department stores were the most significant contributors to the improving position of consumers in the period under study. For the first time, shoppers were

able to openly inspect goods laid out on tables and displays, with prices clearly marked. Department stores also paved the way for “safe” mass consumption – at a time when consumers were comparatively unprotected by law – through such retailing innovations as money-back guarantees, and returns and exchanges. At *David Jones* “from the earliest days, the customer was given the protection of the ‘money back if not satisfied’ guarantee... and where practicable, samples (were) sent on approval. As railways developed, parcels over £2 in value were delivered freight-free to the nearest station. Prior to that was a similar service by coastal steamer to the nearest port”.⁴³

The improving position of consumers by the 1920s was also driven by the increasing competition for their custom. By the post-war 1920s, the supply of goods, shops, credit availability, and transport had increased significantly over pre-war conditions. This meant increasing choice for consumers about where, how and what they purchased, and retailers became aware of the need to cultivate customer goodwill. It is no coincidence that the “customer is king” philosophy emerged around this time, generally credited to American department store founder John Wanamaker, who:

figured out that the greatest asset in his business was satisfied customers; for the satisfied customer would come again and bring his friends. He introduced the one-price system which (department store founder) A. T. Stewart had started in New York a generation before... He adopted the novel idea of your money back if you were not satisfied with the goods. These steps marked a revolution in the attitude of the store toward the public, and of the public toward the store... as the new merchandising gradually spread throughout the country, customer goodwill came to be regarded as the basis of retail trade. And everything possible was done to cultivate this feeling of goodwill. Fundamentally what Wanamaker did was to recognize trade not as exploitation but as service... As one business group put it: “A satisfied customer inside the store is worth a dozen disgruntled ones on the sidewalk”. This principle has begun to pass from the retail store into other lines of trade.⁴⁴

Another broad change in the relationships between retailers and consumers in the

⁴³ “The History of David Jones Limited by Sir Charles Lloyd-Jones”. Business Archives Council of Australia. 1.1. 1-10. By 1921, the firm sent its parcels by air express, as noted in a news item on *David Jones’* successful “experiment” of aeroplane delivery of parcels to country customers. The 650 air miles trip “saved much time, although because proper landing grounds are not available in the towns visited, it was necessary to land in some instances over two miles out of the town, yet in every case there were hundreds of townspeople, headed by the Mayor, who welcomed the ‘plane’”. “David Jones’ Assist Commercial Aviation”. *The MRA Journal*. January 1921. 2. 7. pp. 279-280.

⁴⁴ “The Customer is Always Right”. *The Journal of the Retail Traders’ Association of NSW*. January 1929. 10. 7. pp. 3-7.

period under study was in the composition of shoppers. Men made up the visible majority of shoppers in the nineteenth century, owing to social compunctions about consumption and women traipsing the city stores. By 1910 in America, however, women made up a “clear majority” of shoppers and “probably not more than one of eight department store customers was a man” (Benson 1981). A decade later in Australia, retailers of the 1920s estimated that women constituted between 70–90 per cent of all shoppers (Reekie 1993, p. 37).

The ability for men to shop in the early century was proscribed in part by the limited trading hours of stores, which in NSW broadly conformed to work-day hours: 8.00 a.m. to 5.30 p.m. Monday to Friday and 8.00 a.m. to 12.15 p.m. on Saturday (Macintyre 1986, p. 47). In Australia, therefore, with the exception of one late shopping night a week (Friday), there were “strict time constraints on full-time wage earners, 78 per cent of whom were men in 1901, wishing to patronise the big stores” (Reekie 1993, p. 36). By 1913, however, food shopping in grocery stores on Friday late shopping night “had become important... as a social outing with husbands” (Humphery 1998, p. 46).

The idea of shopping as a “family activity” suited the department store’s appeal to the masses, and its drive for respectability. Writing about Sydney’s large family-owned department stores in the early twentieth century, Pollon (1989) observed:

These big stores became popular because they became part of the family. Every family member from baby up to grandfather could be clothed, fed and accommodated in bed or out of bed by any of the large family stores. The store became part of the individual families – well thought of and well recommended by every household member. Furniture, clothing, toys, sporting equipment were all available in the family store of one’s choice (Pollon 1989, p. 50).

The aristocratic founders of Sydney’s largest stores, including *Anthony Hordern & Sons*, *David Jones*, *Grace Bros* and *Mark Foy’s*, and the great retailing dynasties these men⁴⁵ built around them were important advertisements in promoting the idea of the department store as a family institution. Indeed “the major Australian retailing families became sources of fashion and authorities on taste. Now well-established

⁴⁵ There are very few references to female entrepreneurs in the extant research on retailing in Australia. One “clever businesswoman” was Ann Hordern, the wife of Anthony Hordern I, whose giant retail interests grew from Ann’s bonnet shop (Pollon 1989). Kingston (1994) mentions Mrs. Caroline Farmer, whose bonnet shop formed the genesis of *Farmers* department store, and also Mrs. Driver of the ironmongery and crockery store in Castlereagh Street. Ryan (1984) refers to Mrs McCathie, who founded the drapery store *McCathies*.

and wealthy (by the 1920s) they became a kind of surrogate aristocracy to the general public who followed their activities through the social pages of newspapers which also relied heavily on them for advertising” (Kingston 1994, p. 53).

Smaller stores were also affected by the consumer-friendly changes taking place in department stores, and pressured to adapt to their practices. As Pasdermadjian observed, in the period to 1914:

an increasing number of retailers had been obliged, under the influence of the department store, to adopt one of its main characteristics, namely the suppression of bargaining and the offering of the merchandise at fixed and marked prices. Furthermore, the department stores had by their very existence, exercised an educative influence on the most enterprising retailers, especially the owners of a number of specialty shops, who started to adopt some of the other features of department stores, such as their attractive window and interior display of the merchandise and their policy of more rapid stock-turn (Pasdermadjian 1954, p. 26).

Similarly in Canada, the impact of the department store was changing the practices of other retailers. Even though smaller retailers complained about the “price-shopping” department stores:

they felt pressured to adapt. The real trouble with mass consumption was that it provoked an unpleasant kind of expertise among shoppers; store owners found their prices coming under scrutiny, and they discovered their shops continuously being criticized for not looking as clean or bright as (Canadian stores) Eaton’s⁴⁶ or Woolworth’s. No matter how much their preferences might lead them to distance themselves from the mass merchandisers, consumer demands were foisting incessant price and display competition upon them. The need to meet the big stores on the questions of price and shopper convenience was not something that independent merchants could avoid. Adaptation was a process that could not be halted, and as fast as changes were instituted, new demands arose (Monod 1996, p. 147).

By the post-war 1920s as well, goods had become much easier to acquire, because of the easing of wartime trading restrictions, together with the increasing capacity of domestic manufacturing. The comparatively sophisticated shopper of the 1920s “was no longer ‘a searcher but a chooser’, more prone to exercise independent

⁴⁶ By the First World War *Eaton’s* “had become far and away Canada’s leading retail business. Its Toronto store was immense, an industrial-retail complex linked together by walkways and underground tunnels. In Winnipeg eight spacious and imposing storeys enclosed twenty-one verdant shopping acres and featured, by 1925, twenty-nine elevators and an eighteen-hole miniature golf course... By 1930 *Eaton’s* was receiving one dollar out of every two spent in department stores across the country and this ratio gave the company a staggering 7 per cent of all retail sales” (Monod 1996, p. 120).

judgment than simply to accept what stores featured... Shopping changed from a straightforward matter of supplying the family's needs into a complex activity involving amusement, diversion, a widening sphere of choice, and class-based standards of taste... The balance of power between retailer and customer had shifted in a most disturbing way" (Benson 1986, p. 102).

In summary, by the close of the period under study, consumers had gained considerable power in their relationships with retailers, at least in Western nations. As Monod wrote: "the ability of independent retailers to control consumption in traditional ways – by personal connections to their customers – quite simply disappeared" (1996, p. 128).

This was partly because of the principles pioneered by department stores. The department store provided access to goods and information, with confidence and convenience that had never before been available. In addition, because of "increased competition, consumers now had the power to shop around, to compare prices, to buy what fit best or looked nicest" (Monod 1996, p. 128).

In Australia in 1929, The Retail Traders' Association pronounced "We have passed through a great production era and are on the threshold of an advertising and selling one" (Reekie 1993, p. 50). Similarly in America in 1930, the Harvard Business School reported on the "struggle for the command of consumer patronage" (Copeland 1931, p. 301). These observations typified a new awareness of the consumer as autonomous, as "an individual faced with a plethora of choices and increasingly free to make the choices she or he desired" (Humphery 1998, p. 22).

3.3.4 The Management Operations of Department Stores

A number of “revolutionary” management principles that have since guided retailing were introduced by department stores. These principles, which are often credited to the *Bon Marché* founder Aristide Boucicaut, were cash sales, stock-turn velocity, and “low” prices (Briggs 1960). All three principles are concerned with price, either directly or indirectly, owing to their impact on costs and efficiency.

In the nineteenth century, shopping was mostly done on credit but “cash trader” department stores enjoyed several advantages over their credit-giving counterparts. Cash sales were risk-free, whereas for those stores that provided credit, “to the shopkeepers themselves it was a severe liability, especially given the proportion of bad debts which inevitably occurred, but it was one they often simply could not afford to avoid” (Kingston 1994, p. 62). Cash sales also eliminated a major slice of a storekeeper’s bookkeeping but, more importantly, they provided cash flow, and therefore the ability to secure discounts offered by suppliers for prompt payment.

The department store’s low prices, which were “from 15 per cent to 20 per cent cheaper than those of the remainder of the retail trade” (Pasdermadjian 1954, p. 10), were also made possible through the advent of bulk buying. In Canada, as in most Western nations, “where the big stores made real savings was in their buying. Bulk buying was standard practice for all merchants, and every retailer expected to get a better price on the placing of a bigger order, but the mass merchandisers were always able to wring out more. The largest stores received advertising allowances, rebates, special premiums, and placing discounts, as well as additional buying concessions on their biggest purchases... Size, then, was in itself a guarantee of low prices” (Monod 1996, pp. 121–22).

The department store principle of “stock-turn velocity” concerned the number of times stock was sold or “turned over” during a given year.⁴⁷ Faster stock-turn compensated for the comparatively low margins of department stores. The principles of stock-turn velocity and low fixed prices “completely reversed the contemporary retailing principle of a slow stock turn-over and a high mark-up”

(Artley 1976, p. 7).

These new ideas recognised the relationship between margin and volume, and were clear examples of the “scientific” approach to management that emerged around this time. As Monod wrote, “the rhetoric of the assembly line permeated discussion of turnover” (Monod 1996, p. 174).

Faster turnover also decreased the capital tied up in storing goods, giving lower fixed costs per unit, as well as the risk of being left with outmoded stock, a hazard that intensified with the explosion in “fashion” during the 1920s. An increasing risk of obsolescence gave rise to keen interest among retailers in more exact purchasing. By the 1920s, the practice of “ordering ‘hand to mouth’, as it had become known, enabled shopkeepers to buy only what they needed” (Monod 1996, p. 160).

In the drive for faster turnover, department stores also offered fixed and marked prices. Fixed prices became necessary because as retail stores grew larger, owners became engrossed in back-room management and “if the entrepreneur himself does not sell, he has to have one price; he cannot trust clerks to bargain successfully” (Moyer 1962, p. 55). Another practice that encouraged turnover, was the department store’s promotion of free entry to the store with no obligation to buy, which revealed itself as “a powerful asset. It gave the woman purchaser” the opportunity for what is today called “comparison shopping” (Pasdermadjian 1954, p. 12).

Associated with both faster stock-turn and “low” prices was the introduction of “sales”, a new idea in a commercial culture that had largely eschewed competition on the basis of price (Wolfers 1980, p. 20, Kingston 1994, p. 42). Sales were advertised and received as festive events and department store founders such as Australia’s Francis Foy of *Mark Foy’s* staged sales that “attracted such large crowds of women that the police were reportedly called in to ensure order and protect the plate-glass windows from being smashed” (Reekie 1993, p. 5).

There were other less obvious changes that took place during this time, which also reflected the new rational approach to business. Most notable were improvements in

⁴⁷ Rates of stock-turn for Parisian department stores in the period 1880–1890 were estimated at five to six by d’Avenel, and by Zola at an average for the whole of the store of about four (Pasdermadjian 1954, p. 20).

“record keeping and from this, the analysis of financial operating ratios, as store books became so complicated that accountants had to be hired” (Monod 1996, p. 168).

Until about 1920, the control of the operations of the department store was based “mainly on possession of the following figures: the sales per department, the gross margin per department available at the end of the year after stocktaking, and the records and statistics, according to natural divisions, of the total expenses of the store. Here and there some items of expenses representing functional divisions (especially those referring to non-selling departments) began to appear, but without any attempt to separate them clearly from the natural divisions of expenses” (Pasdermadjian 1954, p. 38).

In Canada, the “older system of bookkeeping had relied on the daybook which described daily transactions, the monthly journal which reorganized the daybook to reveal debits and credits, and the ledger which summarized accounts. During the early twentieth century, however, the old-style daybook began to give way before the receipt, and the functions of the journal were in turn assumed by the self-journalising invoice and the indexed credit account drawer. The ledger similarly fell victim to rationalization, and instead of the original one-volume account, separate ledgers were increasingly being kept for accounts receivable and payable and for store expenses” (Monod 1996, p. 168).

The impact of the rise of “scientific bookkeeping” in retailing:

cannot be minimized, because it involved more than just a new way of counting. Improved record keeping systematized a whole slew of haphazard procedures and imposed a new uniformity on modernizing shops. Retail experts, for example, urged merchants to go further than just maintaining cleaner books and to reproduce in their accounts the physical divisions that they were introducing in their stores. In this way, storekeepers would keep separate purchase and sales records for each section or ‘department’ (such as millinery, furniture or fruit). The advantage of this approach would be that a store owner would be able to determine which departments were paying and which were not... (In addition) by permitting comparisons, modern accounting encouraged merchants to contrast their own activities with those they now regarded as the retail norm... The measure of retail success in the 1920s became the Harvard Business Schools’ annual publication of retail store practices (and experts began advising retailers to conform to) the normal percentage (in their operations, for example in 1933 in Canadian stores) over 5.5% for advertising (Monod 1996, pp. 169–70).

Management’s concern with *relative* profitability led to other innovations in

department stores. US retailers leased space within their stores to suppliers, for example, *Macy's* arrangement from the 1870s with *L. Straus & Sons*, importers and wholesalers of china and glassware. By the late 1880s, sales in *Straus's* two leased departments constituted nearly one-fifth of the store's total sales, and were "really more profitable" than *Macy's* own departments since *Straus* bore the "cost involved in the ownership and obsolescence of merchandise inventories – matters of no small importance in silver, china and glassware" (Hower 1943, p. 185).

Hower argues that such early in-store ventures with suppliers were significant for more reasons than their effect on profitability. They also signalled a change in the traditional sequence or flow of goods to the consumer, by eliminating wholesaler intermediaries (Hower 1943, p. 85). "The fact that Macy steadily increased the amount of direct buying for his store, together with the fact that L. Straus & Sons, found it profitable to enter a leased-department arrangement with Macy, suggests that the traditional manufacturer-wholesaler-retailer sequence was outmoded and in need of revision" (Hower 1943, p. 153).

Compared with single-line specialist stores, the breadth of merchandise offered by department stores provided significant economies of scale, particularly in advertising, as well as the "possibility of compensating for the different seasonal peaks of the various merchandise groups" (Pasdermadjian 1954, p. 13). Substantial economies were also provided by "the concentration of the non-selling activities in auxiliary departments serving all the departments of the firm. Most activities referring to accounting, advertising, window display, credit, customers' services, delivery, store management, buying, handling of cash, etc. were carried out by central departments serving the entire store and securing thus the advantage of concentration and of production on a large scale, as compared with the specialty shops and other stores" (Pasdermadjian 1954, p. 14).

Another advantage accruing from size was that, compared with their single storey neighbours, the department store's multi-storey building resulted in lower average rent expense. Travelling between floors was made possible by the advent of lifts or elevators and, later, escalators to transport customers to all departments within these early high-rise buildings. Sydney's first escalator was unveiled in *Mark Foy's* Piazza Store in Liverpool St which opened in 1908 (Pollon 1989, p. 157), and "by

1929 both Farmers and David Jones had installed escalators” (Kingston 1994, p. 55).

Fixtures and fittings were also becoming more numerous and more costly, along with the increasing overheads of a range of office and other equipment. By the late 1920s in Australia, these included typewriters, cash registers, adding machines, fabric-measuring machines, refrigerated display cases, neon signs, printing machines that converted “ordinary circulars into a personal letter at the rate of 1200 per hour”⁴⁸, and cash tubes which whisked the customer’s money by vacuum to a central desk known as the “crow’s nest”, where dockets were written and change made up. The cash tube first appeared in Sydney in 1910 at *Anthony Hordern & Sons*, and was still in use until 1965 at *Mark Foy’s* (Pollon 1989, p364). These were all material pointers to the heavily increasing expenses of department stores during the 1920s.

Retail stores, however, had far less to gain from mechanical devices than factories (Benson 1986, p. 38) and, compared with their counterparts in manufacturing, retailers were far less able to employ new technology. This was because of the “social” nature of shopping, which necessitated the retailers’ “extra function” of handling relationships with shoppers. Although social relationships played “an important part in every work situation, in department store selling they became the work itself” (Benson 1986, p. 125).

Despite formidable rules for staff, as reviewed in the next section, the manager’s ability to control sales assistants’ interactions with customers was a “most unmanageable quality... (and) monitoring (staff) performance was as difficult as monitoring output... the interaction between customer and salesperson could be neither subdivided nor standardized. Store executives had little choice but to allow salespeople broad latitude in dealing with the public” (Benson 1986, pp. 126-7).

As a consequence, for retail store managers the control of sales assistants was “by far the most persistent and troubling problem ... managers realized that salespeople had formidable influence over the success of their stores. The people behind the counters could enhance or doom management efforts to make the store

⁴⁸ “The Andrema Machine”. *The Journal of the Retail Traders’ Association of NSW*. May 1929. 8.1. 1926. p. 50.

more efficient, profitable, and an effective agent of the culture of consumption” (Benson 1986, p. 124).

In conclusion, department stores were indeed “pioneers in the utilization of thorough systems of control” (Copeland 1931, p. 300). They embodied what Chandler (1977, p. 484) called “the beginnings of a new economic function – that of administrative coordination and allocation – and the coming of a new subspecies of economic man, the salaried manager, to carry out this function”.

The department store’s principles of low and fixed prices, stock-turn velocity, just-in-time buying, and *relative* profitability, changed both the buying and selling practices of retailers, and have been adopted across all classes of retailing today. These new ideas also required increasingly refined bookkeeping and financial analysis, which were helped along by the advent of adding machines and cash registers.

The modernisation of retailing management practices that took place in the early twentieth century was driven by a new understanding of the profit equation, and the trade-off between margin and volume. This borrowed from Taylorist engineering principles that had been applied to mass manufacturing, and involved:

a kind of homogenization of twentieth-century business, though few merchants at the time would have thought in these terms. For most progressive store owners, what they were doing was systematizing and rationalizing inefficient practices and eliminating those contradictions that had restricted profitability. Money was for them at the centre of it all. New fixtures and displays improved the appearance of stores, but that result was always secondary to the profits that could be made from intensifying the ‘buying atmosphere.’ But in systematizing their businesses, the shopkeepers were following the advice of suppliers and retail experts who had become convinced that mass manufacturing and marketing should serve as models for merchandising. Retailers were being encouraged to think of themselves on par with big businesses, and in so doing they were being led to conform to the demands of the great transformation that had accompanied mass production (Monod 1996, p. 170).

3.3.5 Staff Relationships in Department Stores

In the period under review, the staffing of department stores became increasingly complex as stores continued to grow in both size and scope, and specialist roles were introduced to replace the all-purpose shop assistant of the nineteenth

century.

For shop assistants in the nineteenth century, the retailing workplace was characterised, on the whole, by “appalling conditions” (Crossick & Jaumain 1999, pp. 18-19). In Sydney, “average working hours were from 8 a.m. to 8 p.m. including Saturdays, but shopkeepers were known to continue to work their staff to 11 p.m. while customers remained in the shop... as well as long hours, the shop premises were often dark and unhealthy relying only on daylight or gas lighting” (Pollon 1989, p. 306).

On top of sickening conditions, department store founders cultivated an environment of competitiveness and insecurity (Crossick & Jaumain 1999, p. 18). In Australia, like other countries, the “relations between store owners and their employees were characterised by personal and authoritarian forms of supervision, unregulated and highly variable wages and working conditions, and unorganised resistance to managerial control” (Reekie 1987, p. 4). The Victorian *Factories and Shops Act* (1885) “sprang from public outcry over the terrible treatment women and children working in factories and shops received”, following a Royal Commission into these issues one year earlier. The Act set minimum conditions and standards for hours, safety and hygiene, and aimed to “stamp out what had become known as ‘sweated’ labour”. Publications such as *The Bulletin* referred in 1907 to cannibalistic department stores exploiting “shop slaves”, while *The Worker* headlined a report on the industry “Soulless sweaters of Sydney” (Reekie 1989).

Prior to the Shop Assistants’ Case (1904–1907), which brought to light the widespread and serious exploitation of shop assistants in Sydney in the early twentieth century, “everything about the policy of employers was designed to keep workers divided. Employees did not know each other’s pay, did not know whether paid holidays would be given. Some would get the paid leave on the quiet and would be warned not to tell the others... Employees were afraid to ask about their entitlements and had to wait and see what happened. The union had a long haul in front of it to get pay rates regularised in accordance with qualifications, age and experience, to win the right to a proper wages book record, for holidays, overtime and sick leave payment, all of which operated if at all, at the whim of the employer, and were kept a secret from the employee. Privacy and

secrecy were the keynotes" (Ryan 1984, pp. 145, 152).⁴⁹ The Shop Assistants' Case is discussed later.

Reekie found that in Australia "records of stores' rules and regulations are scarce for the nineteenth century, but early twentieth century sources suggest well-established and formalised mechanisms of staff discipline and punishment... A booklet published by Marcus Clark, probably between 1902 and 1906, sets out a formidable list of Rules, Regulations and Reminders relating to 'unbusinesslike behaviour', dress requirements, adherence to sales and stock management systems and so on. Farmers' sales assistants were forbidden to talk to the store cashiers, and Marcus Clark employees were not allowed to disclose the amount of their salaries... House rules were regularly enforced by a system of fines which, if not paid, could lead to instant dismissal... (Fines were deducted from wages) for incorrect dockets, incorrectly addressed parcels, allowing goods to leave the store unpaid, and unpunctuality" (Reekie 1987, pp. 6–7). Similarly in the US, fines on shop assistants ranged from a tenth to a half of their salaries, according to a survey conducted in 1913 (Benson 1981, p. 194).

Despite the poor working conditions, for women in Australia, especially in the early twentieth century, "no job was more sought after than the job of lady shop assistant in an inner-city store" (McQueen 1978, p. 43). This was partly explained by the fact that at the time, the largest category of women's paid work in this country was as domestic servants (Buckley & Wheelwright 1988, p. 237). Retailing was "still largely a man's trade" (Ryan 1984, p. 171) then, and at least up until the end of the first decade of the twentieth century in Australia. Similarly in European stores, "preferred personnel were generally young, unmarried, and for a long period male" (Crossick & Jaumain 1999, p. 16).

Shortages of staff were a continuing problem in Australia in the early twentieth century (Pollon 1989), which resulted in 1911 in a Royal Commission on The Alleged Shortage of Labour (Reekie 1993, p. 45). At the same time, women were increasingly entering the retail trade in Australia, particularly in drapery stores. In

⁴⁹ There were exceptions, of course, to the exploitative employer. In Sydney, Mrs. McCathie, who founded the drapery store *McCathies*, was exceptional – and for more than her sex. In the Shop Assistants' Case, witnesses attested that the widowed Mrs. McCathie was "a competent successful retailer who paid fair wages and did not impose vicious petty fines. Every shop assistant in Sydney must have dreamed of working there" (Ryan 1984, p. 147).

1891, women constituted 17 per cent of all drapery employees but more than 50 per cent of all employees by 1911 (Reekie 1987, p. 3). By comparison, the selling personnel in the typical American department store around 1900 “were overwhelmingly female” (Benson 1981, p. 128).

In Australia, the trend toward hiring women accelerated during World War I, and male assistants tried vainly to protect their departments from the “steady encroachment” of female staff (Ryan 1984, p. 171). Women were also increasingly entering non-selling jobs in stores⁵⁰, including and tellingly jobs as typists and office assistants. The Shop Assistants’ Union itself “looked upon women as a disruptive influence in the labour market”, and “sought to have all clerical work, docket dissection and cashiering performed by males” (Ryan 1984, pp. 155, 159).

The “feminisation” of the retail workforce (Reekie 1987, p. 16) was explained mainly by the much lower wages of women. In the Shop Assistants’ Case, the union aimed “to have the (wage) status of male shop assistants raised at least to that of tradesmen, and the women to two-thirds of the male rate which was an advance on the usual half or less”⁵¹ (Ryan 1984, p. 183).

On top of meagre pay for women, the sacking of females before they reached 21 years of age (and thus adult wages) was also widespread. Historian Peter Spearitt noted the standing joke in Sydney about the slogan used by *Grace Bros* - “Sure to Get it at Grace Bros” - to which the popular comeback was: “the sack when 21” (Spearitt 1975, p. 38). Nevertheless, Ryan found that in the early twentieth century both men and women understated their age in job applications, in order to get the job by offering themselves at junior rates (Ryan 1984, p. 182).⁵²

For women, the status of the job was “possibly its major appeal. Customers believed assistants to be their social inferiors; government officials were unable to see any difference between shop work and domestic service. But regardless of

50 The call for women to be able to operate lifts in department stores, for example, gathered pace in the 1920s, but it was not until 1955 that this battle was resolved: women being allowed this job but only if no suitable male was available (Kingston 1994, p. 56).

51 Colonel Lassetter’s pay rates in 1907, for example, were “45s to 50s for a man and 25s to 30s for a woman” (Ryan 1984).

52 The deception of potential employees in “either over or under statements of age” prompted retailers to begin demanding birth certificates, according to the minutes of the Master Retailers’ Association. *The MRA Journal*. September 1920. p. 212.

what others thought, the girls themselves believed ‘that the idea of putting on a dress and going into a shop is a great deal higher than being in domestic service’” (Macculloch 1980, p. 176). As Benson described it, a job as a sales assistant was for a woman “the Cinderella of occupations”, and female assistants welcomed their role as the “handmaidens of consumption” (Benson 1981).

Monod observed in his history of Canadian retailing: “It was in large degree the desire of ordinary people to know what was fashionably acceptable that made the shop-girl such a symbol of the new age. For working and farming families, the daughter serving behind the counter in the downtown store was more than just a breadwinner; she was a bell-wether of style” (Monod 1996, p. 113). Australian mothers also “liked their daughters to work in a drapery store because they had plenty to do, were able to walk to and from work with their friends, and would be ‘under control’” (Reekie 1987, p. 8).

By the turn of the century “retail employment was so much in demand that Samuel Hordern reported receiving 60 to 100 applicants each day, one-quarter of them women” (Reekie 1987, p. 5). *Anthony Hordern & Sons* employed only 220 women out of a staff of 1200, though Ryan found in her study of the Shop Assistants’ Case (1904–1907) that “the only reason (Hordern) did not employ more was that the lavatory accommodation and the office space were inadequate” (Ryan 1984, p. 159). The largest retail employers of women in the early century were *Grace Bros* and *Mark Foy’s*, and in the latter “men had charge of all departments including dress materials and women’s underclothing” (Ryan 1984, p. 155).

By 1910 in Sydney, there were eight department stores employing more than 10,000 workers between them, making “the city department stores amongst the largest employers in Sydney, and probably Australia” (Reekie 1987, p. 3).⁵³

Department stores of the early twentieth century thus involved the management of unprecedented numbers of staff and customers on a day-to-day basis. Benson found that in the American department store *Marshall Field* the “work force ranged

⁵³ To appreciate the scale of employment, the population of Sydney City at the first Commonwealth census in 1911 was just 112,921 (Spearitt 1980, p. 267), giving the Sydney retail industry an employment ratio of one job for every 12 persons – man, woman or child. (As a consequence, almost everyone must have known someone who worked in a department store.)

from eight to ten thousand in a store through which as many as a quarter of a million customers passed during a day. No industrial manager had to deal with anything like this volume of humanity; by comparison the task of supervising the Ford Highland Park plant's thirteen thousand workers in 1914 pales. Factory managers had only their workers to oversee, but department store managers had to face an unpredictable and frequently troublesome horde of customers as well" (Benson 1986, p. 34).

In Western nations in the early century, the "whole trend in retail labour management, though very irregular, was towards greater output, increased specialization and a finer division of labour" (Monod 1996, p. 156). Indeed, by its very nature, the departmental organisation of the department store "segmented the job of selling... (and) selling was no longer part of an interrelated whole" (Macculloch 1980, p. 168). This led to a "deskilling" in the job of shop assistant, who was eventually relegated to the mere presentation and wrapping of goods, particularly after cash registers removed the need for money-handling skills.

The growth of specialised roles and formal management hierarchies was an inevitable result of the expansion of department stores, in both size and scope. "When David Jones opened his first drapery establishment in 1838, in a shop the size of a large dining room, he was able to keep a close eye on the activities of two male assistants who lived on the store premises. By 1929 David Jones Ltd occupied a multi-storey shop and employed 3,500 workers, most of them female, in a number of premises throughout metropolitan Sydney" (Reekie 1987, p. 1).

In America, by the early 1870's New York department store *Macy's* "had already become a complicated organization":

The growth of his business naturally made it impossible for Macy actually to oversee with his own eyes all activities within the store. But he continued by means of a hierarchy of clerks, buyers, floorwalkers, cashiers, and superintendent, plus the multiplication of accounting records, to maintain intimate contact with every phase of operations (Hower 1943, p. 116).

In *Macy's* the senior role of buyer was "concerned primarily with merchandise, they generally arrogated to themselves complete command within their own bailiwicks and acknowledged no authority except the proprietor's" (Hower 1943, p. 115). Perhaps surprisingly for such a senior role, in American department stores

by 1924, more than one-third of department store buyers were women (Leach 1984, p. 332).

In European department stores at the same time, Cummings & Lewandowska (2000, p. 68) found a “dense network of personnel managers, account directors, management services, audit controllers, finance directors and advertising agents, all co-ordinated by a general manager who was himself kept under the watchful eye of the founder”. The organisation chart of London department store *Selfridges* took in, by 1918, managers for the separate divisions of Incoming Merchandise, Sales, Counting House, Expense, Staff, Systems, and Building and Equipment (Cummings & Lewandowska 2000, chart foldout). In Australian department stores after “about 1910, managerial elites gradually replaced the autocratic rule of the proprietor and the decision-making power of his salesfloor representatives (buyers, department heads and shopwalkers), first with boards of directors, then with trained managers” (Reekie 1987, p. 17).

Besides the store superintendent, who acted as assistant to the founder, “handling customers’ complaints, hiring employees, maintaining store discipline and the like” (Hower 1943, p. 115), there were department heads, and floorwalkers (or shopwalkers) who directed the public and supervised junior staff (Macculloch 1980, p. 171). The shopwalker was the “material embodiment of patriarchal authority in the nineteenth century... His dress – the highly formal morning suit – placed him apart from more lowly employees and symbolised the dignity and aristocratic nature of his position. The shopwalker represented the Victorian father of the store family, the physical manifestation of adult male power over women and juniors” (Reekie 1987, p. 7).

Under these senior roles, were “several subordinate categories” the largest ones being sales clerks and cashiers. Sales clerks constituted “by far the largest classification of Macy employees, amounting to approximately 45 per cent of the total staff. On them fell the important task of waiting on trade, showing merchandise, trying to persuade the customer to buy, and folding or rearranging and placing unwanted goods back on shelves” (Hower 1943, p. 195).

Thus there were clerks, who sold the merchandise; cash girls who carried the merchandise, the money and the salesbook to the cashier’s desk for the purpose of making change and having the parcel wrapped; the cashiers who did the

actual change-making; and the parcel clerks or checkers, who wrapped up the goods. Then there were receiving-room clerks, who checked invoices and marked the incoming merchandise; an 'exchanger' or 'corrector', who made exchanges and refunds; boys and men to handle deliveries; several porters to move heavy merchandise around the store; milliners and seamstresses engaged in manufacturing operations; a night watchman; a carpenter; an artist; several book-keepers; and two scrubwomen (Hower 1943, p. 115).

In Australian department stores, Reekie (1987, p. 7) found that workroom staff "tailors, seamstresses, milliners and their assistants – were physically separated from the sales staff and worked under separate management. Sales staff were organized horizontally by department and vertically by a hierarchy determined by age, experience, responsibility and sex".

Conditions for retail staff began to improve in the years following World War I, with the appearance of staff "welfare" facilities and services. For example, by 1924 *Anthony Hordern & Sons* ran "a twenty-four week programme that included docket-book work, elementary business principles, parcel wrapping and talks on deportment and honesty" (Macculloch 1980, p. 170).

Such employee welfare schemes embodied the ideas of the new science of industrial psychology that was beginning to percolate through management thinking. Reekie found that in Australia, retailers were "enthusiastic participants in the industrial hygiene and industrial psychology movements that shaped the labour relations of most large business concerns in the years immediately following World War 1. Between 1915 and 1930, most of the big stores instituted recreational, health and educational welfare programmes for their predominantly female workforce in the hope that it would improve productivity, forestall industrial unrest, curtail the power of unions, and make labour more efficient" (Reekie 1993, p. 50).

Apart from the provision of health and educational services, such as classrooms, staff libraries and visiting doctors, Macculloch found that:

Sports were encouraged by the establishment of tennis, hockey, and swimming teams, and gym classes, usually with separate 'house' and factory teams. Competitions were held between the major stores. Additional benefits included the granting of shopping time during work hours, subsidised meals, and full free medical service. The (staff) magazines "Between Ourselves" (*David Jones*) and the "Hordernian Monthly" (*Anthony Hordern & Sons*), which began publication in 1919 and 1923 respectively as part of

welfare work, were also subsidised by the employers (Macculloch 1980, p. 174).

Macculloch claimed the provision of such staff welfare schemes was an attempt to both attract and compensate women workers for their lower wages: “A union official asked (the superintendent of staff welfare at *Farmer & Co.*), if the purpose of welfare work was to ‘keep (assistants) meek, keep (them) cheap’. Although an oversimplification, this is to some extent what happened” (Macculloch 1980, p. 175).

Welfare schemes were also directed at gaining customer goodwill, and their advent in the 1920s coincided with a post-war hike in prices, and public condemnation of retailers for also “profiteering” from the exploitation of staff. Welfare schemes were:

An excellent form of advertising amongst consumers who might be critical of firms employing sweated labour. This recognition by employers of a ‘consumer’s conscience’ that might disrupt sales was a clear persuasive argument in favour of welfare work for big retail firms in Australia (Reekie 1987, p. 14).

In conclusion, by the end of the period under study the autocratic and ad hoc methods of early twentieth century retailers had begun to give way to more formal mechanisms of control and an apparent concern for the welfare of an increasingly female staff. This was largely because of the spreading size and scope of department store operations – and thus the need for instituting managers and formal rules.

Conditions improved for shop assistants as a consequence of welfare schemes, reflecting new ideas of job enrichment, and retailers’ increasing awareness of their influence in generating sales. As Macculloch wrote, about the in-house staff magazines produced by department stores as a welfare initiative:

Ostensibly the magazines were produced by and for the staff. Nevertheless they remained undeniably the province of the employers... In each edition was an editorial written by (the firm’s founder which) encouraged industry and honesty and stressed the good fortune of their employees. These publications expressed an ideal, a standard of behaviour and a method of administration that were held to be a model worthy of emulation (Macculloch 1980, p. 172).

3.3.6 The End of the “Golden Age” of Department Stores

By the mid 1920s in most Western cities, although notably not in Sydney, the

“golden age” of department stores was coming to a close. “The department store in its classic form was ceasing to appear as one of the great symbols of modern retailing, and was even beginning to look like a tradition itself... customers were now more cost-conscious, especially in areas like ready-made clothing where multiple retailers offered severe competition” (Crossick & Jaumain 1999, p. 16).

The growth of specialist chain stores into product areas that had once been dominated by department stores, especially ladies’ fashion, was a significant contributor to the decline of department stores. The fashion department was typically one of the best profit centres for department stores, particularly in millinery (Reekie 1993, pp. 78–9), and the growth of fashion chains “represented a special menace” (Pasdermadjian 1954, p. 48). The fact that fashion retailing was a cash cow could be seen in the establishment in 1924 of one of the first chain stores in Sydney – the women’s clothing chain *Chic Salons* – which predated the variety chain *Woolworths*.⁵⁴

Another major reason for the department store’s relative decline was its steadily increasing overheads. In the period 1880–1914, trading expenses of American department stores increased from 15 to 25 per cent, which Pasdermadjian attributed mainly to the increasing competition among department stores, and the growth of “free” customer services (Pasdermadjian 1954, p. 36).

By the late 1920s, rising land values had also become a sharply increasing overhead for department stores because of their central city locations. Property values in Sydney’s CBD precinct were “soaring” by 1928, with “phenomenal” prices paid on properties in Market and Pitt Streets in 1928 of more than “£4,000 a foot”.⁵⁵

The department store’s boast of floor space measured in acreage⁵⁶ was to become a major cost disadvantage (McNair 1931, p. 340). Chain stores like *Woolworths*, by comparison, were pioneering the use of basement space in city locations, or

54 At its height *Chic Salons* had 92 salons before being acquired by *Woolworths* in 1969.

55 “Sydney City Property £4,000 a Foot for Land”. *The Journal of the Retail Traders’ Association of NSW*. August 1928. 10. 2. p. 53.

56 For example *Farmer & Co’s* new building opened in 1925 boasted 14 acres “Farmer & Company Limited New Building A Massive Structure”. *The Journal of the Retail Traders’ Association of NSW*. May 1925. 6. 11. pp. 332–4.; or *Marcus Clark’s* 15 acre store opened in 1924. “Building a Big Business”. *The Journal of the Retail Traders’ Association of NSW*. 1924. 5. pp. 200–204.

moving out to the suburbs where land was cheap and the population was growing.

At the same time as overheads were rising, and chain stores were beginning their march, competition in general was increasing. Pasdermadjian called it “a new form of competition, little known in the past... (which comprised) an ever-widening struggle for the consumer’s money” (Pasdermadjian 1954, p. 51). In 1928, Rydge’s Business Journal observed: “Where there were once 500 things for a woman to buy there are now 5,000. There are said to be 13,000 items in the average chemist’s and fancy goods shop, and 18,000 items in a grocery and hardware store. As a result there is a clash of desires” (Reekie 1993, p. 134)⁵⁷.

New leisure pursuits had also become popular in the period under study, leaving less time and money available for shopping. In the UK as elsewhere, “a whole new leisure industry was created as more and more people found time and money for reading, going on holiday, taking exercise or just sitting enjoying themselves in music halls and cinemas” (Fraser 1981, p. x). In Australia during the 1920s, a trip to the “pictures” was a great novelty and cheaper than a visit to the theatre, and during 1921, people in New South Wales paid 21 million visits to films, compared to 4 million theatre attendances (Osborne & Lewis 1995).

While cinemas were relatively simple in the years before World War I, “in the early 1920s the leading chain, *Union Theatres*, announced a grandiose building program. By the end of the decade it had built ornate cinemas such as the Melbourne Capital and the Brisbane Wintergarden... the cinemas created a sense of kitsch glamour that local patrons had never known” (Osborne & Lewis 1995, p. 51).

A more significant claim on expendable income during the 1920s was Australia’s rising rates of home ownership, which had increased by the beginning of the 1920s to 41 per cent in Sydney and 46 per cent in Melbourne (Humphery 1998, p. 35). New homes, and the purchase of major new consumer durables that became available in this period, would tie up expendable income for years on end, and this favoured the growth of “low-price” chain stores.

⁵⁷ By comparison with today, the average number of SKUs (stock keeping units) in leading Australian supermarkets is 120,000. Ten years ago, 50,000 SKUs was considered “enormous, so it’s clear that variety is growing”, according to Phil Ruthven, of IBISWorld. Email to candidate December 8, 2004.

Apart from the squeeze on consumer spending, small stores and specialist retailers had also progressively adopted the main characteristics of department stores, such as fixed and marked prices, and entry to the store with no obligation to buy. This eroded some of the department store's advantages over other retail formats. Similarly, the growth in branded and manufacturer-advertised goods brought homogeneity to the merchandise offered by retailers – small or large. Once shoppers could obtain trusted products from other sources, presumably their loyalty to particular stores would have declined.

By the 1920s, new (formal) credit schemes, such as the lay-by, helped consumers to buy where and when it might not have been otherwise possible, which was a loss for the “cash trader” department store. In Australia the “cash-order scheme, lay-by and time-payment systems together represented a significant extension of credit to the working-class housewife” (Reekie 1993, p. 34), and by the 1920s most department stores had introduced customer credit schemes, in imitation of their smaller rivals.

In sum, the increasing expenses of department stores and the growth in competition in general were major contributors to their relative decline. Chain stores were the most direct threat to their business, as discussed in the next section.

The waning fortune of department stores was not apparent in Sydney, however, by the close of the period under study. Indeed by 1930, six Sydney department stores ranked in the Top 100 Australian companies by asset value: *Anthony Hordern & Sons* (26th), *David Jones* (42nd), *Farmer & Co* (43rd), *Marcus Clark* (48th), *Mark Foy's* (61st), and *Murdoch's* (98th) (Ville & Merrett 2000). Some of the reasons for the prolonged dominance of department stores in Australia, and Sydney especially, are discussed in Chapters Five and Six.

3.3.7 Chain Stores

Historical research on chain stores in Australia is very limited. As a consequence, this section is restricted to a comparison of the characteristics of chains that contrasted with department stores, and helped contribute to their relative decline.

The defining characteristic of chain stores, also called multi-unit stores or multiples, was the central ownership of more than one outlet (Lebhar 1952). This

provided economies of scale comparable to what mass-retailing department stores enjoyed (Nystrom 1930). Kim (1999) found that US chain stores prospered not because of economies of scale, but because of economies in advertising, and that advertising expenditure per store (as a percentage of sales) was significantly lower for large chains. In 1928 in America, “while chains that owned 2–5 stores spent 3.57 per cent of their sales on advertising, the figure was only 0.67 percent for firms which owned more than 1,001 stores” (Kim 1999, p. 96).

Chain stores were also characterised by their low prices⁵⁸, and price innovations such as “loss leaders” – products displayed at the entrance of the shop and sold below cost to attract buyers inside. Self-service, which is also generally attributed to chain stores⁵⁹, helped to keep retail prices low because of reduced labour overheads. Chain stores also introduced mass volume retailing into the suburbs, at a time when consumers’ mobility was relatively restricted.

Early chains confined their activities to “food lines where the department store was not, or only very slightly, represented” (Pasdermadjian 1954, p. 28), and consciously sought “to distinguish their stores from the lavish service, deliberately expensive layout and impression of grandeur fostered by the large central city department stores” (Spierings 1989, p. 477).

In Australia, one of the first grocery chains was *Moran & Cato*, founded in Melbourne in 1876. The company – whose slogan boasted “Food for the Millions” – established its own manufacturing and packaging plant in the late nineteenth century where *Moran & Cato* branded butter, tea, baking powder, self-raising flour, jelly crystals, salt, and other foodstuffs were packed. By 1906 the firm had 60 stores in metropolitan and country Victoria selling a wide range of *Moran & Cato* branded goods (Humphery 1998, pp. 52–53).

The majority of chain stores, however, sold only proprietary brands⁶⁰ that were

58 Kim found that in 1928 in the US the “chain store prices of groceries as compared to that of independent stores were 6.4 per cent – 10.47 per cent lower, whereas for drug store items, they were lower by 17.48 per cent – 22.72 per cent” (Kim 1999, p. 104).

59 Although department stores brought in open displays of goods, the selection of products was still supervised by shopwalkers and shop assistants.

60 Kim found that by 1928, almost 25 per cent of chains in a US federal government census owned private brands, and these chains accounted for more than 75 per cent of total sales made by chain stores. The reason most often reported by chains for manufacturing their own lines was “quality control. For example, confectionery chains in the early twentieth century were almost always integrated into

backed by manufacturers' national advertising campaigns. Commenting on the importance of proprietary brand advertising for goods sold by chain stores, Lebharr (1930, p. 6) wrote:

So long as rapid turnover remains the guiding principle of chain store merchandising, the nationally advertised product will fit ideally into the chain store picture. The broader margin offered by private brands is a will-o'-the-wisp which has lured many a merchant to destruction, but the basic principle of chain store merchandising is minimum inventory and maximum turnover; national advertising is the fairy godmother who must be depended upon to provide them.

The reliance of chain stores upon proprietary-brand goods meant a narrow mix of merchandise, compared with the "Universal Provider" spread offered by department stores. Also, unlike department stores, chain store organisations undertook relatively little advertising "limiting themselves to promotions for new stores, and significantly, to co-operation with branded advertised goods" (Spierings 1989, p. 479).

Early chain stores did not resemble chain stores as we know them today, with standardised exteriors and internal layouts and fittings. Standardisation was important because it conferred economies of scale, in such areas as the purchase of shop fittings or the transfer of staff between stores. The principle of standardisation also brought to fruition the idea that "modern retailing could be reduced to a formula, with a tight system of rules and controls" (Spierings 1989, p. 484).

A closer forebear of today's standardised chain outlet was the "variety" chain store, which sold a broad mix of product lines other than food. In the US, variety stores were the largest type of chain operation⁶¹, although by 1930 chains also existed in shoes, drugs, bakeries, hotels, undertakers' establishments, banks, and advertising agencies (Nystrom 1930).

Compared with department stores, the growth of chain stores was rapid, at least in the US and UK. In Britain, Fraser (1981, p. 120) found that by 1914 "multiple-shop retailing took place in all consumer goods trades and in all parts of the country".

manufacturing because their products were highly perishable and could not be sold over a great distance. For similar reasons, grocery chains manufactured many items such as coffee, tea, mayonnaise and bread" (Kim 1999, p. 97).

⁶¹ Nystrom (1930) found that, according to US Census data collected in 1927, variety chains accounted for more than 55% of the total number of chain stores of any type, and more than 70% of the total sales by chain stores.

Lebhar's study of American chains found that the *J C Penney* chain, which in 1921 had sales of \$US46m through 312 stores, had achieved in 19 years what it had taken the New York-based *Macy's* department store 63 years to achieve (Lebhar 1952).

The Sydney-based variety chain that opened in December 1924 as "Woolworth's Stupendous Bargain Basement" had a "painfully slow start", and almost collapsed before the second Sydney store could be opened in 1928. Launched in the basement of the Imperial Arcade, *Woolworths* was undersubscribed in its stockmarket launch, and by early 1925, the Australian Bank of Commerce refused further support to the new venture (Murray 1999). *Woolworths* opened its second store in 1927 in Brisbane and, in 1928, three other stores were opened – a second Brisbane location, which would become the State's flagship store, a Perth branch, and a second Sydney store in Pitt Street. In late 1929, the firm launched in New Zealand with a store in Wellington, and in the same year two suburban Sydney branches opened in Parramatta and Rockdale.⁶² By 1931 *Woolworths* had expanded to 13 stores in Australia and five in New Zealand (Murray 1999, p. 45).

The Victorian-based variety chain *G J Coles & Co* founded its first "Nothing Over a Shilling" shop in the inner Melbourne suburb of Collingwood in 1914. Based on the five and ten cents stores of America's *F. W. Woolworth*, and the threepenny outlets of *Marks & Spencer*, it was not until 1928 that the *Coles* chain expanded into Sydney with its – by that stage – "Nothing Over 2/6d" store in the city (Pollon 1989, p. 317). *Coles* went on to open a series of suburban stores (Pollon 1989, p. 317), but the opening dates for these could not be established from existing research.

The introduction of chain stores based on price point selling (such as "Nothing Over 2/6d") encouraged early forms of what is today recognised as product development or R & D. Retailers and manufacturers began collaborating directly to bring new products into existence around particular price points, bypassing wholesalers in the process. *Palmolive*, for example, "agreed to make a special line for Woolworths advertised as a ton of Palmolive soap at 4½d a cake" (Murray 1999).

⁶² Email correspondence with Woolworths' archivist Anne Cooke. 28 November 2002.

Woolworths' opening in 1924 advertised the benefits of self-service, which department store *Grace Bros* had in (limited) operation in 1921 (Humphery 1998, pp. 81–82), and which was extended to the cash and carry department opened in 1923 (Kingston 1994, p. 58). *Woolworths'* opening advertisement noted: "Practically it's a self-help store. You just wander around and gather bargains – we wrap them and take the money. And we can't send anything home. We can't afford it. On these prices".⁶³

In Australia in the period under study, however, self-service was generally "not popular, mainly because of the almost universal consumer practice of operating on weekly credit" (Kingston 1994, p. 58). The depressed economic conditions of the 1930s induced more consumers to look at the cheaper shopping in self-service stores, but it was not until the 1950s in Australia that most independent grocery stores had adopted the concept (Humphery 1998, p. 83).

In this country, the conversion to self-service emerged "unevenly and as a consequence of the changing nature of food products and packaging, the emergence of other retail environments such as the variety store, the growth of large retailing firms intent on high turnover, and shifts in the pattern of consumer demand and urban demographics" (Humphery 1998, p. 66).

Inside the retail store too, the conversion to self-service was:

not simply a managerial decision. Implementation required large operating changes. Goods formerly stored out of sight now had to be displayed where consumers could observe them, the package became the only salesman, and for a product out of sight was truly out of mind. Installation of costly new shelves provided the correct visual display, and as a side benefit stores found the method allowed a more efficient utilization of floor space... Even the architecture of food stores was changed as display windows were dropped and full-glass fronts adopted which made the entire interior a selling display (Blizzard 1976, pp. 208–9).

The world's first recorded self service store opened in the US in 1916 in the Memphis Tennessee store of *Piggly Wiggly*, a name that reflected the grocery store's novel layout. "The stores were so named because the internal layout required the customer to enter through a turnstile and follow a set path moving past the various

⁶³ Advertisement for the opening of Woolworths Stupendous Bargain Basement (Murray 1999, p. 10). The ad also noted "Positively no mail or telephone orders. No Deliveries. Cash and Carry Only", and "Every Price a Cut Price Except a Few Proprietary Lines".

goods displayed on the shelves, not unlike... a pig run. The customers were provided with handbaskets in order to carry the items chosen to a checkout counter, and the goods were paid for in cash and taken home by the customers themselves. The change from the (shop) counter to the open shelf was, for the time, a relatively novel form of retailing. It was also highly successful. The Piggly Wiggly concept was quickly franchised with thousands of such grocery stores operating under the Piggly Wiggly logo by the 1920s" (Humphery 1998, p. 66).

By the 1930s in most Western nations, the rapid proliferation of chain stores was under attack as a serious menace to the livelihood of independent retailers. Chain stores were portrayed as "dehumanised institutions" (Spierings 1990, p. 494), and subjected to a spate of attempted anti-chain reforms, which led to the first Australian governmental inquiry into the domination of the retail market by chain stores (Browne 1939).

Although department stores initially had also endured "political and social attack as an undesirable competitor", the resistance shown towards chain stores coalesced in the "anti-chain movement" (Hollander 1972-73, p. 13) which was remarkable for its ferocity. Monod captured the rising anxiety of retailers to the coming of the chain store:

In fact, everyone except rural retailers saw the chains as a far greater threat to their existence than the department stores or mail-order houses had ever been. Chains seemed so formidable in part because when they did enter a place, they did so in a swarm... But fear of chains' growth rate was only one of the ways in which their influence preceded their arrival. Even more important than their actual presence was their psychological impact. The chains, with their stylish outlets and unquestionable price appeal, captured the public mood and left their competitors scrambling to keep up... Not only the independents but even department store giants watched the growth of chains with envy and alarm. Everyone was feeling the pressure to emulate their methods (Monod 1996, p. 127).

In conclusion, chain stores were well adapted to the environment of the 1920s, because they set up outside the rising rents of downtown city sites where department stores congregated, and offered "low" prices at a time when the Depression was looming. Their success threatened the stronghold of existing retailers, but little research exists on the impact of the chain format in this country,

apart from a few celebratory histories.⁶⁴

3.4 The Retail Industry (System)

This section reviews the literature pertaining to the collective organisations operating in the retail system: the employers' trade association, The Master Retailers' Association, and the industry workers' union, the New South Wales Shop Assistants' Union. Attention to these collective voices provides a means of establishing some general aspects about the culture, roles and relationships in the general retailing population.

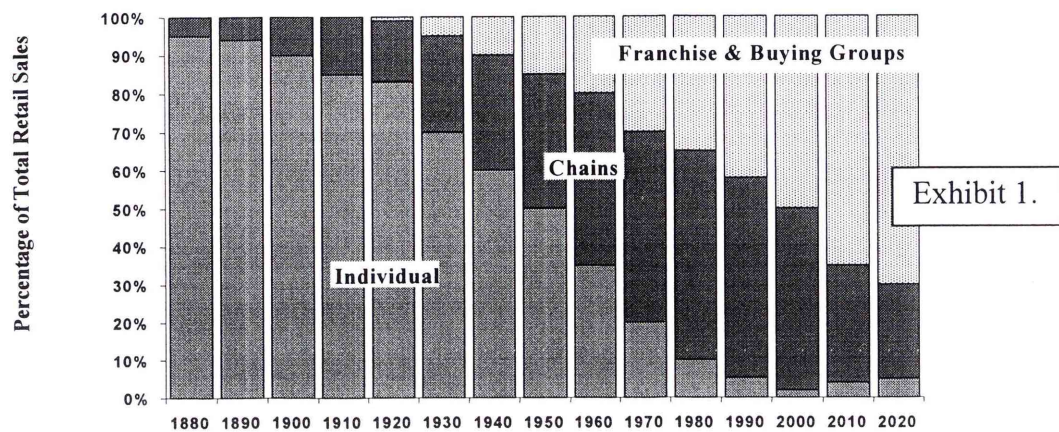
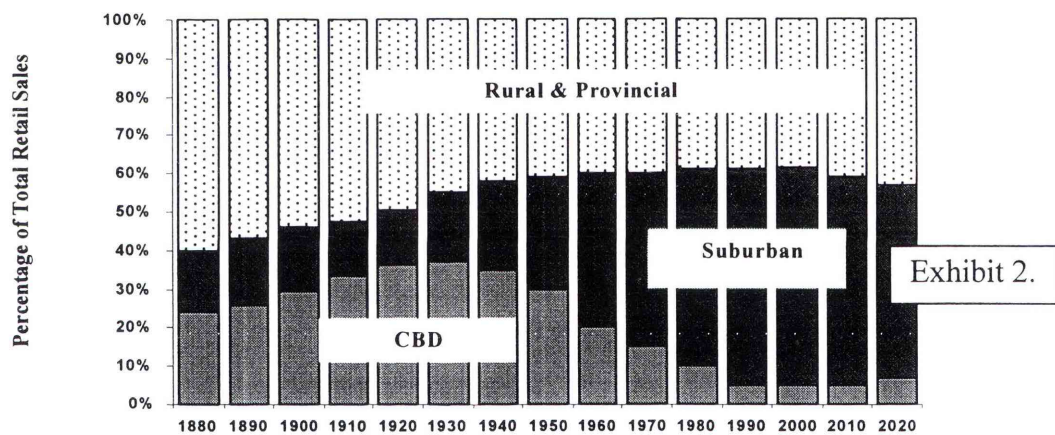
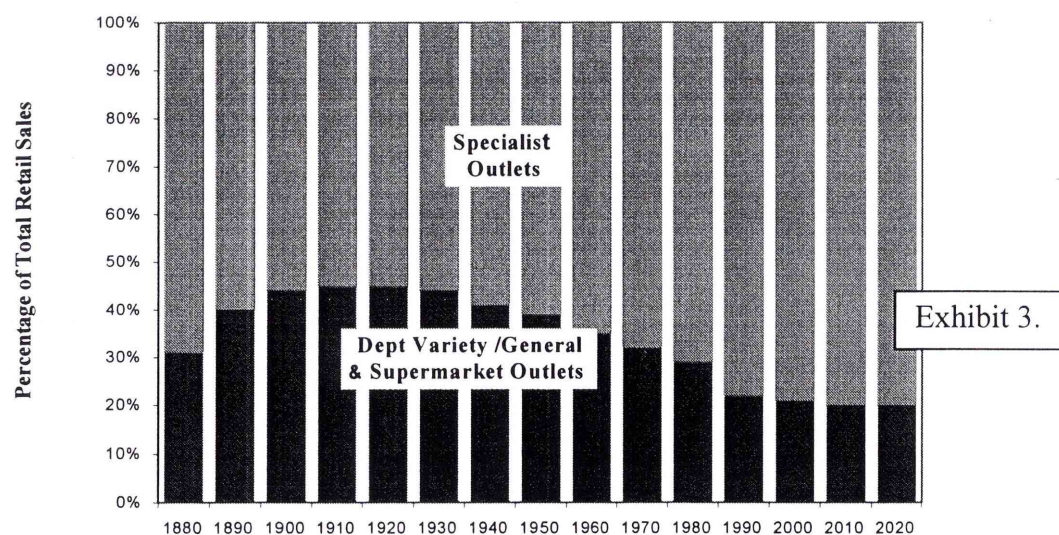
This section also examines more informal general movements at the industry level, including the tentative beginnings of the consumer movement, and the relationships that existed between the different types of retailers. Reviewing these industry level differences provides a means of better understanding the department store as a discrete institution in the shopping mix, and how the relative strengths of each retail type spurred changes throughout the industry.

3.4.1 Relationships among Retailers

Although no data exists on the composition of shops in early twentieth century Sydney⁶⁵, national estimates of the relative shares of business conducted by different categories of retailers are presented in Table 4. Developed by IBISWorld from estimates by N. G. Butlin and others, Table 4 summarises the fates of different types of retailers over the past century in Australia, based on percentage of total retail sales.

⁶⁴ Including "Nothing over Half a Crown: a Personal History of the Founder of the G J Coles Stores" (McLaughlin 1991), "The Woolworths Way" (Murray 1999), and "Just a pocket for the money: the story of Oliver Gilpin and his stores" (Perry, Muriel 1995).

⁶⁵ Although Little's (1979) unpublished Doctor of Philosophy thesis gives the number of shops in Sydney in selected trade categories in 1882, 1891, 1901, and 1911, as drawn from such directories as *Sands Sydney and Suburban Directory*, and *Wise's NSW Post Office Directory*.

Table 4: Composition of Australian Retail Industry 1880–2020**The Individual Outlet vs Franchise Buying Group vs Chains****CBD vs Urban vs Rural/Provincial****The Generalist vs The Specialist**

The most dramatic change in the early century was the falling fortunes of independent stand-alone stores. As Exhibit 1 in Table 4 shows, the share of total retail sales held by individual stand-alone stores dropped from around 90 per cent to 70 per cent in the 1900–1930 period. Chains took an increasingly larger share of sales in the same period, rising from 10 per cent to 25 per cent, while co-operatives accounted for the balance of sales lost by the independents.

In the US, co-operatives had little overall impact on the system of retailing in the period under study (Hollander 1972–73, p. 8), but in Britain they sparked fierce resistance among shopkeepers, and the establishment of the anti-co-op *Traders Defence League* (Winstanley 1983, p. 82).

Although differentiated by their customer-based ownership and Rochdale ideals⁶⁶, including the payment of a regular cash dividend (or “divvy”), co-ops shared many of the characteristics of department and chain stores: negotiating discounts with suppliers for bulk purchases, selling at “low” fixed prices, and on a cash basis. Their product mix also rivalled that of early chain stores. In the UK, co-operatives were “initially heavily concentrated in purveying foodstuffs especially non-perishables... (by 1914) co-ops... had made inroads into other markets, especially clothing and household goods” (Winstanley 1983, p. 36).

Australia’s first recorded consumer⁶⁷ co-operative opened “in Brisbane in 1859 while others soon appeared in the capital cities of other colonies and most significantly in the coalfields of the Hunter Valley... Significantly, many, even a majority of other co-operatives formed in the rest of the century were also based on mining communities, in the Illawarra, at Lithgow and even Balmain in Sydney” (Fisher 1999, p. 8).

⁶⁶ The Rochdale Society of Equitable Pioneers was formed in 1844 in the Lancashire cotton town of Rochdale and became the model for virtually all future retail co-operative developments in Britain and Australia. Rochdale principles defended the interests of the working class, and the distribution of the dividend (Hampton 1986, p. 12).

⁶⁷ Co-operatives for primary producers were also established at least as early as 1859 in Queensland and by 1860 in rural Western Australia. One of the most successful in NSW was the Coastal Farmers’ Co-operative Society, established around 1901, which “receives on consignment and disposes of all manner of agricultural produce” (Pulsford 1913, p. 41). The first national conference of producer-owned co-operatives was held in Melbourne in 1918, and the following year a State Federation of Co-operatives was formed in Western Australia to serve producer co-operatives in an advisory and co-ordinating role (AIS 1976).

The majority of the societies located in the coal-mining settlements around the Hunter Valley were miners' co-operatives which "served an important practical purpose. For men engaged in an industry long known for industrial unrest and uncertain employment they represented a form of security, a means to acquire savings and refuge in hard times when the societies could be relied on to extend credit to miners and their families" (Hampton 1986, p. 8). Eklund (1999) found that in Australia during industrial strikes in the coal mining industry, it was the retailer's decision whether or not to provide credit that more or less determined the outcome of the strike.

In the nearby working-class precinct of Newcastle, the consumer-owned co-op founded by the Newcastle and Suburban Society in 1898, *The Store*, became "the largest co-operative organisation in the Southern Hemisphere" (Hampton 1986, p. 8). At its height in 1930, *The Store* had annual sales of £700,000 and 9,149 members (University of Newcastle Archives). Although snaring only a small fraction of total retail sales, customer-owned co-ops like *The Store* enjoyed sustained growth and "a huge support base" (Hampton 1986, p. 8).

By 1930 Newcastle was the "indisputable leader of Rochdale co-operation in Australia. However, Sydney, always the incomparably more important urban centre, remained a failure, one that eventually ensured that retail co-operation was never more than a marginal presence in New South Wales. It remains to examine the reasons why this was so" (Fisher 1999, p. 8). Although the evidence is sketchy, Fisher attributes the "backward" performance of the co-operative movement in Sydney mainly to the failure of "the crucial" Balmain co-operative society. The Balmain society, which in 1922 was almost four times the size of the next largest in its network, "thrived for two decades" before its collapse in the depression, which Fisher found was mainly caused by poor management.

One successful Sydney-based co-op was the *Civil Service Store* operated by the Civil Service Co-operative Society. Founded in 1871, the York Street based *Civil Service Store* became "one of the best known food stores in Sydney" (Pollon 1989, p. 30). Kingston described the octopus-like reach of the *Civil Service Store*:

The Civil Service Co-operative Society of New South Wales was formed in August 1871. Seven thousand £1 shares were made available, though not all were taken up immediately. Shareholders were to receive a dividend of 10 per

cent, with any surplus going to further the objects of the society. All members were encouraged to deposit a sum of not less than £1 against which purchases could be charged, since no goods could leave the store until paid for... This also entitled them to the range of discounts and benefits which had been negotiated with various other retailers and suppliers, for example a 7½ per cent discount on all sewing machines, repairs and fittings at the Sewing Machine Warehouse, and free carriage within the city boundaries from James Farrelly coal, fuel and produce merchant. Kerosene could also be delivered. In 1872 North Shore was the only suburb listed on the delivery schedule north of the harbour, and its southern limits were at Cooks River and Marrickville. By 1907 the delivery vans were covering Arncliffe, Rockdale, Kogarah, Bexley and Hurstville in the south, Carlingford, Burwood, Epping and Eastwood, with daily deliveries up the North Shore line as far as Waitara, and to Mosman, the eastern suburbs and Coogee. Deliveries were free and there were elaborate rules and arrangements for the return of empty bottles, jars and biscuit tins (Kingston 1994, p. 33).

Very little other research exists on co-operative stores in Australia, despite the existence of several substantial archives.⁶⁸ This may provide a fruitful line for future researchers, because of the lessons their archives could hold for the managers of today's loyalty programs, shareholder programs, or relationship managers in general.

Though their impact on total retail sales may have been minor, the emergence of co-operatives reflected a growing discontent with established distribution methods, particularly suspected profiteering by retailers.⁶⁹

The spreading geographical reach of CBD-based retailers into the suburbs and countryside is shown in Exhibit 2 in Table 4. The share of total retail sales held by retailers in the CBD (where department stores were congregated) reached an all-time peak during the 1920s and 1930s, mainly at the expense of rural traders.

This spatial drift of business into the CBD was evident in most Western nations in the early century – following the migration of rural populations to the cities because of the increasing mechanisation of farms – and “nowhere has the central business district regained the position that it held in the 1910s and 1920s” (Fogelson 2001, p. 397).

⁶⁸ For example, *The Store* archives at Newcastle University; the *Griffith Retail Co-operative Archive* at Charles Sturt University; or producers' co-operatives archives such as *Geelong and Cressy Trading Company*, formed in 1917 from an amalgamation of two co-operatives (Geelong Historical Records Centre).

⁶⁹ According to one contemporary observer, co-ops provided a “moral stimulus” amidst the “barbarity of uncontrolled competition” (Pulsford 1913, p. 55).

Discernible suburban shopping precincts began to appear in Sydney in the early 1900s, and Pollon (1989) describes how the development of retailing in the suburbs of Burwood, Rockdale, Bexley, Ryde, and Marrickville, followed the coming of the railway line and the development of major new sealed roads.

Inner Sydney suburbs were already densely populated by the 1880s (Humphery 1998, p. 35) but apart from the larger towns of Parramatta, Newtown, Redfern and Chatswood, “most of the area around Sydney showed a slower development” (Pollon 1989, p. 210).

Because of a relative lack of competition in the suburbs, and the relatively low rental costs, it was

easier for retailers to acquire more space and expand or build an imposing new store... (and) in some ways the absence in these suburban locations of smaller specialist shops competing for custom and attention increased the incentive to expand into different departments. Whereas the city promised whatever was needed only if the shopper was willing to visit enough of the shops, suburban department stores tried to be comprehensive. Indeed it was one of the aims of their proprietors to encourage shoppers to go no further on the trains and tram since they could supply every need. Two ways of shopping had thus developed: in the city, which had always aspired to the style and fashion of Regent Street, and in the suburbs, where the shops were more homely, practical and well-stocked versions of those modest stores of the 1840s from which the elegant houses of the city had grown (Kingston 1994, p. 39).

Similarly, Wolfers found that Sydney department stores promoted the glamour of shopping downtown and “consciously fostered the feeling of a gulf between a city and suburban shopping experience” (Wolfers 1980, p. 23).

Relatively limited public and private transport until the 1920s, however, kept consumers largely confined to their neighbourhood shops. The lack of transport also restricted the size of the average shopping purchase to small quantities that could be carried home in a basket (Kingston 1994, p. 43).

Large city-based retailers responded to the problem of isolated customers in a variety of ways, including mail-order catalogues, and through the introduction of home delivery services. *Anthony Hordern & Sons* “promised to deliver anything from haberdashery to horses – and did. They claimed that ‘the resources of the department are capable of handling any sort of consignment that the needs of men

require in any part of the earth'" (Wolfers 1980, p. 27). In Sydney, the home delivery service for the retail co-operative *Civil Service Store*, which also encouraged telephone orders, "was amazing in its comprehensiveness and promptitude. Such deliveries could only be managed because there was really little traffic on the roads – few of the households to which the Civil Service Stores delivered, though not poor, would have had private means of conveyance" (Kingston 1994, p. 44).

Trams were the major form of urban public transport in the nineteenth century and "had long delivered thousands of shoppers into the city each day" (Wolfers 1980, p. 30). *Mark Foy's* introduced a free bus service in 1900 to "carry prospective customers from parts of the city that were not well served by the trams"⁷⁰. *Mark Foy's* was also the first Australian department store to adopt a motor delivery service, which was introduced in 1902.⁷¹

Metered taxi cabs appeared in Sydney in 1909 (Hovenden 1983, p. 143) and during the period from 1915–1926, NSW railways undertook "an energetic program of modernisation and upgrading".⁷² By the 1920s as well, motor buses had become common, and "it was reported that some suburban shopping centres gained up to one-third of their trade from shoppers conveyed to them by bus. Twenty-eight bus services carried shoppers from Baulkham Hills, Merrylands, Wentworthville and Hornsby to the shops of Parramatta. It was also claimed that the 400 businesses which thrived along Parramatta Road between Missenden Road and Taverner's Hill during the 1920s were largely sustained by bus passengers" (Hovenden 1983, p. 143). *Grace Bros* on Broadway:

showed a keen appreciation of the value of bus services. In 1929 (Albert Edward) Grace explained that the Broadway store (opened in 1904) had been built in the belief that the business centre of Sydney was moving away from Circular Quay and towards Broadway. The construction of the city railway had halted the drift and left Grace Bros with the problem of attracting sufficient customers to the Broadway store. Their solution was to contract a bus operator to convey customers from Circular Quay, from Bondi and from Coogee to the store. The police asserted that the service was operating in breach of the Metropolitan Traffic Act and threatened to prosecute the proprietor. Grace Bros countered by

⁷⁰ "Business Histories – Mark Foy's Ltd". *The Journal of the Retail Traders' Association of NSW*. October 1923. 5.4. pp. 92–98.

⁷¹ Ibid.

⁷² www.staterail.nsw.gov.au/Tracking_Trains/stop/history.htm "140 Years of Rail in NSW". Viewed 2 January 2003.

providing a free service but soon abandoned the project (Hovenden 1983, p. 143).

Private ownership of motor vehicles was initially restricted to the wealthy, and among the ranks of Sydney's earliest car owners were department store owners "Mark Foy and the Samuel Horderns, senior and junior" (Hovenden 1983, p. 140). As the table below shows, in the five-year period from 1921-1926, ownership of cars more than tripled, and ownership of vans and lorries, most of which would have been used commercially, increased six-fold.

Table 5: Number of Motor Vehicles in NSW 1911-1931

	CARS	VANS OR LORRIES	MOTOR CYCLES	VEHICLES PER 100 OF POPULATION
1911	3,975	3	2,788	0.41
1916	14,175	877	7,070	1.20
1921	28,665	3,900	11,291	2.10
1926	104,675	24,709	25,424	6.62
1929	170,039	44,868	30,655	9.90
1930	164,169	44,464	27,258	9.39
1931	144,749	39,226	23,124	8.16

Source: Official Year Book of New South Wales, 1938-39, p. 413.

Apart from customer's increasing mobility and the reach of city stores into the suburbs, competition in suburban retailing was growing. A wave of expansion took hold in the suburbs in the mid-1920s "bringing with it a growth in the number of outer-urban shopping 'strips', often situated along the new suburban 'high' streets. These 'strips' usually included a draper, a mercer, a bootmaker, butcher, fruiterer, grocer, tobacconist, cake shop, chemist, newsagent, confectioner, estate agent and hairdresser. Suburban retailing began to rival that of the central business district" (Humphery 1998, p. 38).

At the same time that local shopping strips were expanding, however, Sydney's CBD also underwent upgrading, adding to the attractions of shopping in town. Getting into the city and travelling around the CBD precinct was also greatly simplified after the City Circle railway loop opened in December 1926 (Kingston 1994, p. 55) – just in time for Christmas shopping.

Retailers took advantage and shifted closer to the rail stations on the City Circle. *Farmer & Co* erected one of Sydney's first "high-rise" buildings in 1925 - nine storeys as allowed by the Height of Buildings Act⁷³ - on the Pitt St mall site now occupied by *Myer* department store.⁷⁴ Almost directly opposite, "*Woolworths Stupendous Bargain Basement*" had just opened its first outlet in the *Imperial Arcade*. One short block away, *David Jones* opened its flagship Elizabeth St store (of eleven storeys) in November 1927 - and "showed the people of Sydney a shop the like of which they had not seen before".⁷⁵ According to *David Jones*, this "single-handedly moved the hub of Sydney's retailing to Hyde Park".⁷⁶

Marcus Clark & Co and *Grace Bros* were two of the Broadway-based department stores that "underestimated the extent of the changes to Sydney's transport system at the time" (Wolfers 1980, p. 31). Unlike the small shops in their neighbourhood, however, these department stores had mail-order businesses, and the momentum and resources to rise above such difficulties. Nevertheless, by 1933 *Grace Bros* had opened Australia's first suburban department store in Parramatta, and later that year, their second suburban store opened at Bondi Junction (Brash 1985).

After the 1930s, suburban retailing regained in strength, because of rapid suburbanisation as housing construction moved further into the outlying regions of Australian cities (Humphery 1998, p. 107), and also because of the development of suburban shopping centres (with on-site parking arrangements). At the same time, suburban retailers were also confronting the arrival of chain stores in their local neighbourhoods, followed soon afterwards by the emergence of suburban department stores.

In most Western cities in the first few decades of the century, a "small business crisis" hit retailing, as new mass volume retail ventures such as department stores, chains, and co-operatives took root. Writing about the French experience, Nord found that the "crisis was not solely the consequence of department store competition... Small shopkeepers themselves were in no small part to blame for

73 The 1912 Height of Buildings Act set the Sydney height limit at 150 feet (46 metres). Graham J. 1997.

74 For more on Myer see <http://www.myer.com.au/about/history.asp>.

75 "The History of David Jones Limited by Sir Charles Lloyd-Jones". Business Archives Council of Australia. 1.1. pp. 1-10.

76 http://www.davidjones.com.au/about/story_of_djs.jsp?SID=HomeDJStory#1920. Viewed 5 February, 2004.

their economic predicament; it was incumbent upon them to modernize, to abandon routine and to recognize that their salvation lay in collective action” (Nord 1984, p. 184).

Apart from rivalries between suburban and city stores, the “town versus country dispute” (Monod 1996) was another problem common to all Western nations. Like elsewhere, retailers in rural Australia lost sales to city-based retailers, as shown in Exhibit 2. In the early twentieth century, this was partly explained by the rise of “parcel post” or mail order catalogues, which in America was brought home by the massive catalogues of *Montgomery Ward* and *Sears, Roebuck* (Blanke 2000).

The establishment of the New South Wales Railway brought mail-order trade into Australian country households, and:

Soon the annual Anthony Hordern Catalogue took its place beside the family Bible in the country homesteads. The firm of Marcus Clark was also to have a big influence on country buying and selling. Besides issuing seasonal catalogues it established a scheme of “visual buying” when it built sample rooms in the larger country towns, stocking them with samples of merchandise available for cash or on terms. This store termed itself “The Universal Distributor”, and soon had 300 travelling salesmen scouring country areas for willing customers. This method of trading by the city retail giants created strong feelings of resentment in the hearts of country storekeepers, who saw in such methods, the loss of local trade by customers fascinated by the new selling methods of stores situated in the ‘Big Smoke’ as Sydney was affectionately termed. To the country housewives, Sydney had the glamour of Paris (Pollon 1989, p. 234).

Sydney’s Royal Easter Show provided further grounds for antagonism between country and city retailers. Kingston refers to how Sydney department stores “transformed the larger agricultural shows like Sydney’s Royal Easter Show, where the country came to town, (into) a window on the consumer society” (Kingston 1994, p. 92).

At no time was the relationship between (wealthy country customers) and big stores clearer than at Easter. Bypassing their local retailer, farmers and graziers made large purchases at city stores during the Sydney Show... Physical evidence of the nexus between big city store and country custom could be seen at the Sydney Showground, where Mark Foys, Marcus Clark, and Anthony Hordern had erected permanent pavilions (Wolfers 1980, p. 27).

Finally, Exhibit 3 in Table 4 shows the falling sales of specialist retailers in the

1900–1930 period, and the concomitant rise of “universal providers” and “variety” chains carrying a broad and scrambled product assortment. As discussed earlier, the expansion of department stores into erstwhile specialist lines reached unprecedented heights in the 1920s, and customers responded to the appeal of one-stop shopping. (Though the fightback by specialist retailers “was to be a very long one”, specialist retailers began to increase their share of retailing in the post-1930 period, although it was not until the 1970s that shoppers turned away from variety stores, after which time “their demise was rapid”.⁷⁷)

Small stores typically had two main advantages, however, over mass-volume retailers: the provision of customer credit and their longer trading hours. Indeed, Macculloch found that “long trading hours were the only means by which small shopkeepers could build up their businesses and compete with department stores” (Macculloch 1980, p. 174).

The small store’s provision of customer credit was also a significant trump card against the mass retailer’s practice of cash trading. Fraser found that “in some ways the most effective bait that the shopkeeper could offer was credit, and the giving of credit was at the heart of retailing” (Fraser 1981, p. 85).

The credit-providing function of retailers was particularly prominent in rural Australia where incomes were seasonal and uncertain. In the suburbs as well, grocery shopping in the 1920s was “almost universally based upon weekly credit granted by the store. Few people ventured beyond their immediate neighbourhood to purchase food... Buyer and seller in their almost daily intercourse became friends. Credit was granted based upon personal rather than economic evaluation by the proprietor” (Blizzard 1976, p. 204). The financial

⁷⁷ Email to the author from Phil Ruthven, Chairman IBISWorld, 5 February 2003. Ruthven wrote that there were two main reasons why specialists began to increase their share of retailing: new specialist outlets emerged and specialists realised they needed to widen and deepen their product range to compete. The latter was relatively straightforward when competing with General Stores, as their range was wide but not deep. In any case, general stores were mostly rural where the population was thinning out as people moved to the city.

It was more difficult against Variety Stores, however, so quality was one of their weapons; given variety stores were downmarket. However, shoppers didn't turn away from variety stores until the 1970s, after which their demise was rapid.

It was very difficult for specialist retailers to compete against Department Stores, given the large individual departments, each of which had far more floor space than the vast majority of specialists. The fightback was to be a very long one (and took place), on quality and prestige of goods, as the population became more affluent and

indebtedness of customers to their local store was therefore overlaid with social bonds that kept the customer coming back.

This was recognised by Melbourne's *Civil Service Stores*⁷⁸, which set up Australia's first co-operative bank after the discovery of a co-op member who "withheld his custom from the store because he could not withdraw it from a private trader to whom he owed £9. His income was only £100, and he could not catch up the arrears. He was found to be typical of many. Others were found who, mindful of the vicissitudes of life and the possibility of some day needing credit, would not transfer their custom from a trader who would give credit, if a rainy day came, to a store conducted strictly on cash lines" (Pulsford 1913, p. 52).

Mass-volume retailers that sold on a cash-only basis predictably criticised smaller stores for providing customer credit, also known as "tick". In the UK, "the small shopkeeper, they claimed encouraged the working classes to be thriftless, even 'debauched with credit' by providing tick" (Winstanley 1983, p. 90). By the 1920s, however, most erstwhile cash-trading department stores had introduced credit schemes for consumers.

One popular form of credit by the 1920s was instalment selling, or the lay-by as it was known in Australia, which allowed the customer to make periodic part payments against purchases of major items such as pianos, sewing machines, and furniture (Reekie 1993, p. 34). According to Kingston, the lay-by "was initially advertised on 10 October 1930 by Anthony Horderns as their D-P-S scheme – leave a deposit, pay as it suits you. Six days later Hordern Bros invited customers to 'Avail yourself of our Lay By Service'. By December 1932, Farmers also were advertising a lay-by service" (Kingston 1994, p. 63).⁷⁹

In Canada by 1930, "instalment sales made up 21.5 per cent of all retail credit sales... (and) selling on instalment became popular in almost every trade in the twenties and thirties except for those which dealt in consumables. Few small grocers, pharmacists, or general merchants could sell through a hire-purchase

incomes were polarised, especially after the 1970s; and on range and depth via the category-killer stores in the 1990s (electronic goods, hardware stores, etc).

78 It is unknown whether this store was connected with the Sydney-based *Civil Service Store*.

79 The job of "time payment collector", however, appeared in the Master Retailers' Association records from as early as 1919. *The MRA Journal*. July 1919. p. 10.

plan, but more and more automotive dealers, furniture salesmen, and appliance retailers did; the instalment bug now even bit the clothing trade" (Monod 1996, p. 165).

In Sydney, department stores such as *Buckingham's* also operated a travelling sales force that took both the stores' products and the credit by which to buy them into consumer households. "Salesmen took an attractive range of merchandise out into the rows of small terraces of Surry Hills and Redfern, collecting orders and returning for payments by instalment. Under another scheme begun in September 1926 as Cash Orders (Amalgamated) Ltd, a customer could buy merchandise to a certain value in any store where the cash order company was accredited. The company itself paid the store and collected the amounts plus interest from the customer by instalments"⁸⁰ (Kingston 1994, p. 63).

In summary, the growth of department stores in the period under study significantly dented the sales of suburban and country traders, and those of specialist retailers. For the established population of comparatively small retailers, the growth of giant department stores posed an ongoing source of commercial jealousy and inter-industry conflict.

By the close of the period under study, however, the relative competitive advantages of different types of retailers, as covered in Table 4, had begun to blur.

Convergence took place on geographic grounds, as large city-based retailers began to reach into both country and suburban consumer spending, via catalogues and home deliveries. Store types also began to blur along product lines as large stores increasingly added specialist lines to their merchandise mix, and small stores started scrambled merchandising, as discussed later. In addition, cash-only trading department stores of the early century had generally introduced consumer credit by the 1920s, aping one of the chief advantages of small stores.

Small retailers responded in the period under review, by adopting department store principles such as open displays and money-back guarantees. Others began congregating together, in the establishment of buying co-operatives and voluntary chains to secure the buying discounts afforded to department store retailers, or by

⁸⁰ This company eventually became *Waltons* (Kingston 1994, p. 63).

upgrading their suburban retailing locales.

This general tendency towards imitation and dilution of inter-industry differences supports the ideas of dialectic theory, discussed in Chapter One, which model change as a process of adaptation (by two or more parties) towards a new composite or synthesised form.

3.4.2 The Master Retailers' Association

The Master Retailers' Association was formed in 1903 in response to the NSW Industrial Arbitration Act, which came into effect in 1902 when the Industrial Arbitration Court began operating. The Act imposed compulsory arbitration by the court as the only method for dealing with disputes between employers and workers, and was seen at the time as "the 'most radical arbitration law' in the world" (Ryan 1984, p. 24).

Compulsory arbitration spurred the formation across all industries of workers' unions and employers' trade associations set up to oppose them, and four months after its commencement, 100 employer unions and 75 employees' unions had registered with the Court (Ryan 1984, p. 25). Amongst the largest of these organisations were the New South Wales Shop Assistants' Union (SAU) formed in 1902, and its counterpart The Master Retailers' Association (MRA), founded soon after in May 1903.⁸¹

Reekie (1989) claims that the effects of the Arbitration Act were to inflame employers in general against the demands of workers, and the MRA, and its department store members, occupied a pivotal position in bringing together a range of employer associations:

The Arbitration Act galvanized retailers into co-operative association, not just within the industry but also with other Sydney employer groups. The large city stores were uniquely placed as producers, wholesalers, importers and retailers to encourage co-operation between the various components of industrial and commercial capital. As William Leach suggested for an earlier period in the United States, department stores ushered in 'an interlocking network of self-conscious regional capitalist elites'. The Master Retailers Association resolved to join the Employers Federation of New South Wales

⁸¹ The first association for drapers, The Master Drapers and Clothiers' Association, was established in 1902, but lasted only six months before being disbanded. Annual Report of the R.T.A. June 1931. p. 16. (The Master Drapers and Clothiers' Association is notified as disbanded in *The Draper of Australasia*, 27 August 1903).

four months after the Association's inauguration in 1903, and by the 1920s had full representation within the Sydney Chamber of Commerce, the Clothing Industries Employers Council, the Civic Reform Association and the National Roads Association (Reekie 1989, p. 282).

Like other Western countries at the turn of the century, there were a large number of employer trade associations. In the UK in 1900, "most urban areas contained traders' organisations parading under a variety of possible banners: Chambers of Trade, Chambers of Commerce, or simply trade associations... but even within provincial towns clearly distinguished, often hostile associations could be found" (Winstanley 1983, p. 75).

Writing about the range of employer associations that formed in Canada from the 1890s, Monod (1996) found that all retail trade associations shared a common agenda:

The organizations that retailers created all did similar things: they lobbied municipalities for early-closing by-laws; they demanded higher licensing fees for, and sometimes even prohibitions on, street vendors; they discussed ways of reducing competition. In effect, anxious retailers determined to restrict competition in their trades sought to manipulate early-closing, licensing, and even health and safety regulations in order to impede business growth (Monod 1996, p. 27).

In NSW, apart from the MRA, other contemporary retail trade organisations included the Country Storekeepers' Association (formed in 1903), New South Wales Retail Grocers' Association (1903), Newcastle District Retailers' Association (1903), Master Tailors' Association (merged with MRA in 1915⁸²), and the City and Suburban Shopkeepers' Association, which was absorbed by the MRA in 1921 (Reekie 1993). Reekie found that the MRA, however, "rapidly became the dominant and coordinating voice in the New South Wales industry" (Reekie 1993, p. 46).

Although the main aims of trade associations were the defence of their own members and the restriction of unwanted competition, "it is important to stress that these associations also fulfilled more innocuous even praiseworthy functions. At the local level they cemented existing networks of personal relations, organising excursions, concerts, social gatherings, sporting events, providing premises for convivial gatherings" for their employer members (Winstanley 1983,

⁸² Minutes of the MRA. 8 February 1915.

p. 77). Among the philanthropic deeds of employer trade bodies towards their own members, Winstanley includes insurance services, the retention of solicitors for legal advice for members and “hefty” trade journals.

While all retail employers’ associations shared broad common aims, the MRA varied in significant ways. Its 1903 formation date predated those of the leading countries in department store retailing. America’s counterpart organisation for department stores, the *National Retail Dry Goods Association*, was formed only in 1911 (Benson 1981), and in France it was not until 1919 that the first organisation representing department store employers was founded, the *Groupeement D’Etudes de Grand Magasins* (Badel 1999, p. 301).

Unlike other countries, where the first retail trade organisations typically arose to defend the rights of small retailers, the MRA apparently met no organised resistance from small retailers. The MRA claimed to represent small retailers, but it was founded and operated by a circle of Sydney’s most powerful department stores, and its charter gave plural voting powers to large retail members (Reekie 1989, p. 276). This meant Sydney’s small retailers had no effective voice against department stores. Compared with its counterparts in other countries then, the MRA was one of the first, and enjoyed a significant amount of unrivalled power in its dealings within the industry.

Represented on the founding committee of the MRA were “the proprietors or directors of most of Sydney’s big stores: *Grace Brothers, Farmers, Lassetter’s, Hordern Brothers, Waters, David Jones, McDowells, Hattes, Sweet Brothers* and *Buckinghams*” (Reekie 1989, p. 276). These men were all prominent social figures, including one of Australia’s “greatest philanthropists” (Hartwell & Lane 1991), Sir Samuel Hordern II, grandson of Anthony.

In 1921, the MRA was renamed The Retail Traders’ Association of NSW (RTA).⁸³ Reekie wrote that the name change suggested “significant shifts in the nature of the drapery trade between 1900 and 1920 from small-scale craft to large-scale industry” (Reekie 1993, p. 46).

⁸³ In this case study, when comments apply to both The Master Retailers’ Association, and The Retail Traders’ Association, the word ‘Association’ is used.

Apart from the “Shop Assistants’ Case”, which is discussed in the next section, little other research exists on the Association. This is in spite of the fact that Pollon’s history of retailing in NSW (1989) was published by the RTA. Pollon, however, makes very few direct references to the Association.

Macculloch refers to the Association’s successful appeal against the introduction of the 44-hour week in 1921, when “the heads of the department stores responded via the Master Retailers’ Association” to have the 48-hour week brought back into operation (Macculloch 1980, p. 176).

Reekie argues that the Association used the fear of government regulators to justify its existence. “Retailers’ antagonism to government and labour interference was the ideological cement that united (the Association) for at least the first three decades of its existence. The Association, controlled by a Council comprising representatives from the most powerful city stores, provided a forum in which retailers could discuss labour issues and share current business practices; its journal disseminated labour policy, political statements and the latest ideas in retail management from Great Britain and the United States. Association members were united in their concern with labour management problems which increasingly after 1907 centred on the need to control labour without resort to the harsh measures of open conflict” (Reekie 1987, p. 11).

In sum, the MRA was formed to protect retailers’ interests after compulsory arbitration was introduced in NSW. It was a powerful organisation, but the available evidence is brief. As Chapter Five shows, however, the Association played a significant role in shaping the course of retailing history. The changes brought about by the Association affected a range of other actors in the system including trade unions, non-store retailers, newspapers, governments at federal, state and local levels, and other regulatory bodies.

3.4.3 Union Movement

Australia stood apart from other Western nations in its comparatively powerful union movement, which was spurred by the advent of compulsory arbitration. By 1914 there were more than 400 separate trade unions in Australia, (Buckley & Wheelwright 1988, p. 239) and union membership had increased from 5 per cent of

all wage and salary workers in 1901 to 34 per cent in 1914 (Macintyre 1986, p. 49). This was estimated to be “perhaps a higher proportion than in any other country” (Buckley & Wheelwright 1988, p. 239).

One of the earliest and largest unions was The Shop Assistants’ Union of New South Wales (SAU)⁸⁴ registered in March 1902. By 1904, when the Shop Assistants’ Case began, the SAU represented “a very large section of the industrial population, perhaps 30,000 workers in the State” (Ryan 1984, p. 156).

The Shop Assistants’ Case (1904–1907) stemmed from the log of claims issued on Sydney department store retailers in 1903 by the SAU, the key demands of which concerned protection for male workers against the encroachment of female and junior labour, and a minimum wage. The claims attempted to have the wages of male shop assistants raised at least to that of tradesmen, and the women to two-thirds of the male rate (*Two-thirds of a Man*, Ryan 1984, p. 183).

It took ten attempts over a three-year period, however, for the Union to get its log of claims heard before the Arbitration Court, a “bleak period of frustration and constant litigation” for the SAU (Ryan 1984, p. 177). During the three-year lead-up to the judgement, “each futile attempt to get before the court undoubtedly had a bad effect upon union membership and morale. Weighing up the disappointments, the time, the labour and the costs, the miracle is that by September 1906 the union had any members or morale left. Radicals rightly sneered about the delays and the cost of legalism in industrial negotiations. Delays were a gain for employers who paid no wage increases during the shuttling back and forth into and out of the court, their pitiless exploitation continuing unabated. The money saved in possible wage increases more than recompensed their legal costs” (Ryan 1984, p. 140).

When the case was finally presented - giving public exposure for the first time to the widespread and serious exploitation of shop assistants - “the whole of Sydney society shook with the reverberations from disclosures in the year long court

⁸⁴ In 1908, the SAU became the Shop, Distributive and Allied Services Union, and in 1970 the Shop Assistants’ Distributive and Allied Industries to include people in warehousing. Today, its modern ancestor, The Shop, Distributive and Allied Employees’ Association is one of the largest unions in Australia with 230,000 members (www.sda.org.au) and Australia History by the Decade

drama" (Ryan 1984, p. 140).

In 1907, the Court finally handed down its decision in favour of the union. The judgement was subverted, however, by the underhand tactics of the MRA, which took out an injunction to delay the application date of the new award. With no funds to continue, the SAU gave up the fight (Ryan 1984).

Despite this outcome, the case received widespread news coverage over its three-year duration, and was seen as "a tremendous public relations success and a moral victory for the union" (Ryan 1984, p. 183). Reekie found that the case marked the beginning of "a new era of industrial warfare in the retail industry" (Reekie 1989, p. 276). The union transformed the case "into a significant and symbolic victory which by the 1930s had assumed almost mythic qualities. Accounts of the Union's history and achievements in subsequent years invariably described the 1907 Arbitration case as the major turning point in the history of industrial relations in the retail industry" (Reekie 1989, pp. 283-4). In the course of the case, however, the MRA undermined the powers of the infant Arbitration Court to set a "common rule", that is, binding on all employers whether registered with the court or not. This caused many difficulties in setting subsequent awards, as discussed in Chapter Five.

Apart from two studies on the Shop Assistants' Case (Ryan 1984, Reekie 1989), little other research on the union could be identified for the period under study. Reekie wrote "a Commonwealth Shop Assistants and Warehouse Employees Federation was formed in 1908, giving the New South Wales branch national support. The union proved a moderate but tenacious adversary of the Retail Traders' Association of New South Wales and claimed that by 1927 it had achieved for its members a minimum wage, a 44-hour week and early closing times, a Saturday half-holiday, one week's paid leave a year, and preference to unionists. The union and the arbitration system effected improvements in wages and working conditions, and gave shop assistants an opportunity to confront their employers openly with a degree of state protection" (Reekie 1987, p. 11).

<http://worksite.actu.asn.au/history/1900s.html> Australian Council of Trade Unions website Viewed 1 August, 2001.

3.4.4 Relationships with the Public

The social relationships between shoppers and retailers were discussed in Section 3.3.3. This section therefore reviews the literature pertaining to the collective concerns of consumers. These manifested through both governmental regulation, discussed later, and also through the formation of various consumer-interest groups. These groups reflected rising public concern about prices and other retail practices, but little detailed research exists on the role of consumer interest groups in Australia so the evidence presented here draws mainly from Reekie's work.

The first consumer-led societies in Australia were "quasi consumer organisations" such as the National Council of Women formed in 1896. Until 1917 "consumer protest activities took the form of petitions to parliament, and through representation by officers of sectional groups such as the Country Women's Association, specific Trade Unions or Craft Guilds. In 1917 the Housewives Association was formed and did address specific marketplace issues such as the price of food" (Craig-Lees 1991, pp. 14, 233).

Consumer agitation about rising prices intensified in the inflationary 1920s, manifesting in the establishment of various other groups to protect the rights of shoppers. The Housewives Association, which aimed to "fight the consumer's battle", was joined in 1925 by the Business and Professional Women's Association (Reekie 1993, p. 121). Other organisations such as the National Council of Women and Labor Women, and the Young Women's Christian Association (YWCA), were involved in specific-issue campaigns in the mid-1920s, particularly the push for the abolition of late-night shopping, and the call for formal vocational training for shop assistants (Reekie 1993, p. 122).

Most of these early pressure groups floundered in their aims, largely as a result of mixed attitudes towards consumption, and also towards "acceptable" behaviour (Reekie 1993). For example, the National Council of Women's condemnation of the coupon system⁸⁵, was countered by "a much larger body of women - 139,000 housewives - (who) supported retailers by signing a petition in support of the

⁸⁵ Coupons and trading stamp schemes, in which shoppers collected points in return for bonus gifts from the retailer, flourished in early twentieth-century Australia. This phenomenon - forerunner to today's customer loyalty schemes - is reviewed in Chapter Five.

coupon system" (Reekie 1993, p. 126).⁸⁶ Similarly, a 1920 call by the Housewives Association for a consumer boycott to force retailers to lower their prices was dismissed by The Australian Women's National League as "an unpatriotic, crude and ineffective method of combating the high cost of living" (Reekie 1993, p. 123).

The difficulties of taking direct action were therefore complicated by social norms about respectable behaviour, although Reekie found that consumers were "at least as critical as the prescriptions of their class, sex and times allowed" (Reekie 1993, p. 121). In addition:

A very real problem for these women's pressure groups was that they were easily ridiculed by those they attacked. Resolutions about pure milk tended to get lost among calls for less embarrassing underwear advertisements and demands for blinds on shop windows so that the dummies could be dressed in private (Kingston 1994, p. 105).

Public criticism of retailers also would have been muted by the fact that many of these consumer organisations enjoyed the support of Sydney's department stores, which would have compromised the likelihood of complaints.

Groups such as the Country Women's Association and the YWCA eagerly welcomed store management's offers of money, patronage, office space and meeting facilities. Many helped finance their publications with advertisements for the big stores, often with incongruous results... Advertisements for Anthony Hordern & Sons appeared on the back cover of the Women's Commonwealth Patriotic Association's 1915–17 series of pamphlets on thrift (Reekie 1993, p. 132).

⁸⁶ In 1938, The Housewives' Coupon Defence League issued a petition to the NSW Government to "Introduce legislation to circumvent combines acting in restraint of trade to the detriment of the Public, thereby increasing the cost of living – such organisations as the Retail Traders' Association who use every endeavour to forbid their Members giving Housewives any kind of discount on their cash purchases, and such combines as the (Proprietary Articles Trade Association) who fix high prices for their Members' manufactured goods and who 'Black List' and refuse to supply Traders who endeavour to lower the cost of living by selling such protected articles at lower prices". "*Calling all Housewives!*" Housewives' Coupon Defence League. 1938. Sydney.

Some public criticism of Sydney's big stores began to appear in magazines and women's organisation's publications in the late 1920s. The Women's League of New South Wales and the Labor Women's Conference both complained of 'unhealthy' basements in city retail houses, and the Country Women's Association of New South Wales sent copies of certain unspecified resolutions passed at its 1929 conference to the Retail Traders' Association. The *Home* magazine's 'Clearing House' page, devoted to 'the philosophy of home-making', suggested a possible debate on the topic of 'Big shops versus little shops - monopoly or competition?' (Reekie 1993, pp. 126-7).

Apart from consumer interest groups in the State of NSW:

Similar groups in other states were soon able to form the Federated Housewives Association of Australia, and in 1923 Eleanor Glencross, the president, was appointed to a Victorian Royal Commission into the high cost of living. By 1935 they claimed 100,000 members Australia-wide and were affiliated with the National Council of Women, the Federation of Women's Clubs in America and the British Housewives Association. Retailers deplored its attempts to secure advantages for its members through discounts and coupons, but the Housewives Association had more wide-ranging concerns than that. It lobbied governments and manufacturers constantly on such questions as cost, wrapping and handling of food and the use of additives and preservatives. It too advocated pure and natural foods and health through diet and exercise. Urban planning, the retention of significant historic buildings and controls on the development and management of the foreshores of Sydney Harbour were also part of the agenda. As early as 1931 the Country Women's Association had begun campaigning for labels which gave the date of packaging, as well as for more nutritious processed foods (Kingston 1994, p. 105).

Generally speaking, however, consumer co-operation with retailers was far more common than conflict, especially in Sydney. As the 1918 Interstate Commission report on grocery prices in Australia noted, "in this community... the impulse towards any large system of co-operation on the part of consumers is either non-existent or is too weak for effective action" (Kingston 1994, p. 104).

Reekie also found that consumers in Sydney "seemed to have preferred negotiation to the more radical methods adopted by (others)... Unlike women in the United States, Europe and New Zealand - and unlike Melbourne women who led street protests against the high cost of living in 1917⁸⁷ - Sydney women do not

⁸⁷ The 1917 protest against high prices, staged by the Women's Peace Army in Melbourne, involved a "massive torchlight procession on the night of 19 September, when turned away from Spring Street, moved downhill to the business district where

appear to have employed demonstrations or boycotts... as a means of exerting consumer power" (Reekie 1993, p. 123).

In conclusion, although "consumer awareness had not yet reached the movement stage" in the period under study (Dameron 1941, p. 387), its origins can be traced to the 1920s (Craig-Lees 1991, p. 2). A range of organisations had formed by the mid-1920s, but because these were mostly women's groups their potential was softened by prevailing norms about "ladylike" conduct. Retailers were relatively protected, therefore, by the cultural etiquette of their environment, and the still-scattered interests and attitudes of various sectional groups. As Reekie observes, however, whether or not the aims of such groups "were achievable, their articulation provides evidence that women were not afraid to take issue with and attempt to change" the policies of retailers (Reekie 1993, p. 123).

3.5 The Distribution Industry (Suprasystem)

This section examines research on the distribution industry and its impact, both directly and indirectly, on retailing. First the parallel and competing system of non-store retailing are discussed, and then some issues that extended throughout the channel of distribution, in retailers' interactions with manufacturers, wholesalers and governments.

3.5.1 Non-store Retailing

The two main methods of non-store retailing in the 1900–1930 period were via mail order catalogues, and peddlers (pedlars), also known as hawkers, bagmen or drummers (Spears 1995).

The peddler was the most ancient form of non-store retailer, dating back at least as early as the fourteenth century in the UK, yet "among so many obscurities and uncertainties in the history of retail trade, nothing is so obscure and uncertain as the role of the pedlar. He must have played a considerable part over a long period in the distribution of consumer goods yet almost nothing is known about him" (Davis 1966, p. 236).

In Australia, Acts imposing licensing requirements on peddlers began to appear as

the demonstrators began smashing the windows of shops and offices. Damage exceeded £5000" and several protesters were arrested (Macintyre 1986, p. 172).

early as 1849, reflecting a “general social disdain of non-store retailing” which continued throughout most of the twentieth century (Dixon 1972, p. 12). By the late 1850s in Sydney, one contemporary “who lived in the edge of Sydney in Darlinghurst, noted visits to their house by hawkers and itinerant salesmen with fruit and vegetables, prawns, bread, hot-cross buns and casks of water. Sometimes they also brought ‘news from town’” (Kingston 1994, p. 23). Peddlers also played an important role in country areas, though the research is anecdotal (Kingston 1994, pp. 22–24).

A more visible form of “non-store” retailing was via the already mentioned mail order catalogue which, from the nineteenth century onwards, was “an important medium for advertising a store’s product line” (Waller & Morgan 1999, p. 1).

Sydney-based department stores such as *Farmer & Co* had catalogues from at least the 1880s⁸⁸, and Kingston found that “nineteenth-century catalogues contained thousands of pages of extremely plain but very informative drawings of items available for purchase, ranging from fragile glassware and delicate underwear to windmills and saddles... From the 1920s department store catalogues, lavishly illustrated in colour, began to look like glossy magazines themselves” (Kingston 1994, p. 64).

Wolfers claimed “Sydney’s big stores operated successful mail order sections which easily accounted for between 15 and 20 per cent of total turnover” (Wolfers 1980, p. 25). The percentage was probably greater for large fashion retailers such as *McDowells* (whose motto was “The Big Mail Order House”) which targetted its mail-order advertisements pointedly at “Mrs. Country Resident”, and offered free delivery for parcels “to the value of 10/- and over” (Pollon 1989, p. 101).

Mail order “gave Sydney’s big stores a competitive edge over country retailers”, because of savings in labour costs (Wolfers 1980, p. 25), but compared with America, it was a relatively small concern in this country. The Chicago-based mail order giants *Sears, Roebuck & Co* (founded in 1886) and *Montgomery Ward & Co* (1872), for example, did not operate a single retail store until after the post-war slump in 1921.

⁸⁸ Coles Myer Archives

Part of the success of the mail-order catalogue could be attributed to its ability to answer the customer's need for information. Compared with the in-store buying of products that lacked adequate labels or advertising of any kind, mail-order catalogues provided highly detailed descriptions of products, for example with bedding sheets, data on "fiber content, thread count, weight, breaking strength, per cent of sizing, character of hems, stitching, shrinkage, and reinforcement of sheets" (Dameron 1941, p. 389).

Apart from the catalogue's detailed advertisements, the success of mail order could also be attributed to the increasing literacy rates which had been stimulated by the "widespread circulation of popular periodicals" (Nystrom 1930, p. 191). The success of mail order would also not have been possible without the existence of "common carriers" such as Australia's *Cobb & Co*, or *Permewan Wright & Co*, a prosperous carrier firm that later became a grocery retail chain. Before the boom in railway construction in the 1860–1890 period⁸⁹, the "transit of goods from town to town, as well as outlying districts was performed wholly through the means of common carriers" (Mortimer 1881).

Predictably, rural retailers resisted the "mail order evil", since there were "few large country variety stores which could compete with the range of merchandise and the service of the big stores" (Wolfers 1980, p. 19). Similarly in America, various retail trade associations attempted to secure national legislation to curb the growth of mail order business. In that country by 1929, however, mail order had "passed its peak" which Nystrom attributed to the spread of chain stores, and increasing consumer mobility (Nystrom 1930, p. 211).

Another contributor to the decline of mail-order selling in the 1920s was the recession that followed after World War I. Monod found that in Canada, catalogue sales declined by a quarter between 1924 and 1930, and that the depression of 1921–24 had

signalled (mail-order's) quietus. The difficulty was that a system of selling based on biannual catalogues worked best during periods of relative price stability. Inflationary periods were good for mail-order volumes since people were eager to take advantage of the catalogue's lower list prices, but the companies had to be careful to keep their costs from rising faster than their

⁸⁹ See <http://www.pc.gov.au/inquiry/rail/finalreport/appendixc.pdf> for a history of rail in Australia. Viewed 21 August 2004.

shrinking gross margins. Deflation, however, was invariably crippling. Not only did a fall in prices suspend the catalogues in mid-flight, but it also exposed mail-order firms to the negative advertising of sharp retailers quick to expose the excessive prices listed by their mail-order competitors (Monod 1996, pp. 211–212).

In Australia, mail order appeared to be more enduring. As Pollon described it, catalogue selling “continued to retain a powerful influence throughout two world wars and the Depression” before a decline after World War II (Pollon 1989, p. 234). This was partly attributable to the comparatively scattered population of Australia, and the handicaps of isolation and access to goods.

3.5.2 Manufacturers

Manufacturers played a pivotal role in the development of retailing in the period under study, a timespan which took in several critical historical events and a general trend in retailer- manufacturer relationships towards “the subordination of the retailer to the manufacturer” (Monod 1996, p. 266).

This trend began with the nineteenth-century introduction by manufacturers of prepackaged products bearing proprietary brands. The growth of private branding was a signal of the increasing competition on the supply side, as manufacturers began to express “interest in distinguishing their product from their rivals” (Monod 1996, p. 140).

With the development of brand names and, more significantly, the advertising campaigns that sold them, manufacturers began to address the consuming public directly. This undermined the status of retailers as the “chief arbiters of consumption” (Henkin 1998, p. 176). Brand-name advertising resulted in “informed customers with predetermined wants, and from that point in time, the retailer’s ability to direct patterns of consumption was greatly reduced” (Hilton 1998, p. 129).

By the 1920s, manufacturers were introducing resale price maintenance, designed to prevent retailers from discounting the retail price recommended by brand-name manufacturers – on threat of the manufacturer’s boycott on future supplies.

This section reviews the extant research on these critical developments between manufacturers and retailers during the period under study.

Historical Background

For the first half of the nineteenth century, industrialists in young Western nations operated in demand-driven economies in which “the shortage of things to buy turned distribution into a seller’s market” (Monod 1996, p. 247). Manufacturers in Victorian times operated in “an intellectual world governed by the concept of scarcity” and “seemed to have subscribed to the principle that supply creates its own demand” (Monod 1996, pp. 137–9). This was reflected in the fact that most manufactured goods arrived at retail stores in bulky barrels and crates of unmarked produce, ready for the advisory hand of the storekeeper in selecting, cutting, weighing, and packaging the unknown commodity for the customer.

By the second half of the nineteenth century, however, as the industrial revolution picked up speed, the gap between supply and demand, at least in other Western nations, was narrowing. Apart from growth in the number of competing manufacturing establishments, mass production methods were becoming more efficient with the advent of continuous process machinery, and “flexible batch production” which allowed smaller production runs and, therefore, the chance to experiment with different consumer segments.⁹⁰

In Australia, however, manufacturing in general made sluggish progress in the period under study. In the early twentieth century domestic manufacturing was “mostly small scale and technologically primitive” and contributed only 12 per cent of GDP (Ville & Merrett 2000, p. 19). This equated to about a third of the country’s manufactured needs (Macintyre 1986, p. 31), with the result that Australia was highly dependent on imports. Indeed, Australia “could not be described as an industrial society before World War II” (Buckley & Wheelwright 1988, p. 207).

Growth in domestic manufacturing was retarded by a number of factors. On top of Australia’s small population base, high transportation costs (and a lack of uniform rail gauge from Sydney to Melbourne) limited trading to “regional rather than national markets until after World War II”. The small scope of the available market prohibited large-scale production runs that might have brought further growth

⁹⁰ Flexible batch production has been attributed to the ideas of Josiah Wedgwood of the eponymous pottery firm (Błaszczuk 2000).

through economies of scale (Ville & Merrett 2000).

Despite Australia's combined handicaps of distance and small demand, there were some Australian manufacturing success stories. Two examples are the makers of the *Rexona* range of products, and *Kiwi* Dark Tan Boot Polish, Australian firms that had achieved overseas sales by 1910 and 1912 respectively (Richards 1988).

The bulk of Australia's manufacturing progress⁹¹ in the early twentieth century took place in the fast-moving categories of food and drug products, and these were the product lines in which branded goods first made their appearance (Monod 1996).

Brands and Trademarks

Like elsewhere, brands and trademarks were not widely used in Australia until the second half of the nineteenth century. Between the "1860s and the 1880s the various Australian parliaments enacted their first laws to register trademarks thus curbing those backyard manufacturers who had found it profitable to copy the labels of well-known products... 'Beware of imitations' was a warning often made by makers of popular products" (Blainey 1980, p. 11).

Factory-prepared and branded foods of guaranteed and uniform quality were attractive to consumers for more than their promise of unadulterated contents. For Australians, the consumption of prepackaged products helped cement attachment to a more refined way of life which, until the mid-1920s, meant a British way of life. In Britain and in this country, "certain 'new' foods took on definite status, while the lower middle classes used such status foods to disguise their real income. The English breakfast of bacon and eggs had, for example, only just become 'traditional' by the 1860s, while the 'tradition' of afternoon tea emerged at much the same time and brought with it an increased consumption of manufactured biscuits, jams, and factory-produced cakes" (Humphery 1998, p. 27).

⁹¹ In Australia, Victoria was the leading state in manufacturing by the second half of the nineteenth century, and in the period from 1850 to 1872 the number of factories jumped from 68 to nearly 2,000 (Humphery 1998, p. 41). Victoria's share of manufacturing employment in 1871 was 37 per cent, while New South Wales' share was 34 per cent. By World War I, however, New South Wales took the industrial lead from Victoria and "continued to forge ahead until by 1947 its share was 45.2 per cent" (Snooks 1987, p. 287).

By the turn of the century, Australian manufacturers such as *Henry Jones and Company* (jam maker), *Rosella Preserving Company* (sauces, pickles and soups) and *Sanitarium* (health foods), were “producing a wide array of tinned, bottled, and packaged foods marketed in much the same manner as British and North American products, with an emphasis on nationally available ‘brands’ of uniform quality” (Humphery 1998, p. 41).

In addition to domestic brand names, from the early twentieth century:

British, American and other overseas food manufacturers were quick to move into the Australian market in their efforts to globalise their operations. By the 1920s, ‘international’ food products were thus being manufactured in Australia, confusing the boundaries between the local and the global ‘Australian made’ and world products. The Swiss Nestlé company, for example, had begun manufacturing condensed milk in Australia as early as 1908, and eventually opened a chocolate factory in Sydney in 1918. Their rival, the British Cadbury empire, began the Australian-based Cadbury-Fry-Pascall company in Hobart in 1922, expanding into chocolate products by 1928. The American breakfast cereal company Kellogg opened a Sydney-based factory in 1924.... These and other overseas corporations were closely involved in the internationalisation of food manufacturing and consumption. As such they brought to Australia new production and management techniques and a culture of aggressive marketing through advertising (Humphery 1998, p. 43).

Australian food manufacturers took note of the mainly American advertising and marketing techniques and “sought to play on an array of sometimes contradictory desires connected to changing definitions of housewifery, the imperative to ‘buy Australian’ or buy ‘Empire Goods’ and the willingness to partake in a wider world of modern manufactured household products” (Humphery 1998, p. 44).

Manufacturers’ slogans promoted the quality, variety, and convenience of prepackaged foods, for example “Heinz offered abundance and choice with its ‘57 Varieties’, Rosella soups went ‘unrivalled’, (and) Gravox was ‘The Housewife’s Friend in Need’” (Humphery 1998, p. 43).

Manufacturers in Canada, like their counterparts elsewhere, also designed “labels and offered ‘personal guarantees’ of quality to their customers. It was a move applauded by ordinary consumers everywhere; as one shopper wrote in the *Woman’s Home Companion*, poor quality foods could best be avoided by careful housewives sticking to one trusted brand; ‘this’ the author observed ‘is the safest way to trade at any store’” (Monod 1996, pp. 140–1).

The advent of prepackaged foods also transformed the interiors of retail outlets, as bulky unmarked crates and sacks made way for towering displays of goods presented in new packaging materials such as tins, jars and cellophane wrapping⁹²:

Once jams and preserves became obtainable in small jars and tins, cereals and biscuits in boxes, and fruit and vegetables in cans, a new kind of order was possible even in that most disorderly of shops, the grocery. In a short time, stores became shrines to the pre-packaged product... Retailers could be found constructing enormous pyramids of goods, stacking the tins of (branded goods) on the countertops and shelves, building up the levels until the mountain of cans towered over the counters, over the customers, over the store interiors (Monod 1996, pp. 152-3).

Specialist retailers who produced their own goods were hard hit by the rise of branded manufactures. In the UK, Winstanley (1983) found that by the 1890s "grocers' journals, which had expanded from the 1860s to keep retailers informed of developments affecting their trade, bulged with advertisements for proprietary products. Factory-made footwear from Freeman, Hardy & Wills or Stead & Simpson was, by the 1870s, hitting the individual shoemaker hard. There were also branded products in clothing, alcoholic and non-alcoholic beverages, smokers' requisites, cigarettes, confectionery, hardware and scores of patent medicines. Competition based primarily on product differentiation was no longer so feasible when shops stocked such branded goods from common suppliers, products which were often cheaper to produce than the skilled retailer's own lines" (Winstanley 1983, p. 33).

As branded goods became more recognised and demanded, retailers were forced to stock those products, and in the face of competition from other retailers, "resistance to mass produced goods (was) almost impossible. (Small) traders, with their convenient locations and after-hours services, were not about to stock space-consuming pickle barrels and cracker crates. Because of low turnovers and minimal liquidity, their livelihood depended on the type of prepackaged articles they could buy in small quantities and dispose of quickly" (Monod 1996, p. 235).

Resale Price Maintenance

By the 1920s in most Western nations, trade-marked goods were arriving at retail

⁹² New packaging materials such as cellophane – which became available in Australia around 1910 – induced consumers "to accept a great many goods on trust behind their cellophane wrappings. Indeed they were encouraged to believe that such packaging was a sign of superiority" (Kingston 1994, p. 89).

stores “with their prices fixed” (Monod 1996, p. 248). This heralded the onset of resale price maintenance (RPM), which prohibited retailers from cutting the retail price recommended by the manufacturer – on the risk of refusal of future supplies. Through RPM the retailer’s net profits were “thereby made to conform not to the shopkeepers’ costs and customs but to the manufacturers’ image of how much a modern trader should be allowed to make” (Monod 1996, pp. 342–3).

In the UK, RPM originated in the 1890s and “spread rapidly to cover a wide range of manufactured products by the inter-war years, including clothing, pharmaceuticals, photographic equipment, tobacco, soaps and toiletries, bread, confectionery and groceries, books, newspapers and magazines, milk, motor vehicles, petrol and new electrical goods such as radios, gramophones and records (Winstanley 1994, p. 52).

RPM was enforced in the UK through the Proprietary Articles Trade Association (PATA). The British Association was “the most successful price-fixing organisation in the world; the British PATA was a huge organization made up of 436 manufacturers, 61 wholesalers, and 8,000 retailers (who) pledged to maintain the prices of over 2,000 proprietary articles and to boycott any enterprise which endeavoured to sell cut-rate” (Monod 1996, p. 266).

In Canada, RPM first emerged in 1902 in a deal between the manufacturer of “Ozone” branded pharmaceutical products and retailers to sell at fixed prices - but to increase their own margins by cutting out the wholesaler. “In fact, retailers were able to buy Ozone direct (from the manufacturer) at only a few cents more than the wholesaler had done, thus allowing consumer prices to fall at a cost to no one but the middleman” (Monod 1996, p. 242).

A Canadian PATA, based on the British organisation, was formed in 1903 but floundered in the Depression (Monod 1996, p. 243). Nevertheless, by 1920 in Canada “many hundreds of products were being controlled by their manufacturers... (and) though profit-hungry shopkeepers continued to complain about RPM, the spreading influence of the brand-name manufacturers could not be checked” (Monod 1996, p. 249). Resistance to RPM was not universal, however, and many small retail stores welcomed the practice because it provided “cheap policing of all pricing contracts” (Monod 1996, p. 274) and obliterated the price

advantage of department stores.

In Australia, as early as 1915, “some retail prices were maintained in the grocery trade by suppliers who advertised both retail and wholesale prices. Contractual price maintenance also existed in the early part of the century. For example, the Palmolive Company (in 1925) required agreements to be signed by grocers in which it was promised that Palmolive soap would be sold at the price established by the company” (Dixon 1972, p. 30). Existing research is silent on the formation of an Australian Proprietary Articles Trade Association, although as the archival case data shows (Chapter Five), in 1924 an Australian PATA was established.

Australian manufacturers possibly had less need of a formal organisation to enforce the rules of trade. As Ville & Merrett found, although “enterprise was on a much smaller scale than other high income nations, concentration levels were high relative to the size of the economy” (Ville & Merrett 2000, p. 26).

Many industries, including interstate shipping, jams, barbed wire, flour and bread, coal, brewing, fertilisers, and bricks, had already entered into cartel arrangements in regional markets before World War I. Co-operation between producers strengthened in the absence of any effective legislation that punished the abuse of market power. Manufacturers shared out sales territories, exercised their market power over retailers through exclusive brand agreements, full line forcing, and by imposing minimum retail prices. Established firms behaved in a predatory fashion against new entrants who would not comply with the established norms of collusive behaviour. Business people boldly defended their behaviour by asserting that competition was ‘wasteful’. Everybody was better off if the incumbents simply shared out the spoils (Ville & Merrett 2000, pp. 22-3).

Apart from proprietary brand advertising and resale price maintenance, leading manufacturers also began to introduce consumer sales promotions. *Colgate Palmolive’s* giveaway in 1930 of a free toothbrush with every tube of toothpaste sold, resulted in “an outcry among retailers who pointed out the loss of livelihood this represented to those who would have sold those 6 million toothbrushes in the course of the year” (Kingston 1994, p. 65).

The influence of manufacturers on the evolution of retailing also arose in indirect ways. The emergence of modern mass production and packaging, “with its ability to break down a commodity into standardised units, facilitated a more systematic means of producing *and* selling the goods. Both production and the distribution process became embedded within an ideology of efficiency” (Humphery 1998,

pp. 28–9).

Manufacturers pressured smaller retailers to “modernise” and to adopt the practices of mass retailers, arguing that stores:

were little other than showcases for products that had been packaged, advertised, and to all intents, sold before the customer ever walked in. Essentially, what the manufacturers and wholesalers decided they had to do was to try to make the independent retailers adopt the strategies pioneered by bigger businesses; they wanted shopkeepers to begin cost accounting, to practise hand-to-mouth buying and cash selling, to departmentalize their stock and to undertake suggestive marketing (Monod 1996, p. 148).

The increasing power of manufacturers over retailers was ultimately checked by competition on the supply side. By the mid-1920s, the supply of manufactured goods had increased significantly in Australia. This was partly because restrictions on overseas trade imports eased after World War 1, and also because Australia’s domestic manufacturing capacity was expanding. The growing supply of goods meant Australian retailers could exert their right to choose, buying directly from importers, wholesalers and, increasingly, local manufacturers.

In sum, as competition increased in the 1900–1930 period business life grew “more brutal” (Monod 1996, p. 199). The new brutishness of business was readily evidenced in the abrasive relationships between manufacturers and retailers, and indeed control over the distribution of goods was its foundation. Throughout the Western world by the mid 1920s, demand could no longer be taken for granted, at either the retailer or the consumer levels of purchasing. It was “no longer society’s ability to create endless amounts of goods, but its endless capacity to desire them, that now provided the impetus for how and why things were made” (Cummings & Lewandowska 2000, p. 76).

3.5.3 Wholesalers

Because of Australia’s size and sparse population, and its heavy reliance on imports, wholesalers played a vital role in the distribution of goods in Australia in the period under study. Few studies of wholesaling exist outside the US, however, and the evidence for Australia is scattered.

The lack of research on wholesalers is partly explained by their polymorphous function. There was no clear-cut functional distinction between wholesalers,

importers, agents and transporters, and very few wholesalers in young Western countries were engaged exclusively in wholesaling.

In Australia in the nineteenth century, primitive transportation gave rise to shipping wholesalers such as *Burns, Philp & Co Ltd.* founded in Townsville, North Queensland, and serving Australian cities scattered along the coastal fringes. Similarly, the Bendigo-based firm *Permewan Wright & Co Ltd.*, a large carrier company that ran “a regular line of steamers trading on the Murray, Murrumbidgee, and Edwards Rivers”, had opened by 1881 “no less than twenty branches... in various parts of the colony” (Mortimer 1881, p. 270). In addition to carrying goods on an agent or brokerage basis, these firms also conducted their own mercantile trade, buying local produce from isolated trading post settlements to ferry to other places for resale (Ewing 1963, p. 171).

Their control of transportation gave shipping wholesalers access to sufficient, albeit separated markets. As a consequence, most shipping and importing wholesalers (in a 1910 survey by Ville & Merrett) “had larger businesses than the retailers they served” (Ville & Merrett 2000, p. 19).

The 1890s saw the emergence of wholesalers that specialised in selling consumer goods to retailers – rather than transport services – and “from this time on, the wholesaler was an important part of the framework of domestic trade” (Forster & Bridge 1987, p. 227). This coincided with the increasing reach of Australia’s railways, and mirrored the expansion of large drapery stores such as *Farmer & Co.*, *David Jones* and *Marcus Clark & Co.*

These “softgoods” wholesalers began setting up large warehouses in the 1890s to display their consumer wares, locating around York St and Sussex St – between the railyards and Darling Harbour wharves where supplies of goods arrived, and the CBD area where their department store customers were located. This clustering of wholesale showrooms allowed retailers to compare goods and prices, and by the late nineteenth century large warehouses were “an integral part of trading in Sydney... (and) York Street on buying days was like a gentlemen’s club” (Pollon 1989, p. 37). This location remained the hub of wholesaling in Sydney until at least the 1960s (Simons 1966, p. 16).

In 1879, the “Big Eight” softgoods wholesalers (also known as “fluff and tape monarchs”⁹³) formed the *Associated Warehousemen of Sydney*.⁹⁴ The “Big Eight” wholesalers were Messrs. W. & A. McArthur Ltd; Sargood Bros; W. Gardiner & Co Ltd; Robert Reid & Co., Ltd.; Alcock Bros., Ltd; Petersen, Boesen & Co, Ltd; Paterson, Laing & Bruce, Ltd., and Henry Bull & Co, Ltd.⁹⁵ Some of those wholesalers also shared close ties with department stores, for example Henry Bull was the son-in-law of Anthony Hordern I.⁹⁶

No other research exists on wholesalers in Australia in the period under study, but by the 1920s in most Western nations, wholesalers were under threat. Australian retailers began to import directly and “increasingly the department stores and later variety chains opened their own buying offices overseas. They eliminated the local wholesalers handling imported lines and dealt directly with manufacturers abroad” (Ville & Merrett 2000, p. 25). Sydney department store retailers were also expanding their own manufacturing operations, and establishing country and suburban branches (thus reducing the need for wholesaling intermediaries), such as *Marcus Clark*, which by 1924 had branches in North Sydney, Newcastle, Wollongong, and Dubbo.⁹⁷

Retailers’ direct purchasing from manufacturers was the key contributor to the declining importance of wholesalers. A 1930 study by the Harvard Business School found that the chain stores’ advantages arose primarily because of their ability to eliminate wholesalers.⁹⁸ The study found that US chains performed “the combined retail and wholesale functions at an expense of about 7% less in percentage of retail sales, than the figure for which the independent retail and wholesale grocers perform those functions” (Copeland 1931, p. 303).

93 “United at Last. The Big Eight Back Again”. *The Storekeeper and Commercial Record*. July 19, 1909. p. 5.

94 “Dissolved After Thirty Years. Trouble in York Street”. *The Storekeeper and Commercial Record*. 18 March, 1909. pp. 5–6.

95 Henry Bull & Co later became D. and W. Murray’s (Pollon 1989, p. 41).

96 Robert Reid was the “wholesale associate” of Melbourne department store Buckley & Nunn (Pollon 1989, p. 34).

97 “Building a Big Business”. *The Journal of the Retail Traders’ Association of NSW*. 1924. 5. pp. 200–204.

98 A US government census in 1928, which surveyed the sources of merchandise purchased by chains, found that chains bought “most of their goods directly from manufacturers and growers. The (Federal Trade Commission) report found that chains purchased 75.5% of their merchandise from manufacturers, 7% from growers, 7.3% from brokers and commission men, 7.9% from wholesalers and jobbers, and 2.3% from other sources” (Kim 1999, p. 97).

Apart from direct purchasing by large-scale retailers, smaller retailers began congregating into voluntary chains, to help fund their own wholesaling co-operatives. In America, the first nationally successful voluntary chain was the United Drug Company (UDC), established in 1903. Pharmacy retailers "joining United would purchase shares in the wholesale firm and would agree to buy their merchandise only from that company. In return, they were promised low prices on the goods they purchased, as well as a dividend at the end of each year" (Monod 1996, pp. 181–182).

For wholesalers in all Western nations in the early twentieth century, the growth of the mass market "had been especially painful, and 'direct selling to retailers' had led many to predict the doom of the wholesaler" (Monod 1996, p. 250).

In sum, wholesalers faced major secular and environmental changes in period under study that marked them with declining relevance, and a diminution in their ability to dictate terms to retailers.

3.5.4 Governments

There were three main areas of government regulation affecting retail operations in Australia. These were trading-hours legislation, price setting and related to this tariffs on imports, and protection for workers on conditions and pay, which was mainly governed by compulsory arbitration.

Provisions limiting the trading hours of shops began to appear in Australia in 1898. In New South Wales, The *Early Closing Act* was enacted in 1899, which set down the closing hours of trading to be 6.00 p.m. Monday–Thursday, and 10.00 p.m. on Fridays, with a half-holiday on Saturday (Macculloch 1980, p. 173).

"After-hours trading" breaches were common, however, and Dixon found that "one estimate in the early 1930s was that one-fifth of all grocery sales in NSW were made after the supposed closing hours. The grocers' association blamed this condition on lax enforcement and 'inefficient' housewives, that is those whose requirements did not coincide with the traders' desires" (Dixon 1972, p. 15).

Enforcement of the Act was complicated by the differing rules applying different ownership structures (stores of any type run by a partnership could remain open

for one hour later than other store types), and also to the types of goods sold.

This proviso was a problem, however, because of the growing range of the merchandise carried by retail stores and the encroachment, especially by the “universal provider”, into formerly specialist product lines. Small stores too were expanding their merchandise mix, as reflected in the amendment made to the *Early Closing Act*, just one year after its introduction, to correct “the problem of scrambled merchandising”. The 1900 amendment provided that “a shop ‘in which the mixed business of a fancy goods seller and news agent is carried on, must close at the hour fixed for fancy goods shops’” Dixon (1972, p. 14). Similarly in 1934, “it was necessary to seek changes in the New South Wales *Pure Foods Act* because so many retailers not registered as butchers were now selling meat from their refrigerators in forms only legally permitted to butchers” (Kingston 1994, p. 58).

Retail prices were also subject to much governmental intervention, especially through tariffs on imports. Tariffs on overseas goods were enshrined in the *Customs Tariff Act* of 1908, which gave British goods a 5 per cent advantage over other imports, a figure that increased to 12 per cent in 1921. By the end of the 1920s “more than 250 items carried a duty of more than 40 per cent” (Macintyre 1986, pp. 204, 212–13).

In addition to the impact of tariffs on the cost of goods, prices were also kept high by the collusive practices of combines and trusts in Australia. Governments, however, had “little or no wish to curb the restrictive trade practices, which benefited many businessmen” (Buckley & Wheelwright 1988, p. 229). The practice of tariff protection was “an important element in the lack of control of monopoly power... By narrowing the buyer’s choice of goods to Australian manufacture the tariff helped many producers to positions of considerable economic power” (Dixon 1972, p. 25).⁹⁹

Price controls and freezes erupted in the inflationary First World War years. A 1915 referendum to control prices was abandoned by Prime Minister W. M. Hughes within a week of his taking office (Macintyre 1986, p. 161). Hughes’

⁹⁹ Attempts by State and Commonwealth governments to control monopoly power were uncommon and also ineffective because of the difficulty in “proving an intent to cause detriment to the public” (Dixon 1972, p. 25).

abandonment of the prices referendum was received “with great indignation as a sell-out to the Trusts and Combines, the food monopolists, the sweaters of industry and the whole vile crowd of Capitalistic Huns” (Macintyre 1986, p. 163).

In 1920, when the basic wage of £4 per week was found to be inadequate by a Royal Commission on the cost of living¹⁰⁰, the NSW government enacted the *Profiteering Prevention Act* (1920). This was replaced in 1923 with the *Monopolies Act* but litigation under the Act was “exceedingly rare and ineffective” (Dixon 1972, p. 27).

Apart from price intervention and trading hours, the treatment of workers was governed by a series of laws that were enacted in NSW in the period under study which:

fundamentally changed retailers’ control over their own workers. The *Factories and Shops Act* (1896), the *Early Closing Act* (1899), the *New South Wales Arbitration Act* (1901), the *Minimum Wage Act* (1908) and the *Saturday Half-Holiday Act* (1910) together represented a determined, but not always successful, attempt by the state to regulate wages and working conditions in factories and shops. The legislation articulated the concern of various reform movements of the late nineteenth and early twentieth centuries with the welfare of women and young workers (Reekie 1987, p. 10).

The *Factories and Shops Act* (1896), was the first legislation to give any protection to shop assistants in NSW. The Act stipulated that one chair had to be provided for every three females, to be used when not serving, and that women under eighteen and boys under sixteen were not allowed to work more than 52 hours a week with overtime allowed (once a week) (Ryan 1984, p. 146).

The *Industrial Arbitration Act*, which took effect in NSW in 1902, introduced compulsory arbitration between registered trade unions and employer bodies, where disputes could not be voluntarily resolved between the parties. The Act spurred the formation of both the New South Wales Shop Assistants’ Union, and The Master Retailers’ Association, as earlier discussed.

In 1904, the *Federal Conciliation and Arbitration Act* was passed, which provided for employers or workers who operated under federal awards (such as in the clothing industry), with disputes that went beyond the borders of an Australian state. The

¹⁰⁰ Australia History by the Decade. <http://worksite.actu.asn.au/history/1920s.htm?>
Australian Council of Trade Unions website. Viewed 12 December 1999.

act affected manufacturers in the main, since most retailing operations were local affairs, but as department store retailers increasingly began to take on manufacturing operations, they too fell under its jurisdiction. In 1910, the High Court ruled that the Federal Arbitration Court could not make an award a common rule, binding on those who were not directly parties to the dispute (Buckley & Wheelwright 1988, p. 236).

The inability to set common rule and the overlap in the powers of the State and the Federal arbitration courts caused many difficulties in setting new awards. As Dixon observed (1972) regulation in retailing in this country has long been hampered by divisions between Commonwealth and State powers.¹⁰¹

Apart from legislation that directly impacted upon retailers, the industry was also influenced by broad-based forms of regulation. These included the advent of new taxes such as child endowment, introduced in NSW in 1927, or the *Workers Compensation Act*, introduced in NSW in 1926.

Grocery retailers faced various laws concerning consumer health and safety.¹⁰² Packaging was also regulated under various state Weights and Measures Acts, based on the English Act (1852), and particular cases "such as the weight of loaves of bread were handled under the State Bread Acts" (Dixon 1972, p. 16).

The Pure Foods Act 1908 (NSW) prohibited the sale of adulterated or falsely described foods, and provided that packages of food were to be labeled with the description and weight of their contents. False description did not extend to "puffing" however, for an early decision held that a statement as to the efficiency of a drug was merely a statement of opinion and did not come under the Act. In the same year the Victorian Health Act required that every package of food show a description, the weight or volume of the contents, the identity of the seller or maker, the place of manufacture, and the proportion of other substances used for preservation, coloring, or flavoring (Dixon 1972, p. 16).

¹⁰¹ In his historical review of public policy toward retailing, Dixon found that "Australia's lack of a national policy or a consistent set of State policies derived in part from the constitutional... limitations upon power of the federal government... The regulations that do exist have evolved haphazardly throughout the century, mainly as offshoots from other interests, such as public health and labor conditions" (Dixon 1972, p. 32).

¹⁰² Meat and milk "attracted regulation. Sight and smell alone made surveillance desirable in the earliest butcher shops... Adulteration was always a problem with milk, and as well there were the health hazards posed by many urban dairies. Maintaining basic levels of cleanliness and hygiene for perishable foodstuffs and the use of proper weights and measures continued to be the basic reasons for surveillance or intervention in shopping throughout the nineteenth century. For shoppers the rule was still caveat emptor, let the buyer beware" (Kingston 1994, p. 103).

Merchandising techniques such as coupons and trading stamps – in which customers accumulated coupons to redeem gift rewards – also came under government prohibition. By 1907 legislation restricting or abolishing the issuing of coupons had been passed in South Australia, Victoria, Tasmania, Western Australia, and New Zealand¹⁰³, but not in New South Wales.

The Victorian Trading Stamps Act (1901) provided that

no person shall on the sale of any goods issue any trading stamps. The first case reported under this Act involved a manufacturer of laundry starch who enclosed coupons in the packages of his product offering a wringer in return for a stated number of coupons. Action was brought against a retailer handling the starch, but he was found not to have issued stamps within the meaning of the Act... Such stamps issued by the sellers, sometimes described as 'gift coupons,' were also objectionable to retailers because they were often issued by manufacturers whose lines did not carry the customary margin. Furthermore, 'the manufacturer uses the customer as the fulcrum to exert pressure upon the retail grocer to stock products because of their coupon appeal, without regard to their intrinsic value; and this unwarrantable influence and interference in the conduct of his business is humiliating and embarrassing to the grocer' (Dixon 1972, p. 18).

In summary, the operations of retailers were affected by a wide array of governmental policies that impacted directly and indirectly on their dealings in distribution.

3.6 Conclusions

This chapter brings together extant historical research on retailing evolution in Western countries during the late nineteenth and early twentieth centuries. It provides an historical synthesis in a systems framework that examines retailing at three levels: individual stores, the industry or "population" of stores, and as a part of the larger distribution industry. Such a wide-ranging review of retailing history had not previously been developed, so this chapter is itself a contribution to knowledge.

The complexity of the interactions of retailers with others in the system – including manufacturers, wholesalers, consumers, workers, and governments, as discussed in this chapter – demonstrates that retailing evolution cannot be properly understood outside the related systems of which it is a part.

103 "The Parasitic Coupon System. Strong Allegations in Parliament". *The Storekeeper and*

This review confirms that retailing evolution also needs to be understood in the context of the physical and the cultural environments in which it takes place. It is only by doing so that we can appreciate the profound impact that department stores of a century ago have had on the way that we shop today.

Attitudes towards shopping shifted radically in the period under study: from nineteenth-century Victorian frugality and disdain of materialism, to public norms that emerged by the 1920s as a discernible culture of consumption. The mass-retailing department store formed the coalface of consumerism, and though it “did not alone lead to the appearance of the consumer society, it did stand at the centre of the phenomenon... a vehicle for the construction of a modern culture of mass consumption” (Humphery 1998, p. 25).

This review offers evidence that the turn-of-the-century department store was perhaps the most significant influence in the making of “the consumer society”. Department stores decked the physical site of shopping in glamour and decorum, and they used window displays and newspaper advertising, imaginatively and increasingly, to sell the aspirations of consumerism and the pleasures of shopping. As Miller wrote about the impact of the world’s first department store, *Bon Marché*: “the picture of the proper household, the correct attire, the bourgeois good life were all, to a degree, *Bon Marché* creations” (Miller 1981, p. 182).

In the pursuit of rapid stockturn velocity, department stores “deliberately courted a mass trade” (Reekie 1993, p. 41). Department stores ushered in “risk-free” shopping - at a time when consumers were comparatively unprotected by law - by offering money-back guarantees returns and exchanges, and no-haggle prices. Innovations such as mail order, “low prices” and “sales”, helped break down nineteenth-century barriers to shopping that arose from lack of transport, social class, and income. These and many retail marketing practices that today we presume are “modern” - such as customer loyalty schemes, extended trading hours, and one-stop shopping - have been around for at least a century.

As discussed in Chapter One, however, the “revolutionary” status of the retailing innovations of the early twentieth century requires qualification. As Crossick and

Commercial Record. 17 October 1908. pp. 11-16.

Jaumain point out, precursors could be found for each of these innovations. It was the gathering together of these changes by department stores that constituted a critical stage in the evolution of retailing (Crossick & Jaumain 1999, p. 9).

This chapter provides a window on more than three decades of history covering that critical period in retailing evolution. The long-run coverage of this review reveals change as a cumulative process, which supports the literature arguing for the necessity of studying objects over long time periods, and within their historical context (Lewin & Volberda 1999).

In effect, a systems approach offers an extended framework to develop both a macro and micro view of the object of study. In this case, the systems framework affords a view of retailing from the outside, but also from the inside, and the retailers' point of view. This dual focus exposes change as a process of co-evolution, with retailing firmly embedded, and interdependent, within its environment.

4 Case Study Methodology

4.1 Introduction

Chapter One of this thesis identified a range of factors that have been indicated as influencing the evolution of retailing. That chapter argued that the development of the body of knowledge about retailing evolution is itself an “historical” product, and that the single-cause theories that dominated at particular times were in some ways a reflection of wider historical concerns and circumstances. Because of this, systems theory was deemed the most defensible theoretical approach because of its insistence on understanding context and process, and the possibility of multiple causal factors.

4.2 Statement of the Problem to Be Investigated

The shortage and the shortcomings of extant research have meant that the development of a model to explain retailing change has proved “elusive” (Filser & McLaughlin 1989). The problem to be investigated in this research, therefore, can be stated as discovering what took place in retailing history in Australia, and which, if any, of the extant theories help us understand those changes. In essence, this study aims to answer the questions: What happened and, did history support or refute what we would expect to find according to theoretical explanations of change?

The design, rationale and implementation of the empirical study for this research are reported in the rest of this chapter.

4.3 Case Study Method

A case-study approach, using the first-hand historical records of Australian retailing institutions, was deemed the most fitting method for this study. This is because a case study approach allows for sufficient detail, and in-depth analysis over time, with particular attention to the context of the case. This is consistent with the broad aim of the research question, and also with the holistic approach of systems theory.

4.4 Survey of Available Archives

The decision to use a case study approach required an understanding of the nature

and location of retailing archives in this country, and an assessment of whether they contained sufficient data to support an in-depth case study.

There is no existing directory of retailing archives in this country, however, so this entailed a significant amount of research to identify the extent and content of archives that were accessible for public use. This was a protracted process because there is very little relevant research from which sources of archives could have been collated. In addition, archives are also generally not found on the Internet, since the historical materials of collecting institutions are typically the last to go “online”.¹⁰⁴ It was therefore necessary to initiate written communication with collecting institutions around Australia to ascertain the existence of any retail holdings.

Apart from the difficulties of tracking down archives, it is also difficult to ascertain their contents, and therefore their potential. Most collecting institutions prepare a list of the records,¹⁰⁵ but typically the level of detail is brief, and these “listings” are not oriented for searching by subject or area of interest – rather by the original order in which the records were created and maintained. There is also no standardisation in the measures used to describe the size of archival collections. Common measures are shelf metres, meaning the lineal metres occupied by the collection once it is placed on bookshelves, but other measures such as the number of “storage boxes” or “volumes” are also common. This adds to the difficulty of comparing potential case subjects.

Furthermore, because archives contain one-off original documents, strict rules govern their handling and use. Archives cannot be borrowed (or browsed), and researchers may view them only at the host institution. In Australia, retail archives are located in every State capital except Darwin and in regional cities from Rockhampton¹⁰⁶ and Geelong to Launceston and Armidale. An in-depth survey of

104 This reflects the “poor cousin” status of historical collections, but also their huge size. As the National Archives of Australia points out, “It is unlikely that a collection numbering many millions of existing records would ever be fully accessible online”. <<http://www.archivenet.gov.au/faqs.html>>. Viewed 4 March 2004.

105 Numerous Australian retailing collections are still “unlisted”, however, and details of their provenance remain unknown.

106 Rockhampton’s collection of retailing archives is impressive. Central Queensland University holds the archives of six of Rockhampton’s retail stores, dating from 1884, plus the minutes of the local Merchants’ Association. This suggests the opportunity for writing a unique history of the city through the eyes of its local businesses.

all possible archives would therefore be very costly.¹⁰⁷

Altogether 170 retailing archives were identified at 35 different host institutions including local, regional, state, national, and university libraries, historical societies, and five store-run archives.¹⁰⁸ The store types represented in the identified archives ranged from department stores (the most common with 37 collections) and grocery stores (28), to chemists, butchers, ironmongers, newsagents, jewellers, bookstores, chains and retail co-operatives. In addition to individual stores, the archives of industry-related institutions were also identified, including the archives of The Master Retailers' Association, Australian Booksellers' Association, Shop Assistants' Union, numerous manufacturers' trade organisations, and chambers of commerce.

Details of each collection (where they could be established) were entered into a database containing the following fields: store or institution type, geographic location, time coverage, size of the collection, scope and nature of records, host repository location, and short "biographies" of stores.¹⁰⁹ This database proved very useful in the analysis stage, in providing examples from individual retail stores.

The 170 archives varied considerably in their time period and duration. The earliest identified dates from 1828¹¹⁰ – just forty years after white settlement in Australia – though more than half the collections date their commencement in the years from 1860 to 1920, a period when mass volume retailing emerged in Australia. The longest duration was 134 years (1829–1963) – *Cappers Pty. Ltd. Hardware* store in Newcastle, a "household name in the Hunter Valley"¹¹¹ – although the median duration of identified archives is approximately 49 years.¹¹²

The identified archives also varied considerably in their nature and size. The most

107 The writer was able to visit collecting institutions in Canberra, Melbourne, Adelaide (and hometown Sydney) because of her partner's occupation as an airline pilot.

108 Only eight stores in the 170 identified are still operating today, and only five of these long-lived stores maintain their own archive: *Angus & Coote*, *David Jones*, *Gowings*, *Soul Pattinson* and *Woolworths*.

109 The database has been further developed throughout the candidacy and, at the time of writing, is subject to an offer for website publication by The Australian Science Technology and Heritage Centre (pending funding).

110 The NSW general store of *Robert Towns & Co General Store* (1828–1896), *Robert Towns & Co* MSS 307 Mitchell Library.

111 *Cappers Pty. Ltd.* at Newcastle Regional Library, Inventory No 7.

112 Fourteen of the 170 archives had no identified start and/or end dates.

common classes of records are minutes and annual reports (because of statutory requirements on companies) and these are often the only types of records in small archives. Larger archives, which occupy many metres of shelf space¹¹³ or in *David Jones'* case its own warehouse-size room, take in materials ranging from price lists and labour data, staff magazines, store advertisements and catalogues, photographic collections and artefacts, and – since most stores were family-operated – even family histories.

4.5 Selection of Archives for Further Study

To help determine which archives would be studied, each collection was evaluated using the criteria below. The last three criteria pertained to the possibility of conducting a study using more than one archive.

1. Broad scope of records (i.e., more than statutory and financial operating details).
2. Substantial size of archival collection, together with a continuous time series in the records.
3. Absence of restrictions on materials in the collection.¹¹⁴
4. Spread of sizes of retail stores: small versus large.
5. Geographical spread of retail stores: State versus State; city versus regional.
6. "Failed" versus surviving institutions.

Substantial size, broad scope of the records, and a continuous time series (no gaps), were seen to be essential for undertaking an in-depth case study.

Nine archives had an acceptable fit with these criteria, comprising eight store archives and The Master Retailers' Association, as outlined in Table 6 below. Five of the store archives represented large city-based retail institutions. A further three archives of smaller, regional stores were also shortlisted for their potential as a comparative case study.

¹¹³ While it's difficult to compare them precisely, several collections are very large and appear to offer substantial data (for example, Edward Duckett & Sons 88 shelf metres, Myer's 47 m, Farmer's 60 storage boxes, Foy & Gibson 47 m, and others).

¹¹⁴ Although all the identified archives are publicly accessible, some archives carry caveats on using particular classes of records therein, for example, records identifying shoplifters where those persons may still be alive.

Table 6: Shortlisted Archives for Potential Study

DEPARTMENT STORES 3 CASES	1. DAVID JONES Sydney, household name Significant archives Time Span: 1898–2004	Australia's oldest surviving department store, David Jones began in 1838 as a drapery store, "importer wholesale and retail", later adding manufacturing to its business. Records: Extensive collection, annual reports from 1898, and many other types of company records.
	2. FOY & GIBSON Melbourne, household name 2+ archives Time Span: 1884–1960, 1906–1966	Softgoods retailers, manufacturers and importers, Collingwood, Melbourne. William Gibson entered partnership with Francis Foy in 1883 in Mark Foy's retail business. Gibson added manufacturing and importing to the business and many subsidiary outlets in Victoria and interstate. Records: 47m cashbooks, balance sheets, staff hiring, catalogues, plans, photographs, assorted others; Minute books 1936–66, AGM minutes 1937–66, Ann reps 1937–62.
	3. BOANS Perth, household name Smaller archive but other primary source materials elsewhere Time Span: 1895–1977	Harry and Benjamin Boan opened a department store in Wellington Street Perth in 1895. Boans Limited (its name from 1912) came over time to be the largest private employer in Western Australia, employing staff at a number of suburban stores as well as the city store. In 1985 it was taken over by Myer. Records: Smaller collection but promising types of records e.g. advertising bookings time series 1955–73, customer and staff files, organisation charts, biographies, oral histories, guides for staff; also 5 audio recordings of staff.
CHAIN STORES 2 CASES	4. WOOLWORTHS Sydney First Australia-wide chain Significant archives Time Span: 1928–2004	Opened Dec 1924 in Sydney as "Woolworths Stupendous Bargain Basement", but no thought had been given to a chain of stores until 1927 when an offer of a Brisbane location was taken up. In 1928, 3 more stores were opened and by 1933 Woolworths had expanded to 23 branches. Woolworths launched into self-service supermarkets in 1960, the same year it became the first retailer to operate Australia-wide. Records: Extensive collection and all sorts of company records.
	5. CROFTS CHAIN STORES Melbourne's first self-service chain store 2 archives (store + staff) Time Span: 1928–1966	Archibald Crofts started his grocery business in South Melbourne in 1905. The chain pioneered self-service food stores in Australia, and by 1945 it had 110 branches. Records: 12m Grocery chain records ledgers 1918–31, 1942–57, cashbooks 1930–58, balance sheets 1921–27, prices 1909–68, percentage of gross profits 1933–56; staff training course – sales department 1943, other manuals. Also Cairns, Tom "As it was: work as a grocer boy saw it in Middle Park 1933–39" State Library of Victoria MS 12750, Box 3530/2.
REGIONAL STORES 3 CASES	6. MAGICK'S STORE Time Span: 1925–1969	50 volumes, Binnaway NSW.
	7. J. RICHARDSON & CO Time Span: 1881–1950	75 volumes, NSW.
	8. J. IRELAND PTY LTD Time Span: 1851–1964	Jesse Ireland came to Newcastle in 1867 after establishing several small stores in the Sydney area. In 1870 he established a business that was to continue for 94 years. Extensive collection of Ireland group of companies, including those for chains Ideal Stores, Owl Stores and 'Moneysavers', Newcastle NSW.
INDUSTRY 1 CASE	9. MASTER RETAILERS' ASSOCIATION Time Span: 1903–1970	Formed in 1903 to represent the interests of retailers in union and government negotiations. Records: Minutes 1903–1970, monthly journal from 1919 bound in annual volumes, each issue contains many short articles on retail news, business histories, speeches, etc.

The Master Retailers' Association offered the most apparent potential for a case study for the following reasons. The MRA was the dominant retail trade employers' organisation in NSW, representing retailers in Sydney's city and suburbs, with membership extending to Newcastle. This archive therefore promised an "official" industry-wide account of events, and more analysis of system-subsystem and system-suprasystem relationships.

In addition, the descriptive nature of the journal of the Association offered a detailed monthly digest of the newsworthy events and individuals of the times, unlike the ad hoc or numerical types of records in other shortlisted archives. Finally, this archive was Sydney-based and therefore expedient, and unlike the historical documents held in public libraries, the records were made readily available for both browsing and copying by the current-day descendant of the Association, the Australian Retailers' Association - New South Wales.¹¹⁵

The data used for the case study cover the records of the Association for the period from its first meeting in May 1903, until December 1930. The 1930 termination year was chosen as a cut-off point because of the onset of the Depression and also because of the large volume of data already collected (almost 80,000 words). At that point, evaluation of the breadth and depth of information already collected indicated that there was ample data for the analysis envisaged. Furthermore, it became apparent that a multiple case design was neither necessary nor feasible.

This case therefore features the historical records of The Master Retailers' Association¹¹⁶ for the 1903–1930 period. These dates span the heyday of department stores in Australia, a periodisation that lags that of other Western countries.¹¹⁷ Department stores emerged earlier in other places, and chain stores had made significant headway in the US and UK by 1930, but their appearance in Australia, and Sydney in particular, was delayed.

¹¹⁵ The ARA office also provided photocopying facilities and the use of workspace in its office.

¹¹⁶ Renamed in 1921 as The Retail Traders' Association (RTA) in 1921. In this case study, when comments apply to both The Master Retailers' Association, and The Retail Traders' Association, the word 'Association' is used.

¹¹⁷ Alexander & Akehurst (1998, pp. 5–6) point to an established form of periodisation in retail research of 1875–1914 as the time when "modern" mass volume retailing arose, at least in other countries. It was not until the late 1890s, however, that drapery stores in Australia began expanding into other product lines, a hallmark of the department store.

4.6 Nature of the Records for This Study

Table 7 summarises the main types of primary source documents used in this case study. The main classes of archival documents were the minutes and annual reports of the Association, and its monthly journal, which commenced publication in July 1919.¹¹⁸ Together the archive comprised continuous data from the minutes and annual reports for the 27.6 years period from May 1903–December 1930, and 11.5 years of monthly journals from 1919–1930, bar one missing issue (October 1920).

Table 7: Main Primary Source Documents used in this Study

PRIMARY SOURCE DOCUMENTS	TIME SPAN
Retail trade journals	1900–1930
Mass newspapers and journals	1900–1930
Association minutes	1903–1930
Association annual reports	1903–1930
Association journals	1919–1930
Association scrapbooks, and memorabilia	Ad hoc

There are several characteristics of the different classes of documents that need discussion, in order to understand their purpose and the resulting analysis that has been drawn from them.

The minutes provide an official chronology of the decisions of meetings of the Association and, from the 1920s, also of the various sub-committees and councils working within the Association. The range of councils grew in number and type during the 1903–1930 period, reflecting the maturing nature of the retail industry, and its many diverse interest groups. For example, the minutes of July 1923 list nine special-interest committees: legal, publicity, clothing, boots, furniture, grocery, jewellery, tobacconists and suburban stores.¹¹⁹

In the Association's early years, minutes were issued every two to three weeks,

¹¹⁸ *The MRA Journal* renamed *The Journal of the Retail Traders' Association of NSW* in August 1921.

¹¹⁹ Likewise in America, where in 1925 the counterpart trade organisation, the National Retail Dry Goods Association, had many "special-interest caucuses" including "the Controllers' Congress, the Traffic Group, the Sales Promotion Division, the Retail Delivery Association, the Store Management Group, the Personnel Group, and the Merchandising Division" (Benson 1986, p. 314).

(reflecting the urgency of meetings during the fight over Common Rule and the Shop Assistants' Case), but minutes (and meetings) had settled to a monthly frequency by the time the journal began publication in 1919. The minutes are handwritten – and sometimes illegible – but typewritten minutes began to appear after 1916,¹²⁰ and from 1919 the minutes were published in the Association's journal.

Because minutes are intended as official summaries, they are limited by their nature. These types of documents are typically the most restrained in their writing style, and because of their summary nature, explanation and context are typically omitted. In 1904, for example, sets of minutes noted that correspondence had been received regarding the subjects of "Child Labour",¹²¹ and a "Decimal System of Coinage",¹²² but no other information was given. Though these topics became subjects of interest for further data collection, no relevant information was uncovered from the archive, and it was not possible to further pursue such intriguing but obscure references.

In contrast to the brevity of minutes, the Association's monthly journal, which was issued free to members and edited by the Association's Secretary,¹²³ provided a fulsome commentary on the events and views of the times.¹²⁴ The collection of journals used in this case study totalled 137 issues for the period July 1919–December 1930, during which time the publication grew in both size and circulation, mirroring the growth taking place in retailing during that time.

The number of pages in the journal quadrupled from 16 to 68 pages in the 1919–1929 period, the biggest increase coming in 1926 – at the height of department

¹²⁰ Minutes of the MRA, 24.10.1916.

¹²¹ Minutes of the MRA, 1.2.1904. "Correspondence received from Country Storekeepers' Association regarding child labour".

¹²² Minutes of the MRA, 27.10.1904. Letters were received from the Anti-Arbitration League and also from the Treasury of the Commonwealth re "Decimal System of Coinage". "The Secretary was instructed to reply that when the matter is considered we will advise them of our views". No further mention, however, was made in the minutes.

¹²³ 22nd Annual Report. *The Journal of the Retail Traders' Association of NSW*, June 1925. 6. 12. p. 368.

¹²⁴ A 1921 editorial stated that the official purpose of the journal was to bring "even further value to members by the discussion of many problems which affect the mutual advancement of the trade, and the community as a whole, none realising more than the business men engaged in the vast retail business of the Commonwealth how closely the interests of the consumers are allied to those of the traders who are charged with the responsibility of rendering an efficient national service in providing for the people's daily needs" "Progress". *The Journal of the Retail Traders' Association of NSW*. August 1921. 3. 2. pp. 393-5.

store expansion in Sydney – when 18 pages were added “to meet the demand for additional advertising and reading space”.¹²⁵ In 1929, the page size of the journal was also increased, and an index of advertisers appearing in each issue was introduced. Circulation figures more than doubled in the period from 1919-1929 and the Association’s 1927 annual report declared its journal as “the recognised publication of the retail trade of New South Wales”.¹²⁶

The journal carried paid advertisements from its first issue in July 1919, and the number of advertising pages grew steadily during the period to 1930. Regular advertisers in the early years were mainly wholesalers and product manufacturers, including *Berlei* (Brassieres), *Dominion Corset Company* (D&A Corsets), *Lever Brothers* (Indasia Skin Soap), *Nettleton, Son & Co Wholesale Furniture*, and *Perdriau Rubber Co.* Service providers to the industry who advertised in early journals included *Bentons Advertising Agency*, *John Sands Printing*, and *The National Cash Register Company*.

By the late 1920s, completely new categories of advertisers appeared in the journal, which reflected the expanding operational concerns of retail managers. These included fleet cars and trucks for home deliveries, insurance companies (Compulsory Workers’ Compensation was introduced in 1926 in NSW¹²⁷), newspapers (advertise with us messages) and management training schools. Advertising agency services were also much more conspicuous.

Because the journal accepted paid advertising, the question arose about the possible influence of advertisers on its editorial content. A lead editorial in 1923 pointed out the risks (before the adoption of automated cash registers) of keeping control over the till. The editorial began: “As a faithful recorder of sales, the National Cash Register stands alone”,¹²⁸ and faces a full-page advertisement by that company. This example of an early “advertorial” shows the danger of taking

125 Annual Report of the RTA, 1926, p. 445.

126 June 1927 Annual Report, p. 19.

127 "Reducing Insurance Cost". *The Journal of the Retail Traders' Association of NSW*. July 1929. 11. 1. p. 21.

128 "Eliminating the Human Element". *The Journal of the Retail Traders' Association of NSW*. April 1923. 4. 10. pp. 237-8. The National Cash Register Company was an aggressive marketer (Friedman 1998), advertising in every issue of the journal from 1921 (Issue 2) with a different advertisement layout, and copy for each – the first advertisement pitched on price appeal appearing in the May 1923 issue. In other trade journals, NCR was advertising at least as early as 1912 (for example, *The Storekeeper and Commercial Record*. November 18, 1912. p. 37).

individual text items at face value, and out of their documentary or wider context. In the 137 editions examined, however, there were only three instances where articles had direct commercial links to advertisers,¹²⁹ and these were discarded from further analysis.

From the mid-1920s onwards, the journal included many “how-to” feature articles, reflecting the diffusion of mechanical or “scientific” methods of management. Feature articles on the benefits of staff welfare and “employee fitness” also started to appear in the 1920s, reflecting a new view of workers as an asset that could be cultivated.

A large number of the feature articles in the journal were reprinted from overseas publications, including the *New Zealand Draper*, *The Draper's Organiser* (UK), and increasingly from American journals such as *The Dry Goods Economist*. Indeed, in a 1928 series of photographic portraits that ran on page one of each edition of the journal, the photo subjects were often American retailers.¹³⁰ Many of these foreign features were excluded from data collection because of their origin and, consequently, their general or non-specific nature, for example, exhorting retailers to practise “scientific” management.

Finally, the news and feature content of the Association's journal was centred on the Sydney city area, where large department stores were based, although items about Newcastle were fairly common, reflecting that city's relatively large population and industrial base. News coverage in the journal also favoured large-scale retailers and, consequently, stories about small stores were rare.

Other retail trade publications that were distributed in Sydney in the 1903–1930 period included *The Draper of Australasia*, which catered to narrower interests in retailing: “drapery, men's wear, boots and shoes, clothing and fancy goods trade”;

¹²⁹ Others include a series of articles beginning from January 1920 – purportedly on industrial efficiency but also coinciding with advertisements – by *Pelaco*, a manufacturer of shirts and detachable collars which were, at that time, mandatory attire for well-dressed men; and two stories on the cloth-measuring machine *Measuregraph* (a competition for sales assistants using the machine, and a discussion on the Value of the *Measuregraph* by Members of the N.Z. Drapers' Federation), both of which faced full-page advertisements by the company (April 1924, p. 270 and July 1924 p. 54).

¹³⁰ For example, *The Journal of the Retail Traders' Association of NSW*, November 1928, features a photo of the President of the Merchants' Association of New York.

and *The Storekeeper and Commercial Record*¹³¹ which was dependent on cover sales, and tended towards tabloid sensationalism.

In comparison with these rival newspapers, the Association's journal was relatively comprehensive in coverage and conservative in tone. To add some levity to its sermonising, however, the journal used many "fillers", that is, homilies, quips, and jokes in the style of *Reader's Digest*. These fillers were valuable for their insights into popular perceptions about the nature of retailing, and the work ethic in general.

In sum, despite the bias of the data towards large Sydney-based department stores, the case evidence provides a longitudinal history from the retailers' point of view – and many interesting insights into the values, practices and culture of retailing – as perceived by the men who ran the industry's main trade Association, and Sydney's biggest department stores. As Benson found in her study of American department store retailing, the trade news of retailing offers "an excellent view of the most forward thinking of large-scale retailers. Used with care, these journals reveal managers' views of themselves, their customers, and the saleswomen, as well as shed light on the behavior and outlook of customers and saleswomen themselves" (Benson 1986, p.314).

4.7 Research Design

The design of the research was guided by the research question: to discover what took place in retailing evolution in Australia in the first three decades of the twentieth century, and to examine which, if any, of the existing theories help us to understand the changes.

As a consequence, the focus of data selection, analysis and interpretation was mainly exploratory, but was also informed by theory and "causal" explanations.

Exploratory research was directed towards discovering and describing the development of retailing in Australia from a retailer's point of view, using the trade association's first-hand records. Very little is known about this – as discussed in Chapter One.

¹³¹ In 1911, the journal was renamed *Storekeeper and Country Trader*, with the imprint "Published in the interests of the Country Traders' Association of New South Wales".

Causal inquiry into the historical evidence was guided by the six theoretical arguments about retailing evolution identified in Chapter One, where change was assumed to take place *primarily* as a function of: economic efficiencies, patterns operating in nature, power inequities, innovative behaviour, environmental influences, and interdependent parts of the system in co-evolution.

Because the focus was largely exploratory, broad parameters were used in selecting the data to be studied. A preliminary list of key words or terms was developed to guide the collection and the filing of the data, but these were very loosely defined - if at all. Some of the theoretical themes presented in Chapter One could not be translated easily into single key terms, specifically patterns operating in nature, and the co-evolution of interdependent parts, so the broadest possible meanings were associated with these.

Furthermore, evidence of these phenomena - and causation in general - can only be discerned from a longitudinal view of the records, that is, by comparing (like with like) texts over time. This pedagogical problem also necessitated a broad and unstructured approach to data collection, which entailed selecting and transcribing many individual texts on the mere speculation of their possible future relevance for making analytical comparisons.

The preliminary list also included the actors nominated in Chapter Two as integral parts of the distribution system - namely manufacturers, wholesalers, governments, non-store retailers, consumers, and workers or unions. In addition, the initial list included key terms derived from the historical literature reviewed in Chapter Three, including window dressing, mass advertising, brands, consumer credit, mail order, chain stores, and management "science" (and their sub-headings).

This process resulted in the development of 78 key terms which, instead of having fixed definitions, were used rather like library catalogue headings. During the data collection process, a further 26 terms were progressively added as unanticipated topics emerged, for example, recurring reports of "unfair competition", and also as tentative themes began to suggest themselves. This resulted in a total of 104 key terms, which are attached in the appendix. Most key terms used in the collection of data were self-explanatory, but some required loose working definitions, which

are also included.

4.8 Data Collection

Data collection consisted of reading every set of minutes and annual reports for the period 1903–1919 in chronological order. This was followed by the reading of every journal – which contained the minutes and also the annual reports of the Association – for the period from 1919–1930.

From the minutes, journals, and annual reports, almost 80,000 words of text were transcribed using both Microsoft Word and Endnote software.¹³² These records provided the main core of evidence for the case study, and the resulting Endnote library covering the period from 1919–1930 is included in disk format with this thesis, because of its value as both a contribution and validation of this research.

Texts were selected and filed according to key terms, as discussed earlier. Rough notes and impressions, cross-references to other texts, and any queries on the transcribed records were written at the time of data entry of the text, together with the date and site of the collection of data. As noted earlier, however, the minutes of the Association were occasionally cryptic, or difficult to read, and it was sometimes impossible to ascertain their meaning. Such records were necessarily excluded from analysis.

Apart from the collection of written texts, a selection of editorial-style cartoons and posters produced by the Association, and advertisements were also copied for possible use. The selection of pictorial material was based on the ability of the item to depict the particular concept, or to support the interpretation of the accompanying text. Some of these pictorial items have been reproduced in the thesis.

4.9 Process of Analysis

The process of analysis followed the hermeneutic method (Forster 1994) recommended for use in case studies based upon institutional or company

¹³² The minutes from 1903–1919 did not suit entry into Endnote, because of their brevity and nature.

records.¹³³

Unlike content analysis, with its microtextual focus on number counts of recurring words and phrases, hermeneutics places greatest significance on the interpretation of the *meanings* of texts, and the context in which they were generated. The focus on meanings and context is supported by the reasonable contention that institutional documents do not exist in a vacuum. As Forster explains:

Company documents are (con)textual paradigms which are an integral part of other systems and structures in organizations. They share many of the attributes of paradigms described by Kuhn (1971), in the way that they define understandings of particular problems, prescribe appropriate behaviours and different ways of getting things done in organizations. They are not merely a preliminary to quantitative analysis, although they can be used for this purpose: they are important in their own right. They can be analysed as systems of understanding in the same way as other manifestations of behaviour... So, the meanings which people attribute to situations, rather than 'causal' variables, become the basic units of research. 'Understanding' rather than 'hypothesis-testing' becomes the key methodological issue to be resolved. These meanings cannot be reduced to a number of discrete variables acting within and on individuals. The meaning of the situation is, in itself, a *sui generis* reality, which is not reducible to a few independent and dependent variables (Forster 1994, pp.149-150).

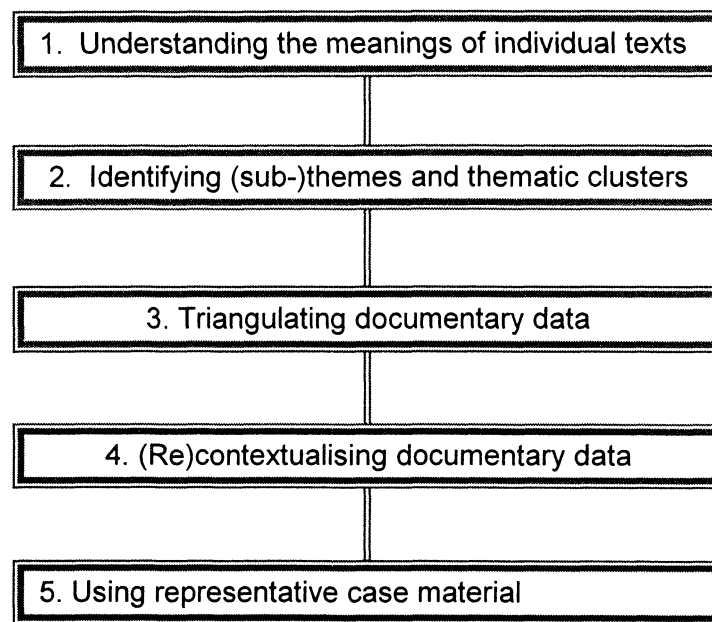
Creswell (1998) advocates similar ideas in his "life history" approach, for use in human biographies.¹³⁴ The life history approach holds that "the lived experiences of interacting individuals are the proper subject matter of (the biographical study and) the meanings of these experiences are best given by the persons who experienced them; thus a preoccupation with method, validity, reliability, generalizability, and theoretical relevance of the biographical method must be set aside in favor of concern for meaning and interpretation" (Creswell 1998, p.205).

The interpretation and analysis of the case data therefore took a more qualitative and contextualist approach than content analysis. The hermeneutic process, as

¹³³ For more on hermeneutics see
<http://www.qual.auckland.ac.nz/#Modes%20of%20Analysis>

¹³⁴ In the life history approach, the researcher collects extensive information on the subject and begins with a "set of experiences in the subject's life noting life course stages and experiences. Next the researcher gathers concrete contextual biographical material ... (with) a focus on gathering stories... The researcher explores the meaning of these stories, relying on the individual to provide explanations and searching for multiple meanings. The researcher also looks for larger structures to explain the meanings, such as interactions in groups, cultural issues, ideologies, and historical context, and provides an interpretation for the life experiences of the individual" (Creswell 1998, pp. 50-51).

adapted from Forster, is summarised in the diagram below.

Figure 4: The Hermeneutic Process

(Adapted from Forster 1994, p. 51.)

While the analysis of the data did not proceed in clear-cut steps implied by the above model, the overall process was similar. The first stage in the hermeneutic approach requires an understanding of individual texts in their own right, and this began from the outset of the data collection, as each text item was read and rough notes made. Having undertaken a comprehensive reading of retailing (and other) history also helped in understanding the texts in their own right.¹³⁵

The next stage of the hermeneutic model requires the researcher to develop a basic understanding of the whole body of data. This entails a “continuous back-and-forth process between the parts and the whole” (Forster 1994, p. 150), while attempting to search for themes within documents, and more broadly within clusters of documents.

Because of the 27-year span of evidence, however, it was difficult to assimilate the whole body of data. It was therefore decided to write a chronological narrative of the major events of the period, using the case data and other sources to fill gaps in

¹³⁵ Although not a trained historian, the candidate worked for the national headquarters of The Australian Bicentennial Authority for a period of six years, researching, writing and producing populist Australian history for print and audio-visual media.

understanding, and to clarify questions that arose in the data collection stage. This chronological account was written immediately following the data collection stage, and helped to site the data in its temporal context, and to expose the confluence of multiple “causes” of change. As with most written histories, however, the resulting narrative was discursive and unwieldy and resisted easy analysis.

The triangulation of documentary data thus began at this early stage, and took in a range of primary and secondary sources needed to validate the case evidence. The verification of the case evidence was an ongoing process, however, and it was repeatedly necessary to go back to the wider field and the case data to ensure a “correct” interpretation of the meaning of documents.

Sources used to triangulate the data included contemporary reports in major daily newspapers such as *The Sydney Morning Herald* and *The Daily Telegraph*, and retail trade journals such as *The Draper of Australasia* and *The Storekeeper and Commercial Record*. Parliamentary proceedings and other primary source records were also used, including the MRA’s own assorted memorabilia and a scrapbook of newsclippings for 1903–04, which drew from a range of sources, and this helped to triangulate the records by source and point of view.

Further secondary research took in the reading of histories of specific institutions, such as the Shop Assistants’ Union (Ryan 1984, Reekie 1987b), and “biographies” of individual stores. A range of special-interest histories was also reviewed to help better understand the background of particular subjects. These included histories on labour relations (Buckley & Wheelwright 1988, Macculloch 1980, Spierings 1989), lawmaking and government (Allin 1918, Kercher 1995), the introduction of new technology (Todd 1995), and food manufacturing technology (Farrer 1988, Richards 1988). These sources are reported in the system-wide analysis of the distribution industry, presented in Chapter Three.

In general, the case data was mainly corroborated by other sources although there were, of course, differences of opinion.¹³⁶ This suggests that the Association’s account of events was largely credible, and the historical records on which this

¹³⁶ For example, public allegations of profiteering by retailers as the main cause of inflationary prices in the early 1920s. The Association maintained steadfastly that rising prices were due to other causes.

case study is based were representative, to some degree, of the experiences of Sydney-based department store retailers at that time.

Having completed a first bout of triangulating the case data via other sources, the whole body of evidence was re-read twice, and re-evaluated in light of the researcher's increasing understanding of the background of the area of study.

The data was then written up according to a theoretical framework, which required further re-reading of individual texts for the re-ordering of the data as components of systems theory. A systems framework delineated the interrelationships between three divisions, which were headed *subsystem* (individual stores), *system* (the retail industry) and *suprasystem* (distribution industry).

This process of sorting and deeming information required an immersion in the records,¹³⁷ not only because of the sheer volume of data, but because many individual texts had more than one potential application. As the process of analysis progressed, documents that initially seemed of marginal importance or difficult to understand took on new meaning and relevance.

The lengthy process of writing and rewriting helped to develop an inductive understanding of the process of change, and emerging clusters or themes in the records (discussed in Chapter Six).

The final phase in the hermeneutic approach is to select the records that would best illustrate the case. The records chosen for reproduction in this case represent a very small percentage of the total material that was examined. The Association's journal constituted the major source of selected quotations, and, because of the exploratory nature of the study, the use of detailed or "thick description" was warranted, and some long quotations have been left untouched where they support the interpretation of meaning.

In conclusion, the process of analysis was a reiterative one, moving continuously between the parts and the whole of the data, and repeatedly back to the wider field

¹³⁷ Tracing the outcomes of documented decisions of the Association also required tracking topics over long time periods. Communication methods were so slow in

of literature for corroboration. The hermeneutic process required apprehending the meaning of individual miscellaneous texts, and then “relating these to the totality of the life-worlds in which they originated, and then re-interpreting the separate texts anew” (Forster 1994, p. 150). Rather than proceeding in sequential steps implied by Forster’s model, however, in this case study the stages delineated in his model often ran in tandem.

Australia at that time, however, that disputes could sometimes take years to come to a conclusion, if indeed at all.

5 The Master Retailers' Association

This chapter presents original historical research from the archives of Australia's largest retail employers' trade association, The Master Retailers' Association (renamed The Retail Traders' Association in 1921) for the period from 1903–1930.

The chapter provides a detailed case study on the Association¹³⁸, and the main “change events” that took place during the period under study, using an interpretive “life history” approach, as advocated by Creswell (1998) and discussed in the methodology chapter.

First, detail is provided on some of the founders of Sydney's largest department stores who made up the governing council of the Association. The powerful political and social connections of these men help explain the clout that the Association brought to the negotiating table.

Second, the various functions performed by the Association are examined. For the purpose of discussion, these functions have been grouped into three main areas: lobbying, educational, and mediating.

The material chosen for inclusion covers events in which the Association was recorded as successfully achieving change, and also those in which it successfully resisted the threat of change, for example, in defeating the ongoing push in the 1920s for the abolition of late-night shopping. Instances in which the Association failed in its attempts are also discussed.

Prior to commencing the discussion, a qualification is required. The history of the Association presented in this chapter is incomplete. It is limited to events that were reported in the records, and also by constraints of space. Apart from the events described herein, there were other issues in which the Association took a minor part that have not been discussed, for example, the Association's contributions to government initiatives on a decimal system of coinage.¹³⁹

Some of the Association's proposals that failed to get off the ground have also been

¹³⁸ In this study, when comments apply to both The Master Retailers' Association, and the Retail Traders' Association, the word 'Association' is used.

¹³⁹ Minutes of the MRA. 27.10.1904.

excluded from discussion. For example, the attempt to form a Federal Retailers' Council¹⁴⁰, and the idea for a campaign to advertise Australia abroad¹⁴¹ floundered for want of co-operation.

This account presents a unique contribution to knowledge, in spite of such omissions, since the role of trade associations in the evolution of retailing has received no attention – apart from Palamountain's US study published in 1955.

A chronological summary of the events that form the basis of discussion in this case study is presented in Table 9.

5.1 MRA Department Store Members

5.1.1 Formation of the MRA

The Master Retailers' Association was formed in 1903, in response to a log of claims issued on Sydney department stores by the Shop Assistants' Union for a minimum wage¹⁴², as discussed in Chapter Three.

Seven of Sydney's "largest" department stores¹⁴³ were represented at the first meeting of The Master Retailers' Association, a title that connoted the size and status of its members. Among them and those who joined in early meetings, were the founders of many of Australia's greatest department stores. They included (in alphabetical order): *Anthony Hordern & Sons*, *Buckingham's*, *David Jones*, *Edward Fay*, *Farmer & Co*, *Grace Bros*, *Hordern Bros* (run by a branch of the Hordern family), *Lassetter's*, *Marcus Clark & Co*, *Mark Foy's*, *McDowells*, *Murdoch's*, *Nock & Kirby*, *Messrs. Peapes & Co*, *Snows*, *Sweet Bros.*, and *W. T. Waters*. This roll call took in all of Sydney's large emporia, with the only apparent exception of *Gowing Bros.*, which appears to have obtained membership at some later date.¹⁴⁴

¹⁴⁰ June 1926 RTA Annual Report. p. 438.

¹⁴¹ As a means of increasing aggregate consumption in this country. June 1929 RTA Annual Report. P. 17.

¹⁴² An anonymous letter appeared in the trade publication the *Storekeeper's Journal*, referring to the "outrageous" log of claims of the SAU and the necessity of forming an Association "for the purpose of resisting the tyrannous demands of the men" "The Master Retailers' Association, Sydney". *Storekeeper's Journal*. August 6 1903. . The log of claims also included the protection of male workers against the encroachment of female and junior labour.

¹⁴³ *David Jones*, *Farmer & Co*, *Grace Bros*, *Hordern Bros*, *Waters*, *Hunters* and *Buckingham's*.

¹⁴⁴ *Gowing Bros* was represented at the June 1920 Annual Dinner (*The MRA Journal*. June 1920 p. 61). For more on this firm, see <http://www.gowings.com.au/index.asp?Try=Yes>.

These big department stores maintained strong affiliations with the Association throughout the 1903–1930 period, often serving on the Association's governing council or as principal executives, as can be seen in Table 8 below, listing successive presidents of the Association. It appears there was little challenge to the membership of the governing council, and on the expiry of their term in office, the incumbents were duly re-elected. As the 1920 Annual report noted: "The President announced that 15 nominations had been received, and as the number of nominees was exactly that required, he declared the (majority of incumbents) duly elected members of the Council for the ensuing year".¹⁴⁵ Thus the Association benefited from the membership of Sydney's largest department stores, and there was considerable stability of big department store membership in the period under study.

In spite of its pedigree among Sydney's retailing elite, however, it appears that the MRA almost failed to get off the ground in its first few years of operation.¹⁴⁶ Shortly after its formation in 1903, The Country Storekeepers' Association and The Retail Grocers' Association also came into existence, and the MRA spent a significant amount of time trying to court, or quash in the court, these and other rival organisations.¹⁴⁷ The Association also actively hawked for new members¹⁴⁸, and a professional recruiter was appointed in 1912 (dismissed in 1913, but the role reappears in the records from 1924¹⁴⁹).

The MRA's bank account was regularly in the red¹⁵⁰, and the minutes show ongoing consternation about the collection of overdue membership fees.¹⁵¹

145 The 15 council members that year represented 11 of the original members, a Newcastle store, *Scott's*, and three smaller stores, *Callaghan and Son*, *Edward Arnold Ltd.*, and *H Evans*. Annual report of the MRA 1920. *The MRA Journal*. June 1920. p. 166.

146 Five months after its formation, the Association reported a membership of 140 retailers (Minutes of the MRA 21.10.1903). At the same time there were also many resignations reported in the minutes. For example, founding members David Jones (22.1.1904) and Colonel Lassetter.

147 For example, the Association officially objected to the registration of the CSA in 1903 (Minutes of the MRA 30.11.1903) but later sought amalgamation (Minutes of the MRA 24.3.1904, 26.7.1906). The Association also sought affiliation with The Retail Grocers' Association in 1906 (Minutes of the MRA 26.07.1906). It also objected to the registration of the Newcastle District Retailers' Association, (Minutes of the MRA 6.1.1904) and the Master Tailors' Association, with which it later amalgamated in 1915 (Minutes of the MRA 18.2.1915).

148 Minutes of the MRA 3.3.1904.

149 Minutes of the MRA 25.7.1912.

150 For example, Minutes 16.11.1911, 3.4.1913, 16.9.1915, *The MRA Journal*. September 1920. p. 244.

151 For example, Minutes of the MRA 27.10.1904, 19.4.1906.

Significantly, legal costs formed the Association's chief expense, and many of the large department store members who served on its governing council, made regular rounds of direct loans to fund the Association's legal battles.¹⁵²

It was not until 1929 – 26 years after its formation – that the Association could announce break-even.¹⁵³

Table 8: Executives of the Association 1903–1930

NAME	TERM	STORE AFFILIATION	POSITION
Mr. John Pope	1903–1904	Farmer & Co Director	President
Mr. Samuel Hordern (Snr.)	1904–1909	Anthony Hordern & Sons Principal	President
Mr. Joseph Neal Grace	1909–1912	Grace Bros Principal	President
Mr. William Waters	1912–1913	Waters Principal	President
Sir Samuel Hordern (Jnr.)	1914–1915	Anthony Hordern & Sons Principal	President
Mr. Charles Lloyd Jones	1915–1916	David Jones Principal	President
Mr. R. M. Clark	1918–1918	Marcus Clark & Co Principal	President
Mr. David Benjamin	1918–1920	Sweet Bros ¹⁵⁴	President
Colonel James Murdoch	1920–1922	Murdoch's Principal	President
Mr. Justly Rawlings	1922–1924	Anthony Hordern & Sons Managing Director	President
Mr. F. C. Millin	1924–1926	Peapes & Co Managing Director ¹⁵⁵	President
Mr. R. H. Gordon	1926–1928	R H Gordon & Co ¹⁵⁶ Principal	President
Mr. H. M. Macken	1928–1930	Mark Foy's ¹⁵⁷	President
Mr. George Wright Sir Sydney Snow	1930–	Farmer & Co Managing Director ¹⁵⁸ Snows Principal	President /ice-President

5.1.2 Social Networks and the MRA

The founders of the Association were prominent and well-connected social figures,

¹⁵² For example, minutes of the MRA for the following dates: 6.4.1911, 16.11.1911, 3.4.1913, 10.12.1914, 14.2.1916, 19.10.1916, 24.5.1917, 20.3.1919.

¹⁵³ "A Successful Year". *The Journal of the Retail Traders' Association of NSW*. June 1929. 10. 12. pp. 3-4.

¹⁵⁴ *The MRA Journal*. September 1919. p. 37. Annual report of the MRA June 1920. p. 166.

¹⁵⁵ *The Journal of the Retail Traders' Association of NSW*. Jan 1924. 5. 7. pp. 173-80.

¹⁵⁶ Noted as with R. H. Gordon & Co Ltd. in Annual General Meeting of RTA in 1922. Annual Report of the RTA June 1922. p. 702.

¹⁵⁷ Annual report of the MRA June 1920. p. 167.

¹⁵⁸ Noted as with Farmer & Co in Annual General Meeting of RTA in 1922. Annual report of the RTA June 1922. p702. Noted as "Managing Director" of Farmer & Co in 1926. "Staff Training". *The Journal of the Retail Traders' Association of NSW*. October 1926. p. 3.

many of whom appear in the *Australian Dictionary of Biography*. Many held knighthoods¹⁵⁹ and other upper-crust titles in their involvement on the executive boards of other types of business institutions, including (notably) those of major newspapers.

These men were highly influential individuals in their own right, and under the auspices of the Association, they formed a powerful and cordial collective. In effect, the Association forged a gentlemen's club culture, characterised by grand Annual Dinners, frequent luncheons to celebrate department store founders' trips to England¹⁶⁰, motoring trips for picnics¹⁶¹, the sharing of exclusive "black lists", and the space devoted to "Personal" columns in the journal. By 1930, six of the Association's founding members were among the top 100 companies (by asset value) in Australia.¹⁶²

Among the founders of the Association were retailers who dabbled in politics or counted politicians among their circle of close friends. David Jones was one of the first members of Sydney City Council, and was later elected a member of the Legislative Council, "an honour he valued highly".¹⁶³ Anthony Hordern was also elected to the Sydney City Council in 1869.¹⁶⁴ Other retailers like Mark Foy were known to donate money to political parties¹⁶⁵, and Sir Charles Lloyd Jones (grandson of David) "frequently entertained politicians".¹⁶⁶

Most stores operated as family-owned concerns, drawing on kin for both staff and

159 For example, Sir Samuel Hordern of *Anthony Hordern & Sons*, Sir Charles Lloyd Jones of *David Jones*, Sir William Farmer of *Farmer's*, Sir Sydney Snow of *Snow's*, and Sir James Murdoch of *Murdoch's*.

160 For example, "Mr J N Grace Visit to England". *The MRA Journal*. April 1920. p. 125; or "Personal". *The MRA Journal*. March 1920. p. 111.

161 "Council Entertained". *The Journal of the Retail Traders' Association of NSW*. October 1923. 5.4. p. 99.

162 *Anthony Hordern & Sons* (26th), *David Jones* (42nd), *Farmer & Co* (43rd), *Marcus Clark* (48th), *Mark Foy's* (61st), and *Murdoch's* (98th). Ville & Merrett 2000. In 1930, the Association estimated that the total number of hands employed by Association members was 40,000. (Annual Dinner of the RTA. *The Journal of the Retail Traders' Association of NSW*. June 1931, p. 16.)

163 "The History of David Jones Limited by Sir Charles Lloyd-Jones". Business Archives Council of Australia. 1.1. pp. 1-10. (A shortened version of "The History of David Jones Ltd.", an address given to the Royal Australian Historical Society in November, 1955). Referring to David Jones' election to the Legislative Council, Charles Lloyd-Jones said: "With his Welsh imagination, (David Jones) thought it equivalent to being a member of the House of Lords, which in intent it was".

164 Anthony Hordern won Philip ward in the city council in 1869 (A.D.B. 1851-1890, p. 423).

165 (A.D.B. 1851-1890, p. 211).

166 (A.D.B. 1891-1939, p. 508).

investor funds. Such close family and fiscal ties helped maintain and perpetuate the dominance of large stores, as management control was passed from father to son. In 1880 Anthony Hordern's family "fairly rule(d) the retail trade of the metropolis and the colony in general"¹⁶⁷ according to *The Bulletin*, and under the direction of Sir Samuel II, the store continued to dominate as one of the most powerful in Sydney's retailing scene.¹⁶⁸ At *Nock & Kirby* by 1923, co-founder Thomas Nock employed "no fewer than five" of his children in the business, in the executive roles of Director, Buying Department (head), and Staff Superintendent, with the remaining two children as the "Company's London representatives".¹⁶⁹

By the second decade of the century, most of Sydney's department stores had become limited liability companies¹⁷⁰, for example, *David Jones* (1902), *Nock & Kirby* (1906), *Murdoch's* (1908), *Mark Foy's* (1909), *Anthony Hordern & Sons* (1912), and *Grace Bros* (1917). Even so, the family shareholding of retail stores continued.¹⁷¹

The social and political standing of the founders of the MRA was also evident in reports of the openings of new department store buildings, such as the 1919 "Gala" opening of *Lassetter's* attended by the Premier, the Governor, and the Fairfaxes (publishers of *The Sydney Morning Herald*) along with "other notables".¹⁷² The Fairfax family also had a "happy family friendship" with David Jones and his descendants.¹⁷³ Similarly, Sydney's Lord Mayor officiated at *Mick Simmons'* store opening in 1924 at a banquet "given to about two hundred guests, representative of the sporting, legal, municipal, medical and commercial bodies of Sydney".¹⁷⁴

167 *The Bulletin* 22.5.1880.

168 *Anthony Hordern & Sons* also provides an exception to the adage (discussed in Chapter One) of a third-generation decline in family businesses.

169 *The Journal of the Retail Traders' Association of NSW*. December 1923. 5. 6. p. 148.

170 By comparison, in smaller retail stores, sole proprietors or family businesses were the norm.

171 As described in a 1920 "centenary" tribute to *Lassetter's*: "Although registered as a limited liability company, (*Lassetter's*) really is a family concern. The executors of the late Frederic Lassetter hold 170,338 shares; General H. B. Lassetter, A. B. Lassetter, F. O. Lassetter, E. A. Lassetter, and F. M. Lassetter, 54,309; and the balance, amounting to 8,873, are held by relatives and the staff". *The MRA Journal*. September 1920. 2.3. p219.

172 "F. Lassetter & Co. Limited". *The MRA Journal*. September 1919. 1. 3. pp. 42-48.

173 "The History of David Jones Limited by Sir Charles Lloyd-Jones". *Business Archives Council of Australia*. 1.1. pp. 1-10. (A shortened version of "The History of David Jones Ltd.", an address given to the Royal Australian Historical Society in November, 1955).

174 "Mick Simmons Ltd.". *The Journal of the Retail Traders' Association of NSW*. 1924. 6. pp. 40-43.

5.1.3 Power Structure of the Association

The dominance of department stores in the Sydney retailing scene was further entrenched by the rules of the Association, which gave plural voting powers to larger retailers according to their number of employees. Annual levies ranged from 10/6d for 1–10 employees (one vote), to £5/5/- for more than 100 staff (five votes).¹⁷⁵ By 1929 a new category had appeared, which reflected the unprecedented size of department stores by that time: employers with more than 400 staff paid £10/10/-.

Small retailers therefore had only a small say in the decisions of the Association, despite the claim that “from first to last in all matters affecting retailers, the anxiety of the Council was to ensure that nothing would be done that might injuriously affect the small trader”.¹⁷⁶ The 1921 name change of the Association to The Retail Traders' Association of NSW (RTA) was “due to our Council feeling that the word ‘Master’ in such a democratic organization was at variance with our principles”.¹⁷⁷ This was a direct reference to the dominance of large, master retailers, in its membership.

As early as 1904, the Association resolved that “arrangements be made for holding meetings” in the suburbs, especially the busy shopping precincts of Glebe and Newtown¹⁷⁸, but it appears these meetings never eventuated. By 1923, however, a “Suburban Traders Sectional Committee” had been formed by the Association which, by definition, would have been more keenly interested in the rights of smaller retailers.¹⁷⁹

The bias towards large department stores was also reflected in the editorial content of the journal, particularly a glorifying series of “Business Histories” introduced in 1923. Small stores were absent from the series, but all the original MRA founding members' stores were featured, along with two Newcastle stores – *W. Winn & Co*, operated by the Chairman of the Newcastle Branch of the Association, and *Scott's*

¹⁷⁵ *The Master Retailers' Association. Rules and Regulations. Document submitted to the Registrar of the Industrial Arbitration Act. “Voting at Meetings”. 2.*

¹⁷⁶ “The Small Traders' Interests”. *The Journal of the Retail Traders' Association of NSW*. June 1922. 3. 12. p. 700.

¹⁷⁷ “The Annual Dinner of the RTA”. *The Journal of the Retail Traders' Association of NSW*. June 1929. 10. 12. pp. 23-27.

¹⁷⁸ Minutes of the MRA 10.3.1904.

("Newcastle's Popular Shopping Centre"¹⁸⁰), run by one of the vice-presidents of the Association.

Both in public and privately then, the department store members of the Association were politically active, and commanded a powerful status. As an industry body, the Association continued to grow in stature throughout the period under study. The 1920 annual report noted that the "Association now holds a commanding position in all aspects of commercial life in the City. That this is evident may be gathered from the fact that the presence of your President is invariably requested at all meetings and functions connected with the public affairs of this State".¹⁸¹

To further strengthen its ties with other industry bodies, in 1920 the Association inaugurated an "Annual Dinner at which Presidents of other Associations could be invited". By the close of the period under study, the President of the Association declared at the Annual Dinner: "We are a powerful organisation of retailers – second to none in the Commonwealth... Nowhere in the world today can there be found in a city with a population such as Sydney enjoys, such a formidable list of large retail stores operating within a radius of five miles".¹⁸²

5.2 The Role of the Association

While the role of rhetoric has been largely overlooked in marketing, Tonks views sophisticated rhetoric – defined as a "conscious intent to persuade" – as "a primary driver behind exchange". Tonks argues that rhetoric is "synonymous with persuasion", and thus should be seen as "a framing concept for marketing in general" (Tonks 2002, pp. 806, 809).

This research supports that claim, and further proposes that rhetoric is significant in the negotiation of change – or, no change – in general. That is, pressure to conform to public mores is a significant factor in the evolution of retailing – because it narrows the alternatives that might otherwise have survived – and the

179 Minutes of the MRA March 1923. *The Journal of the Retail Traders' Association of NSW*. 1923, 4, p. 7.

180 "Scott's Limited Newcastle". *The Journal of the Retail Traders' Association of NSW*. October 1924. 6. 4. pp. 104–7.

181 June 1920, RTA Annual Report. P. 165.

182 Annual Dinner of the RTA. *The Journal of the Retail Traders' Association of NSW*. June 1931. p. 17.

Association was partially successful in establishing public mores through the use of sophisticated rhetoric. This is illustrated throughout the following sections.

5.2.1 The Use and Influence of Rhetoric

Although the Association often claimed that it was “not a political organisation”¹⁸³, the archival evidence shows this was far from true. The Association was a tireless lobbyist that asserted its interests in alarmist statements that captured media attention.

Through the public press, the journal, and in the law courts, the Association pushed its opinions of what constituted “legitimate” behaviour in the distribution industry. This surfaced in sophisticated rhetoric about “unfair competition”, and in value-laden terms such as “ethical”, “just”, “bona fide”, “legitimate”, “proper”, “unorthodox” and “evil”. Indeed, “unfair” conduct was a catchcry of the Association¹⁸⁴, and the most frequently emerging theme from the archival data, occurring in more than 30 per cent of the articles studied.

The Association’s moral and ethical posturing helped to establish its own legitimacy as an upright social commentator. This was important for several reasons, not least because of poor public perceptions of retailers – and middlemen in general¹⁸⁵ – who were seen to be prone to moral lapses¹⁸⁶, or outright

¹⁸³ June 1923, RTA Annual Report, p 315; June 1926, RTA Annual Report, p. 437.

¹⁸⁴ “Unfair” business practices and unconscionable conduct (“being taken advantage of in a transaction in a way that offends the conscience”) form a large part of trade practices law today. See <http://www.accc.gov.au/content/index.phtml/itemId/6106>.

¹⁸⁵ Wholesalers were also maligned for crooked dealing. In the early century, when the softgoods trade for all States in Australia passed through Sydney’s Sussex and York Streets, where the “Big Eight” firms were based: “Sussex Street had lamentably lower standards of commercial morality than any other business circle in the city, which had made it a byword in the Australian States. Certainly, crooked dealing is not merely levelled as charges against this quarter, it is accepted as cynical fact by most of the best intellects on the Street”. “The Real Sussex Street. How the Brokers Work. Tricks of the Trade Exposed”. *The Storekeeper and Commercial Record*. February 18, 1908. pp. 10–13.

¹⁸⁶ The Association itself acknowledged the standing joke about unscrupulous shopkeepers, as captured in this humorous filler tucked away in a 1928 journal issue: “Abe said to his father one night: ‘Farder, vot is de meaning of ethics?’ Farder said: ‘Abe, you vos a very a stupid boy; that vos a make of motor car, the Essex’. Abe replied: ‘But Farder, I did not vant de motor car Essex, I wanted de ‘e-t-h-i-c-s’’. Farder replied: ‘Vell, Abe, I will give you an example. Today a customer came into the shop, purchased some goods, and gave me a £5 note. On going to the till for the change, I discovered dat dere vos two £5 notes stuck together. Then it became a question of ethics - should I tell my partner?’” “Business Ethics”. *The Journal of the Retail Traders’ Association of NSW*. July 1928. 10. 1. p. 49.

"profiteering".¹⁸⁷

The Association's mastery of sophisticated rhetoric also served to influence public perceptions about the limits of "legitimate" behaviour – in a period when commerce was evolving faster than the laws by which it was governed. At the base of its complaints of "unfair" behaviour was, of course, the fear of a loss of retailer profits or, related to this, of the "unfair power" of other actors in the distribution industry.

The Association's insistence on "ethical" conduct in the distribution industry helped to sanctify its own agenda. Acting on its own code of ethics, the Association set the boundaries for the "fair" development of the distribution industry, and then fought off the "unfair" encroachment of "illegitimate" non-store retailers, direct-selling wholesalers, and manufacturers. In the course of events, the Association put several historical forms of distribution out of business, such as "barrowmen", as discussed later.

The ability to argue a case persuasively, in the courts and in the public press, was a major advantage in the Association's lobbying of governments. "Too much government interference"¹⁸⁸ was a persistent complaint, with the result that the Association "found it absolutely necessary from time to time to use its influence and its strength to combat the machinations of the politician, and so render innocuous their attempts to thwart, hamper and restrict trade".¹⁸⁹

The Association elevated industry fears through the exaggeration of threats, and a language of conflict that pitted good against evil. In editorial after editorial, lawmakers were lambasted as "inept"¹⁹⁰, "misguided"¹⁹¹, "opposed to the fundamental economic laws"¹⁹², "insulting"¹⁹³ and - after the NSW Government reduced the working week from 48 hours to 44 hours in 1921 - guilty of

187 "The Premier and Profiteering". *The MRA Journal*. September 1920. 2. 3. pp. 211-12.

188 "Less Legislative Control Needed". *The Journal of the Retail Traders' Association of NSW*. August 1929. 11. 2. pp. 11-12.

189 June 1923, *RTA Annual Report*, p315.

190 "Administrative Ineptitude". *The MRA Journal*. January 1921. 2. 7. pp. 290-92.

191 "End of Price-Fixing Farce". *The Journal of the Retail Traders' Association of NSW*. June 1922. 3. 12. pp. 698-99.

192 "Profiteering Court to Go". *The Journal of the Retail Traders' Association of NSW*. May 1922. 3. 11. pp. 677-8.

"thievery"¹⁹⁴. (The Association appealed against the 44-hour week and the 48-hour week was reinstated in 1922¹⁹⁵).

The Association's reification of government as the "common enemy" of retailers – along with unions, and manufacturers – bolstered its stature as being essential for the "common good". The Association therefore used rhetoric as a tool for both establishing and maintaining power.

Among the "unfair" practices in the distribution industry, none was more irksome than non-store retailing, and throughout the period under study the Association jealously defended the turf of store-based retailers as the only "legitimate" form of retailing.

Peddlers and hawkers, the most ancient form of non-store retailers, were damned for their "discreditable" practices, and the journal condemned "The Peddler Nuisance" for its "worst characteristics", including that it "threatens legitimate trade", invades household privacy, and is "the most expensive kind of distribution".¹⁹⁶

The Association warned store-based retailers and consumer households that they "should prepare to meet any undesirable selling methods that may come to their doors":

There is the man who puts his foot into the crack of the door as soon as it is opened and will not remove it until he has told his story or even accomplished a sale. And there is the man who says Mrs. So-and-So sent him over with a message – using the name of some neighbour, and the man who conceals his samples under his coat or other part of his clothing.¹⁹⁷

Apart from peddlers, the Association took action against a range of other "unorthodox" methods of distributing goods, which together must have had a very minor impact on the earnings of store-based retailers. These included the eradication of "the nuisance of barrowmen" who set up barrows of goods for sale

193 "Late Shopping Night". *The Journal of the Retail Traders' Association of NSW*. December 1921. 3. 6. pp. 538-43.

194 "Force or Fraud". *The MRA Journal*. May 1921. 2. 11. p. 351.

195 "48 Hours Week and Reduction in Basic Wage". *The Journal of the Retail Traders' Association of NSW*. November 1922. 4. 5. p. 112.

196 "The Peddler Nuisance". *The Journal of the Retail Traders' Association of NSW*. December 1922. 4. 6. pp. 143-6.

197 Ibid.

outside city department stores¹⁹⁸, and also of “professional showmen (who) took up the running of chocolate wheels... with unlimited gambling of merchandise” at carnivals in Sydney’s suburbs. The Association’s protest against chocolate wheels led to *The Lotteries and Art Unions Amendment Act, 1922*.¹⁹⁹

The Association also objected to “War Chest” charity members selling products donated for WWI fund-raising, because they were “usurping the functions of shopkeepers”²⁰⁰, and it repeatedly complained about kiosks at railway stations since they were government-operated and exempt from fixed trading hours.²⁰¹

Direct-selling “auction rooms” also came under fire, as reported in a 1923 journal issue:

The increase of undesirable auction rooms in the city and suburbs is a matter which had had the consideration of the Council of the RTA with a result that the Minister for Justice was approached by a deputation arranged by this Association, and asked that better supervision and protection to the public be given with regard to this illegitimate form of trading.

Many cases of deception, misrepresentation etc., were pointed out, and the fact that tremendous profits were being made, was illustrated by the rents paid in most cases.

The deputation pointed out that they were not raising any objection to bona-fide and properly conducted auction rooms, but to the rooms that through trickery and clever talk were selling to the public misrepresented goods...

Editor’s Note: Since writing the above, we note that the police have raided an auction shop, and made arrests, with a result that four men were charged with having conspired together to cheat and defraud divers persons of large sums of money.²⁰²

While the Association was successful in wiping out some methods of distributing goods, it was unable to eradicate the “most detrimental problem” of wholesalers selling directly to the public. This took place in a wide range of product lines including groceries, tobacco²⁰³, softgoods²⁰⁴, furniture²⁰⁵, and carpets.²⁰⁶ The

198 “Civic Commission Reform”. June 1929, *RTA Annual Report*, p. 13.

199 “Chocolate Wheels, Lotteries, etc.”. *The Journal of the Retail Traders’ Association of NSW*. January 1923. 4. 7. p. 160.

200 Minutes of the MRA 30.8.1917.

201 Minutes of the MRA 12.12.1918, or *The Journal of the Retail Traders’ Association of NSW*. April 1925. Editorial. p. 293.

202 “Auction Rooms”. *The Journal of the Retail Traders’ Association of NSW*. November 1923. 5. 5. p. 139.

203 “Minutes of the RTA 18 Sept 1924”. *The Journal of the Retail Traders’ Association of NSW*. September 1924. 6. 3. pp. 72-5.

204 “Wholesale Soft Goods Houses Dealing Direct”. *The Journal of the Retail Traders’ Association of NSW*. December 1929. 11. 6. p. 15.

Association tried repeatedly to get wholesaler associations, together with manufacturers, to agree on a definition of "wholesaling" but apparently without success.²⁰⁷

The advent of manufacturers' "coupons", or trading stamps, provides one example of the Association's sophistry in attempting to establish the boundaries of "legitimate" behaviour. Introduced into Australia in 1898, the coupon system flourished in NSW in the early century²⁰⁸, and by 1907 "the State had been flooded with coupons of every colour – green, red, blue and pink"²⁰⁹ (representing different values for redemption of gifts).

Although apparently popular with shoppers²¹⁰, retail trade papers damned the coupon system as "evil". Retailers complained that coupons induced household servants to "purchase extravagantly" for the purpose of getting stamps, and prompted pilfering by retail sales assistants.²¹¹ The most pressing problem with coupons, however, was that they "injured" retailers who chose to not carry them:

Trading stamps, premium gifts, and other schemes to inveigle consumers are foreign to legitimate competition. They are a burden on the users and injure rather than aid in the distribution of merchandise. They are the parent of endless evils, demoralising to consumers to an extent that injures those dealers who ignore schemes and seek public favor (sic) on the merit of their service.²¹²

In 1908 the Country Storekeepers' Association, together with the Sydney Chamber

205 *The Journal of the Retail Traders' Association of NSW*. June 1924, RTA Annual Report, p. 318.

206 "Carpet Agents Carrying Stocks". *The Journal of the Retail Traders' Association of NSW*. December 1928. 10. 6. pp. 12-13.

207 "Minutes of the RTA 18 Sept 1924". *The Journal of the Retail Traders' Association of NSW*. September 1924. 6. 3. pp. 72-5. "Wholesale and Retail Trading". *The Journal of the Retail Traders' Association of NSW*. March 1925. 6. 9. p. 268. . The minutes of September 1924, for example, noted that: "The result of a conference the RTA had with the Wholesale Tobacco Association and Messrs. W. D. and H. O. Wills... did not have a satisfactory result, as the wholesale and manufacturing interests had a very wide interpretation of wholesale trading... and they would not accept this Association's definition of wholesale trading".

208 By contrast, in 1907 legislation restricting or abolishing the issuing of coupons had been passed in South Australia, Victoria, Tasmania, Western Australia, and New Zealand. "The Parasitic Coupon System. Strong Allegations in Parliament". *The Storekeeper and Commercial Record*. 17.10.1908. pp. 11-16.

209 "The Coupon System. Features of the Parliamentary Inquiry". *The Storekeeper and Commercial Record*. November 18, 1908, p. 47.

210 Although "many women quickly tire of saving up the hundreds of coupons requisite to secure any decent ornament or addition to the household". "Coupons and Trading Stamps". *The Storekeeper and Commercial Record*. 18.11.1907. pp. 3-4.

211 "Stamp and Coupon Trading. Bad for Public and Retailer. Is the system dying out?" *The Storekeeper and Commercial Record*. November 18, 1907, pp. 22-23.

212 "The Coupon Octopus". *The Storekeeper and Commercial Record*. July 19, 1909, p. 24.

of Commerce and other organisations, passed a joint resolution petitioning the NSW government to outlaw coupons and trading stamps²¹³ as “an excrescence on trade”.²¹⁴ The petition also called for the establishment of a State government inquiry into the coupon system.

At the time, the Association declined to take a stance on the issue of coupons, having resolved “that it was not a matter for the MRA to take up – different members having different views with regard to it”.²¹⁵

Some time before the parliamentary debate about the need for an inquiry into coupons began, however, the Association changed its mind, and united with the CSA in condemning coupons in “strongly worded statements” that were reprinted in the daily newspapers. No readers questioned the Association’s turnaround on the matter, nor the sophist arguments it put forward for the abolition of the coupon system.²¹⁶

In the parliamentary debate about the need for an inquiry, however, the right of the Association to pass judgement on what was “bona fide” was disputed. One politician pointed out there had been “no agitation” for the abolition of the coupon system, except for the campaign run by the MRA and CSA. Another politician retorted that the protests of the trade associations – who represented “the legitimate trading community of New South Wales” – was “proof” that “the State should take steps to eradicate this blemish and blot on the genuine trading community”.²¹⁷

The reasoning behind the anti-coupon campaign run by the MRA and CSA was exposed as specious, however, by the member for Darlinghurst, Mr Levy:

Mr Levy: What I cannot make out is what Hon. Members who speak so loudly in denunciation of the coupon system really complain about. Do they complain of unfair dealing between the coupon companies and the

213 “The Parasitic Coupon System. Strong Allegations in Parliament”. *The Storekeeper and Commercial Record*. 17.10.1908. pp. 11–16.

214 “Entering into the Fight. Against the Trade Octopus. The Collection of Evidence Arranged”. *The Storekeeper and Commercial Record*. October 17, 1908, p. 10.

215 MRA Minutes 18.10.1906.

216 Thirty years later in 1938, the Housewives’ Coupon Defence League urged shoppers to protest at “the most abominable hostility from the Retail Traders’ Association” towards coupons. “Calling all Housewives!” *Housewives’ Coupon Defence League*. 1938.

217 “The Parasitic Coupon System. Strong Allegations in Parliament”. *The Storekeeper and Commercial Record*. 17.10.1908. pp. 11–16.

shopkeepers, or do they complain of unfair dealing between the shopkeepers and their customers? The (coupon system) is fair and aboveboard... And you cannot limit the devices which a shopkeeper may adopt in order to attract custom. We know there are shopkeepers who have what they call sales and fairs all the year round. There are spring sales and spring fairs and summer fairs, and autumn and winter sales, in connection with which all sort of alluring inducements are offered to the public...

Mr Jones: That is bona fide!

Mr Levy: Exactly, but I am waiting to hear in what respect the coupon system is not bona fide. I do not attach much importance to the strongly worded statements which have been made, because no evidence has been brought forward in support of them.... It appears that The Master Retailers' Association and the Country Storekeepers' Association have passed resolutions condemning the system, but I do not know on what evidence they carried those resolutions. We know it is very easy to pass resolutions of that kind at which, perhaps, there is not a very large number of people present except for those interested on one side".²¹⁸

The Association's right to "limit the devices to which a shopkeeper may adopt in order to attract custom" went otherwise unquestioned, and throughout the period under study, it fought off several permutations of this "pernicious" system of trading²¹⁹, and many other practices it deemed to be "unfair".

The remainder of this chapter summarises the significant changes that were brought about by the Association in the period under study, in its main areas of operation.

5.3 Lobbying Governments

The Association was established for the purpose of defending the rights of retailers against compulsory arbitration, which came into force in 1902, as discussed in Chapter Three. Lobbying was thus the foremost function of the Association, and because there were many difficulties associated with the new law, compulsory arbitration continued to occupy a central place in the Association's dealings with government in the period under study.

The problems imposed by compulsory arbitration began with the legislation itself, which stipulated that court arbitration was the only method for dealing with all

²¹⁸ Ibid.

²¹⁹ For example, a journal article in 1930 referred to a free premium offered by *Colgate Palmolive*. "The widely advertised offers of a free toothbrush with every tube of a special brand of toothpaste can hardly be considered fair to either chemist or storekeeper, who, besides acting as retail distributor of the tooth paste, also sells tooth

disputes between employers and employees. Furthermore, the existence of a dispute had to be proven before the arbitration machinery could operate.²²⁰ Delays in the Arbitration court were "chronic"²²¹ however, and the Association exacerbated the problem by objecting to the court's determinations with a brutish and enduring vigilance.

This was exemplified in the Shop Assistants' Case in which, after four years of disputation, the judge's final decision in favour of the Union was subverted at the last moment by the Association. In the process of the case, the Association successfully appealed to the High Court of Australia against the power of the NSW Industrial Arbitration Court to set a "Common Rule" on workers' wages and conditions. (This critical change event is discussed further at the end of this section.)

The 1904 decision to ban the NSW Arbitration Court from making an industrial agreement a Common Rule – binding on all employers whether registered with the court or not – caused many difficulties in the setting of subsequent awards. It also set a precedent for the 1910 decision by the High Court to disallow the Federal Arbitration Court from making a Common Rule.

The Federal Arbitration Court was established after the Federal Conciliation and Arbitration Act was passed in 1904, covering employers and workers who operated under federal awards, such as in the clothing industry. This caused further complication for the NSW Arbitration Court. As the Association complained: "there are instances on record where two factories producing identical articles are working under different awards, one coming under the Federal and the other under the State. This is a direct result of the Federal Court being faced with the constitutional difficulty of not being able to make a Common

brushes, and loses this valuable trade". "Free Gift Schemes". *The Journal of the Retail Traders' Association of NSW*. October 1930. p. 19.

220 This resulted in additional delays to proceedings "The Arbitration System". *The Journal of the Retail Traders' Association of NSW*. April 1922. 3. 10. pp. 660-2..

221 A news report in November 1903 noted that "the list of cases waiting for a hearing before the Arbitration Court is a heavy one. In all, 51 cases have been set down for hearing, and of these 32 have been filed during the current year. With regard to about 20 of these, the unions concerned filed their claims upwards of 12 months ago, and some of the references lodged with the Registrar for Arbitration as far back in December last are not likely to reach the Court until the early part of next year". "The Arbitration Court. Cases Waiting for Trial. A Heavy List" *The Daily Telegraph*. 25.11.1903 (in MRA pressclippings book).

Rule of any award".²²²

Apart from the difficulties of overlapping tribunals, new awards were being added to the aegis of retailing on a growing basis, reflecting the increasing diversification – and vertical integration – of department stores by the 1920s. The minutes of a meeting in November 1920 referred to the Association's work on the: "Cutters and Trimmers Award; Dressmakers, Milliners and White Workers Award; Grooms, Stablemen and Yardmen (Cumberland) Award; Carpet and Furniture Makers (Metropolitan) Award; Carters (Country) Award; Carters (Retail Stores) Cumberland Award; Chemists Award; Shop Assistants (Country) Award; Retail Store Motor Waggon Drivers (Cumberland) Award; Restaurants in Retail Shops (State) Award; Shirtcutters Award; Storemen and Packers, not elsewhere included (State) Award; Time Payment Collectors Award; and the Hairdressers, etc. (State) Award".²²³

The geographical demarcation (and duplication) of awards – such as Metropolitan, Country, Newcastle, Cumberland, State and Federal – was another cause of contention and delay in the court. Separate awards also existed for male and female shop assistants, and according to the type of retail store.²²⁴ In addition to the increasing number of awards affecting retailers, there was their regular renegotiation, and "the constant nightmare born of the knowledge that at the end of the period for which the award is made there is certain to be another industrial dispute. The approach of the expiry of an award is a clear indication that a dispute is necessary".²²⁵

By 1922, the Association represented retailers' interests on "more than 60

222 "The Arbitration System". *The Journal of the Retail Traders' Association of NSW*. April 1922. 3. 10. pp. 660-2.

223 "Codification of Awards". *The MRA Journal*. November 1920. 2. 5. p. 246.

224 In 1920 the NSW government began an "experiment" to try to combine some of the awards covering the retail trade. The minutes of November 1920 note that "Judge Curlewis had ordered that the codification of awards should be limited at present, as an experiment, to the Metropolitan areas, and should contain only the following: Shop Assistants (Drapers etc) Metropolitan Award, Shop Assistants (Grocers) Metropolitan Award, Shop Assistants (Tobacconists) Metropolitan Award, Shop Assistants (Confectioners) Metropolitan Award, Office Assistants etc., in Retail Shops Metropolitan and Newcastle Award. It was stated that he might at a future date order the codification of awards affecting Shop Assistants in the Newcastle District and might also extend the codification to include Storemen and Packers, and Caretakers, Cleaners, Lift Attendants etc." "The Arbitration System". *The Journal of the Retail Traders' Association of NSW*. April 1922. 3. 10. pp. 660-2.. The new award was deemed a success by the Association in its June 1921 Annual Report (p. 369).

225 Ibid.

industrial awards, both State and Federal"²²⁶, and "applications for new Awards and variations of Awards by unions (were) continually being heard".²²⁷ For the Association, the "hopeless arbitration maze (caused a) shocking amount of irritation"²²⁸, which resulted in continuing and heavy legal expenditure. In its final edition of the journal for 1922, the lead editorial described how the Association "has had a busy year, and has watched the interests of members with unremitting zeal. Though legal expenses have been greatly reduced, we have been continually in the Courts. The burden of industrial litigation under our cumbersome and often ineffective laws is still heavy, and it is to be hoped that the need for reconstruction in this direction will soon become apparent to our legislators".²²⁹

The Association lobbied governments at every level, as the "herald proclaiming the need for amendments in trading laws and customs".²³⁰ One example was how the Association overturned the "utterly useless" *Profiteering Prevention Act*, introduced in NSW in 1920 along with the "Necessary Commodities Control Commission" to prevent profiteering by retailers.²³¹ The Association fought "this vexatious, harassing legislation"²³² until the Act was repealed in 1922 because of the defence mounted by the Association:

Members will remember that the Labor government brought in a Profiteering Prevention Act in this State, the effect of which was most harassing to the trade and caused no end of litigation and legal costs. Owing to the activities of the (Association), which successfully appealed in all cases taken against its members, the Act was proved to be unjust, and was not revived by the present government after it had elapsed through effluxion in time.²³³

The threatened abolition of "late night" shopping was another demonstration of the partisan politics of the Association, in an issue that united retailers throughout the industry. Pressure for the abolition of late night trading (9.00 p.m. closing on

226 *The Journal of the Retail Traders' Association of NSW*. May 1922. 3. 11. p. 67.

227 June 1928, *RTA Annual Report*, p. 5.

228 "The Arbitration System". *The Journal of the Retail Traders' Association of NSW*. April 1922. 3. 10. pp. 660-2.

229 *The Journal of the Retail Traders' Association of NSW*. December 1922. p. 125.

230 "Annual General Meeting". *The Australian Storekeepers and Traders' Journal*. 30.7.1910. p. 10.

231 The January 1923 issue of the journal (4, 7, p. 154) refers to twelve cases of profiteering that were fined through the Lower Court.

232 "End of Price-Fixing Farce". *The Journal of the Retail Traders' Association of NSW*. June 1922. 3. 12. pp. 698-99.

233 "Profiteering Prevention". *The Journal of the Retail Traders' Association of NSW*. October 1924. pp. 120-122.

Fridays²³⁴) had been mounting since at least 1918²³⁵, and “had been a plank of the Labor (Party) Platform” in the 1920 State elections.²³⁶

In the lead-up to the 1920 election, a meeting “crowded to the doors” was held at the Sydney Chamber of Commerce, attended by the Association together with the “Pharmacists’ Association, Retail Tobacconists’ Association, Country Traders’ Association, City and Suburban Shopkeepers’ Association, Retail Grocers’ Association, Retail Jewellers’ Association, Master Saddlers’ Association, and the Maitland Chamber of Commerce”.²³⁷

The President of the Association addressed the meeting, stirring fear of the “predatory legislation” of the “demagogue” Labor party:

We were approached a fortnight ago by a deputation from the Trade and Labour Council, who demanded that we should abolish the late shopping night on pain of their severest displeasure. We were informed that after they had got Friday night, they would go after Saturday, and they rudely threatened some obscure form of disciplinary measure unless we tamely submitted without defence. With that type of demagogue there can be neither discussion nor dealing; but gentlemen I ask you to ponder most seriously over the immense power these men have obtained through organisation. Unless we are prepared to unite politically, and fight grimly and effectively to obtain a change from the present Labor ideals of Government, we will find ourselves swamped with predatory legislation.²³⁸

The meeting ended with an exhortation to all retailers: “That commerce must fight politically, and at once... Compromise was not to be thought of, and the sooner we showed that we are not going to take this further injustice lying down, the better for all”. A resolution was unanimously passed: “That the Minister for Labour be asked to receive a deputation to urge the preservation of the late shopping night in

234 By comparison, universal providers of the late nineteenth century such as Mark Foy’s and Grace Bros initially traded until 11.00 p.m. six nights a week (Macculloch 1980), though this was brought to a close under The Early Closing Act of 1899.

235 “Proposed Legislation to Abolish Late Shopping Night”. *The MRA Journal*. 1920. 2.5. p. 239.

236 “Late Shopping Night”. *The Journal of the Retail Traders’ Association of NSW*. December 1921. 3. 6. pp. 538–43.

237 “Proposed Legislation to Abolish Late Shopping Night”. *The MRA Journal*. 1920. 2.5. p. 238. The meeting was addressed by “the Hon. William Brooks M.L.C. who (stated that)... in Sydney, Friday night is publicly recognised as an important feature in the domestic purchases; only on that night can the family go out collectively, and in discussion arrive at what they desire to buy. It is the night when the population pass into the business streets, prepared to purchase and put in circulation the cash which keeps our commerce alive”. Another speaker claimed: “The late shopping night was a social event in a rather dull existence”.

238 Ibid.

town and country".²³⁹

Some five years later the campaign to prevent the abolition of late-night shopping had escalated into a petition signed by more than 1,500 shopkeepers, which was presented to the NSW Premier in 1925. The petition argued for the convenience provided by late night shopping because of the six-day working week, and noted that "a large amount of shopping is done on the late shopping night, and as much as is taken after six o'clock as on any two other days".²⁴⁰

Through the support of its business allies and repeated deputations to the NSW Government, the Association successfully fended off the abolition of late night shopping for the rest of the 1920s. This issue demonstrated the Association's capacity for ongoing resistance to threatened change.

There were other regulatory "inequities" that caused much grief for the Association, including from at least as early as 1909, the "leniency shown under the *First Offenders Act*"²⁴¹ to deal with shop-lifters. The "shop-lifting evil"²⁴² was rife by 1920²⁴³, and coincided with a post-war hike in prices and the increasingly impersonal nature of store shopping, as discussed in Chapter Three²⁴⁴. At least as early as 1923 Sydney's largest department stores had their own house detective staff.²⁴⁵ By 1926, "professional" shop-lifting gangs (of mostly women) were reportedly raiding the stores of Sydney, causing losses that "would run into many thousands of pounds".²⁴⁶

In 1928, the Association became actively involved in prosecutions of "larceny from shops" by retaining a barrister "to prosecute any serious cases on behalf of

239 "Proposed Legislation to Abolish Late Shopping Night". *The MRA Journal*. 1920. 2.5. pp. 241-243.

240 "Petition to the Hon. the Premier of N.S.W.". *The Journal of the Retail Traders' Association of NSW*. September 1925. 7. 3. p. 80.

241 Minutes of the MRA 25.2.1909. The leniency of the judicial system today still causes complaint ("Retailers Embrace Crime Fighting". *Retail World*. Feb 21-Mar 3 2000. p. 9.)

242 "Shop-lifting". *The Journal of the Retail Traders' Association of NSW*. 3.5.1922. p. 521.

243 Annual Report of the MRA 1920. *The MRA Journal*. June 1920. p. 167.

244 "Department store kleptomaniacs were a widely held social stereotype" in the early twentieth century, according to Fullerton & Punj (2004).

245 "Shoplifting". *The Journal of the Retail Traders' Association of NSW*. August 1923. 5. 2. pp. 29-30.

246 "Shop-lifting". *The Journal of the Retail Traders' Association of NSW*. November 1921. 3. 5. p. 521.

members".²⁴⁷ This resulted in a repeat offender being sentenced to nine months hard labour for stealing a pair of socks and perfume²⁴⁸, the severity of the sentence echoing Australia's convict past. In the following year, after the Association lobbied the Attorney-General, the *First Offenders Women's Act* was also amended, so that cases against shop-lifters were held in open court – providing the added deterrent of public humiliation to would-be thieves.²⁴⁹

Many other forms of legislation "hampered" the operations of retailers with "all manner of irritating and unjust interference".²⁵⁰ A journal report on statutes affecting retailers in NSW in 1930 included the *Day Baking Act*, *Encroachment of Buildings Act*, *Height of Buildings Act*, *Saturday Half-Holiday Act*, *Sunday Refreshment Rooms Trading Act*, *Electric Lighting and Gas Emergency Act*, *Factory and Shops Act*, *Returned Soldiers & Sailors Employment Act*, *Fair Rents Act*, *Land Tax Act*, *Liquor Act*, *Motor Vehicles Taxation Act*, *Stamp Duties Act*, and *Entertainments Act*.²⁵¹ By 1929, as another example, there were at least five different Acts controlling the sale of food in NSW, including the *Sale of Food and Drugs Act*, the *Weights and Measures Act*, the *Sale of Goods Act*, the *Pure Foods Act*, and the *Health Act*.²⁵²

The Association routinely resisted the introduction of new taxes. When child endowment was pioneered in Australia by the NSW Labor government in 1927 (3 per cent on the total wages paid²⁵³), the Association obtained legal counsel "with a view to testing the validity of the (*State Family Endowment*) Act... (and) to relieve employers from the inequitable burden of this obnoxious tax".²⁵⁴

247 "Shop Lifting". *The Journal of the Retail Traders' Association of NSW*. January 1928. 9. 7. pp. 3-4.

248 "Shop-lifter Gets Nine Months". *The Journal of the Retail Traders' Association of NSW*. January 1928. 9. 7. pp. 31-2.

249 "Shoplifting". June 1929, *RTA Annual Report*, p. 6.

250 "Progress". *The Journal of the Retail Traders' Association of NSW*. August 1921. 3. 2. pp. 393-5. Local government laws posed additional constraints on the operations of retailers, for example, the advent of the prohibition of parking in Sydney CBD streets in 1926 ("Motor Traffic New Regulations. Parking Restrictions". *The Journal of the Retail Traders' Association of NSW*, December 1926, 8, 8. p29-31); and the 1919 introduction of "rent" being charged by local councils for retailer's use of outdoor space - in this instance, annual license fees "for illuminated electric signs with letters 5 feet by 8 feet". "Application for License for Existing Electric Light Signs". *The MRA Journal*. August 1919. 1. 2. pp. 26-7.

251 *The Journal of the Retail Traders' Association of NSW*. October 1930, p. 9.

252 "Less Legislative Control Needed". *The Journal of the Retail Traders' Association of NSW*. August 1929. 11. 2. pp. 11-12.

253 "Compromise Reached on Endowment". *The Labor Daily*. March 25, 1927. p. 1.

254 June 1928, *RTA Annual Report*. P. 10. The 1930 annual report noted that "as a result of representations of this and other Associations considerable relief from the Family

The *Workers' Compensation Act* was another cause for alarm, and when it came into force in 1926 the Association responded by establishing its own insurance company in the same year. Within two years the new company was able to make 50 per cent rebates of premiums to policyholders.²⁵⁵ Despite this, the Association argued in 1929 that workers' compensation was "too great a liability" for employers, and "as a result of representations to the present Government, an Amending Bill is at present before the House, from which it is hoped that a measure of relief will result".²⁵⁶

Such reports helped justify the Association's position that there was "too much Government interference in business, and a lot of the statutes should be scrapped".²⁵⁷ The implication was, of course, that the Association was essential to the industry's welfare, as explicated in this 1921 editorial:

The tendency of Legislature to interfere not only in the Industrial sphere, but also in the vital domestic details of business organisation, has been responsible for much serious concern which the trade, if not organised, could not possibly hope to overcome.²⁵⁸

To conclude this section on the lobbying of governments, a critical change event is described. The abolition of Common Rule changed the course of history by undermining the power of the Arbitration Court to set common standards for employees, and not just in the retail industry. It also set a precedent for the 1910 decision by the High Court of Australia to bar the Federal Arbitration Court from setting a Common Rule.

5.3.1 The Abolition of Common Rule

The story of how Common Rule was crushed by the Association has not been told in extant research. Only its date of abandonment has been recorded, and a brief mention of the Association's part in its overthrow (Ryan 1984). The following account therefore presents original historical research on this far-reaching legal

Endowment tax was obtained in that as from 20th December last the tax was 1 per cent. on wages paid under State Awards only, instead of 2 per cent. on all salaries". *The Journal of the Retail Traders' Association of NSW*. June 1930, p. 12.

255 "The Retail Traders' Mutual Indemnity Assurance Association Limited". June 1927, *RTA Annual Report*. p. 7.

256 "Reducing Insurance Cost". *The Journal of the Retail Traders' Association of NSW*. July 1929. 11. 1. p. 21.

257 "Less Legislative Control Needed". *The Journal of the Retail Traders' Association of NSW*. August 2. pp. 11-12.

258 "Progress". *The Journal of the Retail Traders' Association of NSW*. August 1921. 3. 2. pp. 393-5.

precedent.

The Association's decision to take action against Common Rule stemmed directly from the actions of Colonel Frederic Lassetter, founder of *Lassetter's* department store. Lassetter had already caused "considerable discussion in the commercial world"²⁵⁹ for a series of well-publicised innovations. Indeed, Lassetter and his store received more mentions, and column centimetres, in the journal than any other retailer, apart perhaps from Samuel Hordern II.

At a time when there were shortages of coinage in the colony, Lassetter minted his own currency: "copper tokens which had a large circulation and were known as 'Lassetter Pennies'".²⁶⁰ *Lassetter's* was "the second company to be set up in Australia, following the Bank of New South Wales, and the first limited company formed in Australia in 1878".²⁶¹ As previously noted, he was also the creator of other newsworthy events, such as the 1919 "Gala" opening of his new store.²⁶²

Lassetter was a founding member of the MRA, but within three months of its formation, he resigned his membership.²⁶³ Although no explanation was provided in the minutes, the reason became clear a few months later when "Lassetter's Agreement" was launched. This promised sales assistants a progressive new deal on wages and hours, an increase in the proportion of junior to senior workers, and a preference for hiring Shop Assistant Union members.

In a newspaper advertisement that grabbed attention because of its two-column size, use of white space, and upper-case copy, Lassetter's boasted: "Every shop assistant will now receive a FAIR WAGE, and the SWEATING SHOPKEEPER will no longer be able to keep his unfortunate staff working at a STARVATION

259 "F Lassetter & Co., Limited". *The Journal of the Retail Traders' Association of NSW*. July 1923. 5. 1. pp. 5-8.

260 "F. Lassetter & Co Limited." *The Journal of the Retail Traders' Association of NSW*. September 1919. pp. 42-48. Lassetter Pennies "were imported in great quantities from England – one shipment by the way being lost in the wreck off the 'Dunbar' at Sydney Heads in 1857 – and they were practically accepted as part of the Colony's legal currency until the issue of such tokens was prohibited".

261 Australia in the Good Old Days: facsimile pages from *Lassetters' Commercial Review*, no. 26, 1911. Anon. Ure Smith. Sydney. 1976.

262 "F. Lassetter & Co. Limited". *The MRA Journal*. September 1919. 1. 3. pp. 42-48.

263 Lassetter was re-accepted as a member of the MRA in 1917. Minutes of the MRA 21.6.1917.

WAGE".²⁶⁴ The ad also announced Lassetter's intention to apply to the Arbitration Court for a Common Rule to be applied to the whole of the state of NSW.²⁶⁵

The Shop Assistants' Union immediately adopted Lassetter's Agreement as its own, as the "most comprehensive application yet determined by the Court, as it will, if granted, regulate the working conditions of about 30,000 employees in all parts of the State".²⁶⁶

The Association, fearing that Lassetter's Agreement would set a costly new precedent, decided to take legal action on the grounds that the recently formed NSW Industrial Arbitration Court had "no power to make a Common Rule".

On the public record, the MRA defended its decision as protecting the rights of the smaller retailers, who could not afford the increased overhead of the Agreement. Samuel Hordern II, MRA co-founder and the most powerful of its members, "unhesitatingly said that the agreement would prove unworkable. It would, if awarded the Common Rule, crush out of existence the small retail establishments, and enable the wealthier concerns to monopolise trade. Personally, he was opposed to the agreement on those grounds, because he did not wish when ascending the ladder of success to meet his neighbour coming down".²⁶⁷

The MRA's objection to the power of the Arbitration Court to set a Common Rule was defeated but, "not being satisfied with this decision, (the MRA) appealed to the Supreme Court of NSW to prohibit the Arbitration Court from making the agreement a Common Rule". The appeal for a prohibition was refused by that Court, which took the same views as the Arbitration Court.²⁶⁸

The MRA then appealed to the High Court of Australia, which ruled in 1904 that the NSW Arbitration Court had no power to set a Common Rule. "Lassetter's

264 "The Only Forgets". *The Sydney Morning Herald* 9.12.1903, formatting per original, (in MRA pressclippings book).

265 "The Retail Trade. Agreement with an Employer. Amended Conditions Granted. Shop and Grocers' Employees' Unions combine. The Common Rule proposed. Drastic Effects Foreshadowed". *The Daily Telegraph*. 4.12.1903 (in MRA pressclippings book).

266 Ibid.

267 "The Shop Employees' Agreement - Associated Retailers in Opposition". *The Sydney Morning Herald*. December 05 1903.

268 Sourced from a typewritten document on MRA letterhead, pasted among the Association's handwritten minutes of 1905. Headlined 'THE COMMON RULE' but with no recipient address, the document is conceivably an early press release.

Agreement" was therefore discarded, in a legal decision that affected subsequent bargaining with employees in *all* industries.²⁶⁹

This was not the whole story however. At the time that the Association's governing council resolved that it felt "compelled to take action against Lassetter's Agreement", it was not aware that – right from the beginning – the "Agreement" was "not worth the paper it (was) written on".²⁷⁰

Newspaper reports one week after the launch of Lassetter's Agreement alleged that not one, but two agreements were made between Lassetter and employees – the second one annulling "Lassetter's Agreement", unless it was accepted as "Common Rule". The allegations were founded on the official documents lodged in the Arbitration Court, and are thus judged to be legitimate. The documents showed that on the same day that "Lassetter's Agreement" was made and registered with the Court, a second agreement was made – but not registered until seven days later – in which the parties consented that Lassetter's Agreement "shall not come into force or be in any way binding on any of the parties thereto unless and until the said agreement shall be made the Common Rule for the State of New South Wales".²⁷¹

The fact that Lassetter arranged for an annulling agreement to be drawn up and lodged with the Court was not in itself a crime. It surely would have been simpler, however, for an annulling or "exit" clause to be included in the original "Lassetter's Agreement". This raises questions about Lassetter's motives in keeping the two documents disconnected.

Though we can't be certain, it appears that Lassetter's motive for launching his so-called "Agreement" was to create a publicity opportunity. This is consistent with

269 An official report of 1905 described the significant impact of the decision to disallow Common Rule: "The result has been to throw a large number of industries back into a state of confusion and to nullify the Industrial agreement provisions of the Act. Complaint is often made that the Arbitration Act has caused a vast amount of litigation, and that the Court engenders strife instead of promoting conciliation; but it is the above-mentioned decision of the High Court (to disallow Common Rule) which has been mainly responsible for paralysing the functions of the Court as a Court of Conciliation" (Beeby 1905, p. 23).

270 "The Shop Assistants' Union and the Master Retailers' Association, &c. A Peculiar Incident". Article pasted in the MRA pressclippings scrapbook, with source quoted: "Newsletter", 30.1.1904.

271 "The Retail Trade. Shop Employees Agreement. Contingent upon a Common Rule". *The Daily Telegraph*. 15.12.1903 (in MRA pressclippings book).

his earlier behaviour in developing a range of news-grabbing innovations. Indeed, as soon as "Lassetter's Agreement" was launched, it became a "matter of public interest".²⁷² The pages of the major daily newspapers filled with news reports and letters from the protagonists, and some stores ran advertisements protesting Lassetter's Agreement as "pernicious and absurd", and "distinctly refusing to recognise the Employees' Union (SAU) in any particular, as it is not a representative body".²⁷³

Overall, however, Lassetter was praised as a decent and progressive employer. This was valuable publicity at the time because shortages of skilled retail staff were a big problem in Sydney in the early century. The archives show that MRA members poached senior sales assistants from each other²⁷⁴, and one clause of "Lassetter's Agreement" specifically prohibited his employees from working casually after hours, or during holidays, at other stores.

The County Storekeepers' Association CSA was not willing to join the MRA in its legal campaign against common rule, despite their common opposition to the Union. The CSA steadfastly maintained that it did "not in any sense support the contentions and disputes of the city men, and the conditions of trade existing between the city and country are not even in harmony, but on many points are distinctly antagonistic".²⁷⁵

The CSA President denounced the possibility of supporting Common Rule as "entirely erroneous, nothing being further from the intention of my association".²⁷⁶ The CSA claimed the SAU was not representative of the "tone of the country employees in question". Furthermore, country sales assistants "had no grievances, as they are paid from 25 per cent to 50 per cent higher than the rates prevailing in the city, and no citation by the Sydney Shop Assistants' Union would affect

272 "The Shop Employees' Agreement". Reader's letter. *The Sydney Morning Herald*. 7.12.1903 (in MRA pressclippings book).

273 "Shop Assistants' Union". *The Star*. 2.12.1903 (in MRA pressclippings book).

274 Minutes of the MRA 16.9.1915.

275 "Country Storekeepers, Discussion at a Conference". *The Sydney Morning Herald*. 14.11.1903 (in MRA pressclippings book).

276 "The Shop Employees' Agreement. Associated Retailers in Opposition". *The Daily Telegraph*. 5.12.1903 (in MRA pressclippings book).

them".²⁷⁷

The SAU fought back in declamations that the MRA was not representative of the retail trade²⁷⁸, asserting that a "very influential body of retail traders have absolutely declined to be party to the opinions and actions of The Master Retailers' Association".²⁷⁹ The MRA defended its position, but also lodged objections against the registration of the CSA (which further "alienated the sympathy of the country storekeepers"²⁸⁰), and not long after, against the registration of the Newcastle and District Retailers' Association.²⁸¹

The chronology below shows how Lassetter garnered significant press publicity – but was also made aware of the contending parties' views that Common Rule was unachievable – for a full week preceding the registration of the second annulling agreement.

277 "The Shop Assistants' Claims. The Master Retailers' Association." *The Daily Telegraph*. 27.11.1903 (in MRA pressclippings book).

278 "The Retail Trade. The Agreement with Lassetter's". Letter from the Secretary of the SAU, Geo Beeby. *The Sydney Morning Herald*. 5.12.1903 (in MRA pressclippings book).

279 "The Retail Trade. To the Editor". *The Daily Telegraph*. 2.12.1903. Letter from Secretary of the SAU, Geo Beeby (in MRA pressclippings book).

280 Minutes of the MRA 30.11.1903.

281 Minutes of the MRA 6.1.1904.

Chronology of Lassetter's Agreement

- 3.12.1903 Two agreements drawn up between the parties, *Lassetter's*, the SAU and the United Grocers Assistants' Union of New South Wales, the second one annulling Lassetter's Agreement unless made a Common Rule. Lassetter's Agreement is registered with the Arbitration Court.
- 4.12.1903 Lassetter's Agreement reprinted in full (Sydney Morning Herald SMH, and Daily Telegraph DT).
- 5.12.1903 MRA announced it was "compelled" to take action against Common Rule, and that a "Special Meeting" would be held on 11.12.1903 (SMH and DT).
- 5.12.1903 CSA advises it won't support Common Rule (SMH and DT).
- 5.12.1903 Newspapers' letters pages fill with claims and counter-claims about the MRA and SAU not being representative of their constituents (SMH and DT).
- 5.12.1903 SAU asks the Court if a day could be fixed for the hearing of an application of the Common Rule with regard to Lassetter's Agreement (SMH).
- 5.12.1903 Samuel Hordern II denounces the Agreement in an interview (SMH).
- 9.12.1903 Lassetter runs his own advertisements defending the Agreement and attacking Samuel Hordern (SMH and DT).
- 10.12.1903 Lassetter registers the second annulling agreement in Court.
- 11.12.1903 MRA's "Special Meeting" held.
- 14.12.1903 SMH uncovers second agreement but makes no editorial comment.
- 15.12.1903 DT reports second agreement but makes no comment.
- 30.1.1904 "Newsletter" report judges Lassetter "duplicious".

In short, Lassetter calculated correctly that the chances of Common Rule being granted – and therefore of him having to honour his "Agreement" – were near impossible. He knew the MRA would put up a fight, which explains his early resignation, and the inter-industry strife that followed was a matter of public knowledge, played out in heated debate in the newspapers.

We may also wonder why Lassetter, having already decided to cordon off the annulling clause into a separate agreement and delay its registration, particularly

chose December 10th to finally register it. The previous day, December 9th, Lassetter had run his own newspaper advertisements slandering Sir Samuel Hordern for criticising the Agreement²⁸², and touting his own store as "The Honest Universal Provider". December 10th was a Thursday, which meant the story of the annulling agreement would be "old news" by the time it was written up and printed in Monday's paper.

We can also speculate that Lassetter feared what might take place at the MRA's (extraordinary) "Special Meeting" to be held on December 11th, and thus judged it best to register his annulling agreement before that meeting was held. The second agreement was indeed circulated at that meeting²⁸³, and would have allayed the MRA's hostility. It is unclear how the document was obtained by the MRA, however, but it was in Lassetter's interests to make them aware of it.

News of the annulling agreement was reported, without editorial comment, in the *Sydney Morning Herald* on December 14th, eleven days after Lassetter's Agreement first appeared. The following day, a similar no-comment report appeared in *The Daily Telegraph*. The absence of editorial comment was inconsistent with the flurry that had accompanied the launch of Lassetter's Agreement. This is possibly explained by the fact that the Agreement had been given front-page coverage for a full week, and newspaper editors felt red-faced in retracting their mistake, and revealing its lack of substance. Lassetter was also a friend of at least one newspaper proprietor, the Fairfaxes, publishers of *The Sydney Morning Herald*.

Amidst the scrapbooks of news clippings collected by the Association, however, one dissenting report damned Lassetter as "duplicitous". Printed as a publication that could not be otherwise located – simply titled "*Newsletter*" – it is possible this

282 Lassetter attacked Hordern (renamed as 'The Only') for pretending to defend the interests of small shopkeepers. Lassetter's advertisement contended that The Only (Hordern) had forgotten "how he used to sneer at the SMALL TRADERS. How he JEERED at THEM because they bought from the York-Street Warehouses, TAUNTED THEM with having EMPTY SHOPS, called them NAMES, DOUBTED the VERACITY of their advertisements, etc etc". The ad went on to threaten that "When the case comes on at the ARBITRATION COURT LASSETTERS WILL POP (HORDERN) INTO THE WITNESS BOX. It will be extremely interesting to confront him with ALL his old advertisements. He USED to ADVERTISE that his turnover was between a MILLION and a quarter and a million and a half a year. He will be enabled to SHOW THE COURT what PROPORTION of his MILLION and a HALF goes to HIS EMPLOYEES". "The (Only) Forgets". *The Sydney Morning Herald* 9.12.1903, formatting per original (in MRA pressclippings book).

283 "Trades and Labour. Master Retailers' Association". *The Sydney Morning Herald*. 14.12.1903. (in MRA pressclippings book).

anonymous critique was published independently. This is supported by the long lag time to its publication – six weeks after the second agreement was revealed – which suggests the non-commercial nature of the source. In addition, the vast majority of articles pasted in the Association's scrapbooks were taken from *The Daily Telegraph* and *The Sydney Morning Herald*. "Newsletter", however, appears only in connection with this issue. An excerpt of the publication appears below:

There has been a rather interesting incident in connection with the deliberations between the Shop Assistants' Union and the Master Grocers, Drapers &c., and it looks as if the Arbitration Court may be used at times for the purpose of good advertisement. We refer now to the registration of two agreements between Messrs. Lassetter and Co on the one hand and the Grocers' Assistants and the Shop Assistants' union on the other...

It appears that an agreement was drawn up between the contending parties in which there was considerable show of concession to the employees on the part of the firm, and this agreement was duly registered and published by the daily papers in the ordinary way as an agreement come to between Lassetter and Co and the employees' union above mentioned.

But, extraordinary to relate, immediately after this agreement was come to, perhaps at the very time, an over-riding agreement was arrived at, and subsequently registered but not published, to the effect that the first agreement was not to come into operation till it had been made the Common Rule all over New South Wales, for the city and country alike...

The agreement is signed in the usual way and endorsed by the seals of the respective parties. There cannot be any doubt that this is a flagrant piece of humbug...

For the purpose of advertisement, any business house desirous of currying favour with the workers might make up an agreement with the unions conceding the most extreme of their demands, and then get in another agreement overriding the first, and declaring it inoperative until it was made the Common Rule of the entire country.

The real humbug of the business would be in the fact that there was small probability of a Common Rule being established on those grounds either in the city or in the country. At the present time, a bitter fight is proceeding between the city and the country houses as to many matters of common agreement with respect of the employees, so that there being so much "contentious" matter, the day of Common Rule on these points is a precious long way off... To our mind the Arbitration Court is being distinctly played with... (This is a grave misuse of the Court.²⁸⁴

In sum, Lassetter's failure to reveal the existence of the second document while he was promoting his Agreement strongly suggests that he was acting with premeditated intention to gain advantage through deception. Lassetter bested his

²⁸⁴ "The Shop Assistants' Union and the Master Retailers' Association, &c. A Peculiar Incident". Article pasted in the MRA pressclippings scrapbook, with source quoted: "Newsletter", 30.1.1904.

competitors, as represented by the Association, in a public battle that he had already won - although he could not have anticipated the tidal wave of opposition he provoked. By the time Lassetter's annulling document was uncovered, however, the SAU had set in train the application for the hearing of Common Rule²⁸⁵, and continued to champion the agreement in what became known as the Shop Assistants' Case, discussed in Chapter Three.

This critical event in the history of retailing in Australia demonstrates the extreme litigious vehemence with which the Association pursued its aims, and its foes, or any who threatened its power. It also provides a measure of the Association's influence in resisting the threat of change.

Yet, for all the legal, economic and social power possessed by the Association, it became the dupe of one man in its campaign against Common Rule, a previously unknown finding revealed by this original research.

In terms of retailing theory, this event shows how change emanates from the behaviours of human actors. In this case, the actions of Lassetter, and the reactions of the Association's governing council, were both driven apparently by motives of self-interest and power. This event exemplifies extant theory of the nature of change as a two-step process of action and reaction, as argued in the literature of dialectics and countervailing power.

5.4 Lobbying Manufacturers

Another threat that united retailers was the "unfair" treatment meted out by manufacturers. The Association regularly complained about manufacturers' "contempt" for, and "neglect and indifference" towards retailers, as well as a range of specific issues. These included the advent of proprietary brands, and fixed prices²⁸⁶, the prosecution of retailers, rather than manufacturers, for the selling of adulterated goods²⁸⁷, "the ever-increasing Tariff Wall"²⁸⁸ on imported

285 "Application for the Common Rule". *The Sydney Morning Herald*. 5.12.1903 (in MRA pressclippings book).

286 "Why not Create Your Own Brands?" *The Journal of the Retail Traders' Association of NSW*. October 1924. 6. 4. pp. 101-2.

287 "Less Legislative Control Needed". *The Journal of the Retail Traders' Association of NSW*. August 1929. 11. 2. pp. 11-12.

288 "Customs Matters". June 1928, *RTA Annual Report*, p. 8. The Association's complaints about the "the ever-increasing Tariff Wall" had some basis in fact. In 1929, a Prime Ministerial committee on the tariff found "that Australian products which are

goods which resulted in "prohibitive" retail prices, and manufacturers selling directly to the public.²⁸⁹

In the mid-1920s, the Association began to take an actively political stance against the perceived "abuses" by the manufacturing sector.²⁹⁰ The timing was significant, coinciding with a general increase in the supply of goods in the post-war period, and a growing realisation of the importance of retailers in the distribution channel.

No longer dependent on a limited number of suppliers for limited stocks, domestic manufacturers became a major target of the Association's lobbying. A typical report opined in 1924 that as a consequence of the protectionist policy of the Australian government, domestic manufacturers were "practically exempt from competition" and had "consumers at their mercy":

The manufacturing industry in Australia has reached saturation point. It is becoming pot-bound. There is very little internal competition, amalgamations, combinations and price understandings being universal. The manufacturers have the consumers at their mercy.²⁹¹

In 1925, Australian manufacturers lodged applications to increase the tariffs on two imported products which were then in big demand – bentwood chairs and felt hats. The Association decided to oppose the tariff increases on the grounds of the inferior quality of the locally made articles. The Association argued (at a time when Australia was plagued by rabbits): "As felt hats are made from rabbits' fur, it should be one of Australia's principal secondary industries and we should be able to produce fur and felt hats which would command a market in every part of the world... Hat experts say that the local manufactured hats are inferior to those imported, as regards weight, dyeing and general finish, and retailers find that the 'man who cares' always demands an imported hat".²⁹²

When the Association opposed these tariff increases, manufacturers protested loudly. The Association was accused of attacking the fiscal policies of the

protected cost £36,000,000 more than the same goods could be imported for duty free "The Tariff". *The Journal of the Retail Traders' Association of NSW*. July 1929. 11. 1. p. 25.

289 "Furniture Trade Matters". June 1929, *RTA Annual Report*, p. 13.

290 "Why not Create Your Own Brands?" *The Journal of the Retail Traders' Association of NSW*. October 1924. 6. 4. pp. 101-2.

291 "Customs Duties". *The Journal of the Retail Traders' Association of NSW*. March 1924. 5. 9. pp. 247-8.

government²⁹³, and of "being opposed to 'Australian made' and of giving their preference to imported goods irrespective of their origin".²⁹⁴

By 1927, nonetheless, the Association was opposing a wide range of tariff applications from Australian industries that were, according to the Association, "not properly organised". These included those for "woollen piece goods (shoddy materials), towels in lengths defined for cutting up, and socks and stockings"²⁹⁵, and "Linoleums, Glassware and Brushware". To authenticate its views, the Association hired the services of a senior lecturer in economics at the University of Sydney, who concluded that those local industries had "more than sufficient protection at the present time".²⁹⁶

The Association is not opposed to the granting of reasonable duties to properly organised Australian factories, which can supply the needs of the community, but is opposed to the indiscriminate granting of duties to factories that are not properly organised and cannot supply the public's demands.²⁹⁷

The Association's public protests about tariffs were borne on a long history of retailer resentment of manufacturers, which arose with the introduction of proprietary brands. As one contemporary wrote in 1912:

For many years the attitude of manufacturers of trade-marked goods, of advertising agencies, and of solicitors for newspapers and popular magazines, has been one of neglect and indifference to the retailer. Aye, more, it has been one of contempt and antagonism. The idea has prevailed that the retailer is but an adventitious element in the machinery of distribution, without influence or a will of his own, and need not be considered in the mapping out of an advertising campaign, it being only necessary to provide a bountiful appropriation for printers' ink and the people can be sent in droves to the shops, the retailer, when they get there, having nothing else to do, and having no power to do anything else than to hand out the articles called for with a pleasant smile and a feeling of profound gratitude for the privilege.

This process has been denominated "FORCING THE RETAILER", the idea being that it is possible to COMPEL him, by sheer force of advertising, to stock and sell any article, regardless of his opinion as to its merits, of the profits it

292 "Excessive Customs Duties". *The Journal of the Retail Traders' Association of NSW*. January 1925. 6. 7. pp. 197-200.

293 "Customs Tariff Matters". June 1927, *RTA Annual Report*, p. 15.

294 "'Australian Made' and the RTA". *The Journal of the Retail Traders' Association of NSW*. February 1926. 7. 8. pp. 253-4.

295 "Customs Tariff Board". *The Journal of the Retail Traders' Association of NSW*. March 1925. 6. 9. p. 286.

296 "Customs Tariff Matters". June 1927, *RTA Annual Report*, p. 15.

297 "Protection". *The Journal of the Retail Traders' Association of NSW*. May 1927. 8. 11. pp. 3-5.

affords him, or as to whether he desires to sell it or not.²⁹⁸

In 1923, the Association denounced proprietary brands as a “serious” and “growing interference” in retailing. The Association complained that branded goods would lead to a homogenisation of stores, a prediction that to some degree has come true:

A matter of vital importance to retail traders was mentioned at the recent meeting of the Council of the RTA, that of manufacturers’ brands on goods supplied to retail houses for sale to the general public.

The member who brought this matter before the Council, said his firm was greatly concerned about the growing demand of manufacturers that their goods, supplied to retailers, should bear the manufacturer’s trade brands, and he gave many reasons for the strong opposition...

The reasons put forth were that unless some effective measures were taken, manufacturers’ brands would grow to such an extent that in a very short time the individuality of retail houses would be practically taken away from them. Further, that goods when purchased become the property of the retailer, and for that reason he has the right to sell them to the public as his own. It was pointed out that the manufacturers were using every endeavour to have legislation brought about making it compulsory for their trade brands to be on goods they manufacture. Retail houses are big factors in the community. The successful, established retail house has built its business in selling the class and quality of goods required and by giving general satisfaction and service to the public. In so doing, the firm’s name has become known to the public and it has a perfect right to preserve the name it has made and sell goods which bear that name only.

The younger progressive retailer should also realise the seriousness of this growing interference. He has a right, which he should preserve, to build a business on his own name.²⁹⁹

Retailer resistance to branded products was futile, however, in the face of consumer demand for them. As described in Chapter Three, brand-name products in the household were testament to living “the good life”.

Perhaps in recognition of this, in 1924 the Association began calling for the development of retailers’ own house brands, with the exhortation: “Certainly run a branded line, but let it be a brand of your own”.³⁰⁰

House brands had long been used on ready-to-wear clothing produced by

298 “Is the Retailer About To Come Into His Own?” *The Storekeeper and Commercial Record*. 18.11.1912. p. 28.

299 “Manufacturers’ Brands”. *The Journal of the Retail Traders’ Association of NSW*. December 1923. 5. 6. pp. 142-4.

300 “Retailers and Proprietary Brands”. *The Journal of the Retail Traders’ Association of NSW*. December 1925. 7. 6. pp. 203-4.

department stores such as *David Jones* and *Anthony Hordern & Sons*, but their application to other product lines was slower. *Grace Bros* was apparently one of the first department stores to expand house brands to other products when it introduced in 1924 two house-brand jams in its "Cash and Carry" department.³⁰¹

A lead editorial in 1924, "Why not Create Your Own Brands?", implored the retailer to consider developing "his own name or trade brand", given that he spends "large sums" on advertising – only to promote the lines supplied by others.

While it may be quite necessary in the course of everyday business to stock well-known proprietary lines which are asked for by the public, does the retailer who spends large sums in advertising and boosting outside manufacturers' brands ever consider why he should not have a brand of his own to foster and to bring before the public – a brand that represents goods manufactured under his own supervision, and which he believes to be as good, if not better than those of the outside maker? Why not create and boost this individual touch into your business? Educate your assistants to think your own goods are the best, and train them to pass this on to customers.³⁰²

Retailers' were further aggrieved by the advent in the mid 1920s of resale price maintenance (RPM), which stipulated that retailers maintain an agreed retail price on proprietary brand products. RPM was enforced by the Proprietary Articles Trade Association (PATA), formed in Australia at least as early as 1924, and which, like its counterparts in the UK and Canada, represented the interests of brand-name manufacturers. PATA threatened boycotts against discounting retailers, whereby "in the event of the retailer cutting one proprietary line, his supplies of all proprietary lines (provided by all PATA members) may be stopped".³⁰³

Storekeepers were put in an invidious position. Too fearful to eliminate branded goods from their stock, they accepted the set prices and became "simply one of a crowd selling exactly the same goods at the same prices as his fellows – one cannot say competitors, for the man who sells branded goods surrenders every weapon of competition... (When a manufacturer) enters the market, so to speak, and commences to dictate the ultimate selling price, he is usurping the province of the retailer, who is the only one rightly entitled to determine at what price an article

301 "Cash and Carry A Visit to Grace Bros' Large Sydney Store". *The Australasian Grocer*. 1924. 5. p. 831.

302 "Why not Create Your Own Brands?" *The Journal of the Retail Traders' Association of NSW*. October 1924. 6. 4. pp. 101-2.

shall be sold".³⁰⁴

In 1925, PATA tried to prohibit newspapers from accepting retailers' advertisements that offered cut-price proprietary goods.³⁰⁵ Two years later, resale price maintenance was upheld in court when *The Palmolive Company (Australasia)* gained an injunction to "restrain the sale of Palmolive soap at a price less than 7 1/2d a cake" against a grocer of Bridge Rd Richmond (Victoria) who "had, on or about November 24, 1926, and on other dates, sold and offered for sale at Richmond, Palmolive soap at 5 1/2d a tablet".³⁰⁶

By the mid-1920s, with growing competition on the supply side, manufacturers became aware of the need to secure the co-operation of retailers in promoting their products, not merely distributing them. This was reflected in a notable increase in complaints by manufacturers that "retailers do not give them adequate support"³⁰⁷, and about "the lack of co-operation between the retailer and the proprietor of branded goods".³⁰⁸

Increasing competition for retailer support gave rise to the beginnings of trade promotion, or incentives given to retailers by manufacturers to secure favourable exposure for their products.³⁰⁹ The first recorded evidence in the journal of the practice of trade promotion appeared in 1927 when "a certain hosiery firm" began offering prizes to sales assistants in Australia for selling their brand.³¹⁰ In America, trade promotion was in evidence at least by the second decade of the century, although as the trade journal *The Dry Goods Economist* reported:

The effort to influence the retail salespeople, so that they would push the

303 Ibid.

304 "Branded Goods and Price Maintenance". *The Journal of the Retail Traders' Association of NSW*. August 1925. 7. 2. pp. 54-8.

305 "Minutes RTA 19 Nov 1925". *The Journal of the Retail Traders' Association of NSW*. November 5. pp. 144-7.

306 "Price Agreement Injunction Granted". *The Journal of the Retail Traders' Association of NSW*. January 1927. 8. 7. pp. 33-4.

307 "Price-fixing and Branded Goods". *The Journal of the Retail Traders' Association of NSW*. March 1924. 5. 9. pp. 248-50.

308 Ibid.

309 The terms trade promotion, slotting allowances and slotting fees "describe a family of marketing practices that involve payments by manufacturers to persuade downstream channel members to stock, display, and support new products" (Bloom et al. 2000). Incentives take a variety of forms including new-line fees, rebates and discounts, and "co-operative advertising" payments.

310 "Boosting Proprietary Brands by Prizes to Shop Assistants". *The Journal of the Retail Traders' Association of NSW*. June 1927. 8. 12. p. 37.

products of certain manufacturers, had a brief and stormy career, largely through the publicity given to its true inwardness by the Dry Goods Economist. In article after article, we pointed out that the scheme, if generally adopted, would take control of his salespeople out of the merchant's hands and therefore was seriously inimical to his interest. Ere long, some of those manufacturers who had the plan in force saw the light, and the funeral services quickly followed.³¹¹

The historical origins of trade promotion are discussed further in Chapter Six.

5.5 Lobbying Newspapers

The Association lobbied the press as well as governments and manufacturers, and frequent "deputations" to Sydney newspaper editors were made to complain about "unsatisfactory" articles and to seek the right of reply.³¹² The Association also pressured the press to downplay any news that might adversely affect retail sales. In 1907, when a plague of rats infested the Sydney city area, and then during the 1913 smallpox epidemic in Sydney, the MRA wrote to the daily papers trying to curb their coverage of the outbreaks, because they "frightened shoppers away".³¹³

In 1917, the Association lobbied *The Sydney Morning Herald* for concessions in advertising rates, after retail store advertisements were removed from the conspicuous back page of the paper ("The Drapers' Page").³¹⁴ Four years later in 1921, the Association introduced "the principle of collective bargaining" for advertising rates, when it began negotiating uniform rates with evening newspapers for all the Association's members, "so that each member can now feel that his advertising is on the same basis as his neighbour".³¹⁵

In 1922, the Association started pushing publishers to issue audited figures of their

311 "Manufacturers Sometimes Make Mistakes". *The Journal of the Retail Traders' Association of NSW*. December 1923. 5. 6. pp. 160-1.

312 For example, Minutes 26.5.1904: "Resolved that the Secretary should write to Sydney Morning Herald asking them to receive a deputation from the Association... to refer to certain unsatisfactory paragraphs relating to the Association which have recently appeared in the Herald".

313 Respectively, Minutes of the MRA 7.2.1907, 30.7.1913.

314 The Association "sent a deputation to The Sydney Morning Herald to request that drapery advertisements be placed again on the back page of the paper, or that concession in rates be granted, and to express general dissatisfaction with the treatment meted out to advertisers". Minutes of the MRA 18.1.1917.

315 "The Publicity Committee's Advertising Campaign". *The MRA Journal*. January 1921. 2. 7. pp. 288-89.

circulation.³¹⁶ Such measures were becoming increasingly necessary with the rapid rise of tabloid press in the 1920s. Newspapers such as *The Sun*, *The Daily Telegraph*, *The Daily Guardian*, *The Sydney Morning Herald*, *The Evening News*, *Truth*, and *Sunday Times* were, by the 1920s, competing fiercely for the retail advertiser's dollar. This was evidenced by their frequent full-page advertisements in the journal.³¹⁷ In 1926 - still before there was any mention of the role of advertising agencies in buying media space - the Association began negotiating discounted rates on bulk advertising.

The explosion in print media in the 1920s sparked discussion in the journal about how to compare the relative value of advertising in particular publications. These historic reports described early measures of advertising "reach" that closely resemble the cost per thousand (CPM) measures used today.³¹⁸

In summary, the Association was a successful lobbyist and in the period under study it achieved some material changes to the policies and practices of newspapers and also of governments. It was less successful, however, in its lobbying against manufacturers, and was unable to prevent the flood of proprietary brands, and the later imposition of resale price maintenance. By the mid-1920s however, under the pressure of increasing supplies, the "contemptuous disregard of the manufacturer for the retailer" that had characterised their relationship in the early century, had begun to give way to a new "business-like deference" towards retailers.³¹⁹

316 "Determining Advertising Rates". *The Journal of the Retail Traders' Association of NSW*. 1922. 3. pp. 519-521.

317 Along with mainstream newspapers, specialist newspapers such as *The Children's Paper* also advertised in the journal. A 1924 ad asked: "In an age of specialising, have you made a special appeal to Children and Parents? If not, here is a medium for you. The Children's Paper goes into ten thousand homes throughout Australia every fortnight... sent free anywhere in the Commonwealth". "The Children's Paper". Half-page advertisement. *The Journal of the Retail Traders' Association of NSW*. November 1924. p. 145.

318 CPM, cost per thousand impressions, is one of the most widely accepted indicators of media efficiency. The first recorded attempt at appraising advertising worth on a known denominator basis involved the "milline", which was described as "one newspaper line circulated one million times" "Determining Advertising Rates". *The Journal of the Retail Traders' Association of NSW*. 1922. 3. pp. 519-521.

319 "Is the Retailer About To Come Into His Own?" *The Storekeeper and Commercial Record*. November 18, 1912. p. 28.

5.6 The Educational Role of the Association

5.6.1 Scientific Management Principles

In addition to its role as a lobbyist, the Association also acted as an educator of retailers. By far the most valuable educational service was the Association's journal, which provided a month-by-month lesson in how to manage a "modern" store. The new "rational" approach to the management of retailing could be observed in many journal articles, and in the frequent use of words such as "scientific", "modern", "progress", and "up-to-date". Indeed, the ideal department store was "almost invariably a model of systematic arrangement"³²⁰.

The Association urged retailers to recognise "that speed and economy in distribution (should) be the goal of every merchant, and that logical analysis of potential demand with the adoption of modern buying and selling methods to meet these trends follow as their natural corollary".³²¹

Every aspect of the diversified department store needed to be made accountable, and in the absence of precedent, retail managers turned to the manufacturing sector and also to the military forces³²² for lessons on running large hierarchical organisations.

The transition to the new "hands-off" style of managing a large retail store, however, was not an easy one.³²³ Rapid growth in the size and scope of stores, and accompanying changes in operating requirements, left many managers struggling to cope. This was captured in a 1930 article by a former storekeeper, who became a

320 "Business Organisation. Modern Methods of Management. Scientific Organisation the Basis of Success. Our Big department stores are probably the least efficiently organised of any similar commercial enterprise". *The Draper of Australasia*. November 16, 1914. pp. 435-436.

321 "Exploit Goods - Not Prices". *The Journal of the Retail Traders' Association of NSW*. August 1921. 3. 3. p. 461. As proposed by The Associated Retail Advertisers in America.

322 "Controlling a Large Staff". *The Journal of the Retail Traders' Association of NSW*. 1928. 9. pp. 33-39.

323 "Incompetence" was listed as the second most common reason for the failure of business in a 1910 survey in the USA ("lack of proper business training, such as inability to keep accounts, unfamiliarity with markets etc"). The 1910 survey by Bradstreet (forerunner to Dun & Bradstreet) noted that "79 per cent of (business) failures are attributed to the unsuccessful individuals themselves and 21 per cent to causes outside their control." The chief causes of failure in business were (due to the individual) Want of Capital 33%; Incompetence 22%; Fraud 10%; Inexperience 6%; Giving Unwise Credit 3%; Neglect 3%; Speculation 1%; (out of control of the individual) Specific Conditions (Panics etc) 17%; Failures of Others 2%; Competition 2%. "Causes of Failure in Business". *The Australian Storekeepers & Traders' Journal*. July 30, 1910. p. 10.

banker, and then watched his (retailer) customers go through “the same unsatisfactory, wasteful... costly trial and error curriculum of the past” that he had experienced.³²⁴

The difficulty of expanding from a small store, over which the founder had total control, and into mass-volume selling, was captured in a 1928 journal article. While the following excerpt is long, it conveys the void of “management knowledge” at that time, and the struggle that retailers faced in developing their businesses to unprecedented scale:

There is a period in the development of every growing business when the principal realises, or should realise, that the personnel of his organisation is beyond his own direct control. He can no longer claim to be in such close touch with the members of his staff that he can continue with accurate judgment to promote the deserving, energise the slackers, or even discern the unworthy.

This state of affairs is usually very disconcerting to a chief who has probably for many years been in the habit of personally engaging, supervising, and discharging all of his employees. Yet it is a state of affairs which must be attained if the principal is to navigate his craft into the high seas of big business.

Generally speaking, the position is not boldly faced as it should be, the principal endeavours to continue to exercise his autocratic power with increasingly bad results...

The problem is by no means easy of solution... A right attitude to the problem is nevertheless essential, and it is here that the chief must be prepared to make an important vital decision, looking not backward but forward, keeping as it were ahead of business... To this end he must, with whatever regret, be prepared to sever his direct personal relationships with the individuals under his control, and gather around him a small select band of departmental heads.

The Army as a Model

The best model on which he can work is that of the army, endeavouring to achieve its discipline and loyalty, but adding within common-sense limits the element of human kindness. He must regard himself as the Colonel, and see to it that he has an adequate staff of officers, sergeants and corporals.

His personal dealings must be with his officers alone – his departmental heads. With them he must hold frequent consultations, to them he must confide his plans and his problems, and he must train this small band

324 “Years ago I was a country merchant, I operated a general store. I faced the same problems of the merchant of to-day except then it was mail-order competition instead of chain stores. I learned to sell by the trial-and-error method. My mistakes cost me money, and I made plenty – that is, mistakes. Later as a country banker, I saw my customers going through the same unsatisfactory, wasteful, costly hit-and-miss retail education that I had experienced. There is little difference to-day. The forms of competition are different. Some of them parade under new names, but essentially it is the same old thing – storekeepers learning by the most expensive method to be merchants. And many never complete their course”. “The Retail Clinic is Coming”. *The Journal of the Retail Traders' Association of NSW*. December 1930, p. 25.

intensely in his methods both of business and staff management.

The individual personnel in each department he must be content to leave to his departmental heads, trusting them to exercise this, his delegated authority, with scrupulous justice and considerably more effectiveness than he could himself...

The chief must on no account permit himself to become dependent on one individual only. He must build a band of specialists, advisers, and co-workers through whom he can control every activity of his organisation...

The great principle is that the heads of the business do not perform the work that is, but plan and organise and concentrate upon the enterprise that might be, seeking ever to bring more grist to the mill. The Colonel and his staff do not exist to drill and train the men, but to organise the plan of campaign.

This, then is the plan whereby a man may keep on top of his duties, may continue to lead his business, and enable it to earn the expense of adequate, capable management. And lest he feel he may hold himself too far aloof from the rank and file, he need only remember the now well-established and sound institution of "staff meetings". By holding such meetings regularly he can strengthen the spirit of team work, he can support the work of his personal staff and maintain the vitality of his own energising influence.³²⁵

The emergence of hierarchical management structures and specialised roles in department store retailing was, as discussed in Chapter Three, an inevitable result of the expansion of stores.

As well as new organisational structures, quantitative analysis of store data was recommended as the most scientific measure for managing a business. The Association exhorted retailers to "substitute modern, scientific analysis and methods of management for the old, wasteful, hit-and-miss, rule-of-thumbs, good-enough-for-father, custom-of-the-trade point of view".³²⁶ Melbourne department store *Myer* was analysing – at least as early as from 1909 – such financial ratios as "wages to sales, advertising to sales, nett profit to sales, nett profit to capital etc".³²⁷ Quantitative analysis of sales data allowed retailers to judge the relative profitability of their stores against industry yardsticks developed by the Harvard Business School, as discussed in Chapter Three.

Apart from sales data, consumer purchasing habits were also recommended for analysis, as captured in a 1922 report which explained how to construct graphs of

325 "Controlling a Large Staff". *The Journal of the Retail Traders' Association of NSW*. 1928. 9. pp. 33-39.

326 "Exploit Goods - Not Prices". *The Journal of the Retail Traders' Association of NSW*. August 1921. 3. 3. p. 461.

327 Detailed listing, *The Myer Emporium Ltd*, University of Melbourne Archives. 10. Accession no 79 109, Group 6, Summary Book.

sales that correlated the numbers of shoppers with the weather conditions:

The scientific organisation of selling is of the first importance in either a retail or a wholesale business... The correlation of weather conditions, numerical groups of visitors, and £. s. d. of sales over a number of weeks, brought to light new knowledge of the most interesting character. Records of this kind are valuable in bringing to notice unsuspected aspects of commercial life...To carry this idea of tabulated ups and downs to its logical conclusion is admittedly ambitious. But an extraordinarily valuable beginning can be made at a minimum cost and the advantages accruing more than repay the initial trouble involved.³²⁸

By the mid-1920s, the idea of *relative* profitability was also being applied to consumers. Journal articles revealed an increasing understanding, and classification, of discrete consumer segments, and the recognition that some segments were more profitable than others. While this might seem self-evident to the reader, this idea was a sea change away from "The Customer is Always Right"³²⁹ culture of a decade earlier.

One typical example of these early attempts at customer segmentation appeared in a 1930 journal article:

Some of the types into which bad customers were classed were:

- The woman who goes into a shop and does not know what she wants;
- The customer who refuses to speak to the assistant after she has asked for what she wants;
- The woman who cannot be made to concentrate on what the assistant is saying to her, but who wanders up and down the counter turning things over in a vague sort of way;
- The customer who says she will come back in half an hour but who never returns; and
- The daughter who goes shopping with her mother... The daughter usually has very fixed ideas as to what she wants... The mother, in nine cases out of ten, is equally determined that her daughter shall have what mother likes. So things usually result in a squabble between the two, with the poor assistant trying to keep the peace and please them both...

(It was agreed) that the masculine type of woman was one of the easiest with which to deal. She always knew exactly what she wanted, and her attitude was invariably, "If you haven't got it, say so, and let me go."³³⁰

Such reports were significant because they recognised the difficulty of negotiating

328 "Sales Management". *The Journal of the Retail Traders' Association of NSW*. January 1922. 3. 7. pp. 588-91.

329 "The Customer is Always Right". *The Journal of the Retail Traders' Association of NSW*. 1929. 10. pp. 3-7.

330 "Customers - Good and Bad As Seen From the Counter". *The Journal of the Retail Traders' Association of NSW*. September 1930. pp. 53-54.

the "human factor" as one of the "foremost difficulties in salesmanship".³³¹ This reflected the increasing competition for their custom.

5.6.2 Window Dressing and Other Sales Promotion

Apart from instructing retailers in methods of "scientific" management, lessons in the "art" of window dressing were frequently featured in the journal, as giant plate glass windows increasingly dominated the street fronts of Sydney's CBD department stores.³³² The journal editorialised that an eye-catching window display was "one of the great forces of distribution", and had "tremendous advertising value" because it prompted immediate action, "equivalent to the circulation of all the magazines multiplied by three. It has 100 per cent advertising value as against 5 per cent in the newspapers. It makes an individual impression and immediate action follows.... it will stimulate production a great deal, because its interest is so much greater than we think it is. It influences people to dress with better taste, to improve the standards in the home, and to get the right ideas in colour schemes".³³³

Another report noted how department store managers used their window displays as "the means of cultivating public taste in many ways, besides carrying on educational campaigns of a definite character. It is quite a common thing for a whole department, or the arrays of wonderful windows to be devoted to some purely national object, having nothing of the purely domestic commercial aspect about it... (Window dressing) is practical education. No doubt it may seem unnecessary. Perhaps in a strictly limited business sense it is, but the fact is that these huge businesses have got beyond that stage... They have grown to be national assets, and those who control them have learned to appreciate the influence they can exert on the community by... using their facilities for educating the public mind".³³⁴

³³¹ Ibid.

³³² The window frontage of *Hordern Brothers* Pitt Street store quadrupled with the new facade installed in 1921, for example, and the journal commented that: "The general opinion is that these windows are distinctive, effective, and an appreciable improvement to Sydney's shopping front" "Improved Display". *The Journal of the Retail Traders' Association of NSW*. December 1922. 4. 6. p. 141.

³³³ "Window Display". *The Journal of the Retail Traders' Association of NSW*. December 1923. 5. 6. p. 165.

³³⁴ "Ideals in Business". *The Journal of the Retail Traders' Association of NSW*. August 1921. 3. 2. pp. 404-7.

The Association championed the co-ordination of themed window displays in Sydney's department stores, and offered artist-designed posters and show cards to retailers for window displays "with a view to educating the public"³³⁵, and because "anything that tends to suggest to the public to buy goods must be beneficial".³³⁶

These co-ordinated window campaigns were staged at least as early as 1912, for the "All-Australian Manufactures' Week"³³⁷, and from the mid-1920s for the rival "Empire Shopping Week". While some themed "weeks" met with poor participation by retailers³³⁸, the Association's campaign for Empire Shopping Week in 1928 offered "splendid window displays and newspaper publicity" and had "undoubtedly done a great deal to inculcate into the minds of the public how completely they can rely on the products of the British Empire".³³⁹ The attraction of regularly changing window displays is discussed further in Chapter Six.

Other "special stunts"³⁴⁰ were staged to mark seasonal and annual shopping events, such as the Association's 1923 launch of a poster campaign urging shoppers to "Do your Christmas Shopping Early".³⁴¹

5.6.3 Advertising

During 1924 and 1925, the Association staged a series of "lecturettes" for its members on such topics as "Turnover and its Relation to Profit", "Commercial Law", "Memories of Early City Shops" and "Advertising". The advertising lecture, given by Charles Lloyd Jones to an audience of 270 Association members, was remarkably contemporary in tone, and was later reprinted in the US retailing trade

³³⁵ June 1926 *RTA Annual Report*, p. 438.

³³⁶ June 1928 *RTA Annual Report*, p. 10.

³³⁷ "All-Australian Manufactures Week". *The MRA Journal*. August 1919. 1. 2. p. 28. The Australian Manufactures' Week was instituted sometime before 1912. A report in October 1912 noted that while Australian Manufactures' Week was "of recent origin" and there was "still probably a considerable prejudice against the local article to be overcome, but it cannot persist in any honest mind in the face of such impressive (window) displays made in Sydney this month". *The Storekeeper and Commercial Record*. October 18, 1912, p. 5.

³³⁸ For example "Empire Shopping Week". *The Journal of the Retail Traders' Association of NSW*. May 1926. 7. 11. p. 399.

³³⁹ *The Journal of the Retail Traders' Association of NSW*. 1928. 9. 9. pp. 3-4.

³⁴⁰ "Empire Shopping Week". *The Journal of the Retail Traders' Association of NSW*. May 1926. 7. 11. p. 399.

³⁴¹ "Do your Christmas Shopping Early. Poster to be Issued by the RTA". *The Journal of the Retail Traders' Association of NSW*. October 1924. p. 120. This article refers to the 1923 introduction of these posters.

journal, *The Dry Goods Economist*.³⁴²

Jones advised that, contrary to the verbose style of advertising of the time, and its “profusion and confusion of display types (which) makes it difficult to read and ineffective in result” – advertising copy “must be as nearly alive as any dead thing can be... Sentences should be short, not longer than twenty-five words. Paragraphs should be short, not more than five lines. If people cannot read an advertisement at a glance, they will very likely not read it at all”.

Calling for “truth in advertising”, Jones said: “Advertising is now only coming in to its own; like all new ideas it has been much abused and misunderstood. It was and still is misused by quack advertisers, such as those who desire to give something for nothing and those who desire to give nothing and get something; those who cure all the ills that flesh is heir to simply by buying a bottle of the elixir of life, by unscrupulous traders hoaxing the public with exaggerated and misleading statements”.³⁴³ (Jones also cautioned retailers to beware of the already onerous advertising specialist – the “advertisement writer and expert” – as “that blessing or curse to mankind, whichever way you regard him”).

Five years later in 1930, the journal’s advice on advertising had become increasingly refined. In a lecture delivered at Sydney University, and reprinted in the journal in 1930, the speaker laid out “simple and effective rules” that look much like the tenets of modern advertising. While the following excerpt is lengthy, it suggests the relatively sophisticated knowledge that retailers brought to the matter of marketing and persuasion by 1930.

Practical psychology is the heart and soul of successful advertising. To persuade people to act in any known way, it is essential to know how they think and why they act. No product or service can be successfully advertised if it is not backed by genuine quality and real worth. But it is not absolutely necessary that the article advertised should satisfy a known want. Many articles which people did not know they needed, have been successfully sold by advertising. A good example is the vacuum cleaner.

³⁴² *The Journal of the Retail Traders' Association of NSW*. November 1925.

³⁴³ “Lecture on Advertising”. *The Journal of the Retail Traders' Association of NSW*. July 1925. 7. 1. pp. 11-22. Jones paid “a high tribute to the retail standard of advertising” in Sydney. “It compares favourably with any other city in the world. Our advertising resembles American more than English, and this in itself is a compliment, for America has taught the world that it pays to advertise”. On the subject of poster advertising Mr Jones showed “some very notable examples of British posters (and) said the (British) posters should have a lecture all to themselves. Unfortunately the posters in Australia have not advanced as retail advertising has done”.

When is the time to advertise? It depends upon the product. For instance, liquor is advertised on a Friday night because of the prevailing habit of stocking up for the week-end. Bread and butter lines are usually advertised on Thursday night, since it is the night before pay day. Sunday papers are excellent media for luxury articles, because the family is together over the week-end, and the purchase of such things can be discussed...

Where should you advertise? Newspapers and magazines form the first line of offence and defence. The poster has reminder value, and the store display clinches the sale at the point of purchase. First impressions count, and the opening advertisement in a campaign should be, if possible, a full page. The selection of newspapers and magazines is dictated by the class of reader to whom the appeal is directed.

Nature of Appeal

We will now consider the actual advertisement. Attention must be aroused by the illustration and method of display. Interest by the headline. Desire should be created by the opening paragraphs. Facts should follow to establish confidence. At the conclusion comes the urge to purchase, together with details as to where to purchase and the name of the article.

It is psychologically sound to make the general appeal of an advertisement one that will arouse emotion. Curiosity, pleasure, fear, greed – you will find examples of all these appeals in practically every publication you pick up to-day....

Copy style plays an important part in the psychological appeal of an advertisement. For instance, colloquial copy may be used to sell a low-priced article. Humour may be successfully employed in appealing to men, but not to women. And the humour should never be so rich as to implant itself in the memory and crowd out the product's name.

Length of copy again depends upon the type of product and its price class. For example, the quick-selling, low-priced article needs very little copy. The higher the price, the more reason why copy is needed, until the exclusive class is reached, when a minimum of copy – prestige copy – may be reverted to.

Illustrations

In the proportions of an advertisement 60-40 appears to be the magic rule. Naturally every advertisement cannot follow the same style of layout, or advertising would quickly become stereotyped. Variations are resorted to, ranging from the exceedingly simple to the excessively complex. The simple layout gets attention more quickly, but does not hold it for so great a length of time.

Technique in illustration is largely a matter of fashion. At the moment, preference is divided between actual photograph and semi-grotesque modernism. It is sometimes claimed that fine art work is over the heads of the masses. But sales curves do not seem to substantiate this theory. Really good art work appeals just as much to the labourer as to the lord of the manor.

While truth in advertising is fundamental, a certain amount of exaggeration in art treatment is permissible and sometimes necessary. As an example, fashion drawings are often ridiculously out of proportion.

Types and Colour

The right use of type is almost as important as the right kind of art work.

Types create a definite impression on the mind, according to their characteristics. The length of line and size of type employed are also controlled by the limitations of the reader's eyes. When colour is used, it is well to remember that colours have definite psychological effects, and that certain combinations are far more visible than others.³⁴⁴

5.6.4 Selling and Sales Assistants

In its role as an educator, the Association also championed broader ideas about retailing and its importance in the distribution of products. Fed by overseas journals and a growing interest in consumer psychology, the idea was emerging by the 1920s that retailers – not manufacturers – occupied the cardinal position in the distribution chain. This was because of retailers' proximity to consumers, and thus their role in influencing the purchase decision.

The realisation that retailers were much more than an "adventitious element in the machinery of distribution"³⁴⁵ (because of their access to shoppers), cast new significance on the role of sales assistants, who worked in the ultimate front-end position. This new idea was captured in a 1924 article that reported:

The goods are then put into the shop, and the task of selling them to the public, the crucial point of contact with the customer – the essence of the transaction – is in the hands of the assistants... The hackneyed phrase of "supply and demand" rather puts the cart before the horse, and gives a wrong impression of values. We must think of trade as "demand and supply". Logically, in point of importance, the customer comes first. It is because a lady wants a pair of gloves that the manufacturer makes them, and he hands them down to her through the wholesaler, the retailer, and the assistant. The assistant is the only person with whom the lady usually comes into personal touch. It is obvious that this is the vital moment.³⁴⁶

The recognition of the influence of employees in generating sales was mirrored in the 1920s emergence of "welfare" programs, which were designed to benefit employees in "physical, moral and beneficiary" ways. Welfare programs manifested in education and health services (and the Association's general recommendation to retailers that "if a cot or two were added for the usual faints, or nervous ailments, it would be an innovation certain of appreciation").

344 "The Psychology of Advertising. Simple and Effective Rules". *The Journal of the Retail Traders' Association of NSW*. November 1930. pp. 15-16.

345 "Is the Retailer About To Come Into His Own". *The Storekeeper and Commercial Record*. November 18, 1912. p. 28.

346 "Choose your Assistants Carefully". *The Journal of the Retail Traders' Association of NSW*. May 1924. 5. 11. pp. 306-7.

From a "moral" point of view, the Association recommended "elementary lectures in hygiene (since) there is little doubt that they are much needed. Concerts varied by a certain amount of dancing and similar social gatherings would be easy matters to institute, and it is in meetings such as these that a staff begins to know itself individually, while to the employer the mass becomes more coherent, and infinitely more interesting".³⁴⁷ Welfare programs sometimes also included "beneficiary concessions" to staff to "promote loyalty and co-operation".³⁴⁸ A 1920 journal article reported that a leading Sydney store was acting as a lending bank to staff, advancing home loans of 90 per cent of purchase price. At the same time, the store ran a scheme allowing staff to invest in the firm – an early instance of employee buy-ins.³⁴⁹

Anthony Hordern & Sons was celebrated in the Association's journal as a paragon of "welfare" programs which gave "a wider meaning to the idea of employment".³⁵⁰ By 1920, when *Anthony Hordern & Sons* had a staff of "about 3,000", the firm boasted twelve clubs and societies "under such varied headings as Provident (Society), Hospital, Swimming, Cricket, Miniature Rifle, Choral, Band, Nursing, Football, Physical Culture etc". A feature article on the firm and its investments in staff welfare appeared in a 1920 edition of the journal:

The doctor is in attendance daily... During the influenza epidemic (in 1919)... as many as 700 people were inoculated in one day... Separate dining and cloak rooms are provided for male and female selling and office staffs...

Plans of extensive alterations have already been drawn up, and three additional storeys are now being added to one of the wings of the building. Provision has been made for separate dining halls for men and women, an auditorium, rest room, two hospital rooms, doctor's office, lounges for men and women, roof gardens, class rooms etc to which members may withdraw at regular intervals...

Finally, the Directors realising that the boys and the girls of today are the selling assistant, the buyer, the administrator of the future, have instituted an Education Department. Under the direction of this department, a regular course of instruction is given daily, during business hours, in shop routine, the making out of dockets, arithmetic, spelling, English, shorthand and typing, principles of salesmanship, history of departmental products, business

347 "Welfare Work". Editorial. *The MRA Journal*. April 1920. pp. 121-122.

348 Ibid.

349 Ibid. In Melbourne too, Sidney Myer offered "on easy terms 73,000 'staff partnership' shares of £1 each. He also began distributing shares (more than 200,000 all told) among his executives and managers, according to estimation of their merit." (A.D.B. 1891-1939, p. 659).

350 *The Journal of the Retail Traders' Association of NSW*. May 11. pp. 143-152.

principles, and the economics of commerce. Established in September of last year, the work of the department is gradually extending to include not only the juniors, but new members of every rank, and those of longer experience and greater maturity.³⁵¹

From the 1920s onwards, the journal included many "how-to" articles for sales assistants. A 1927 journal feature, "Ten Don'ts for Sales Assistants", recognised the dual role of the assistant, as both a "servant" and "expert", with advice to "practise the happy medium": "7. Do not say too much and do not say too little... 8. Do not be servile and do not be familiar. Practise the happy medium".³⁵²

Another article, quoting *The Australian Institute of Industrial Psychology*, reported that: "Very much has been done of late years to systematise a knowledge of sales methods and to assess scientifically the requisite qualities for salesmanship. Since it is above all the human factor we are dealing with, psychology has contributed much... A salesman should be possessed of a ready manner, be easy of speech in reply, yet not be too talkative; he should exhibit the necessary quality of self-confidence or poise, yet not be too aggressive. Tact is based on a ready sympathy with his client, and an ability to efface himself and his personal troubles by merging himself into the problems of his customer".³⁵³

5.6.5 Formal Retail Training

While some department stores ran their own staff training, the first call for the public training of sales assistants did not appear in the journal until 1925, with suggested classes including "Tying Up Parcels", and "Economy in the use of String".³⁵⁴ It appears that New Zealand retailers pre-empted their Australian counterparts in establishing a public training scheme³⁵⁵, while in England and America, public training for retail staff was a serious concern as a means of

³⁵¹ Ibid.

³⁵² "Don'ts for Sales Assistants". *The Journal of the Retail Traders' Association of NSW*. April 1927. 8. 10. p. 41.

³⁵³ "Salesmanship and Psychology". *The Journal of the Retail Traders' Association of NSW*. June 1929. 10. 12. pp. 49-55.

³⁵⁴ "Training Shop Assistants". *The Journal of the Retail Traders' Association of NSW*. July 1925. 7. 1. pp. 29-30.

³⁵⁵ "Staff Training". *The Journal of the Retail Traders' Association of NSW*. November 1925. 7. 5. pp. 165-66. *The New Zealand Draper* reported in 1925 that "The Council of the New Zealand Drapers and Clothiers' Federation is taking definite and active steps to arrange for staff training along properly organised lines".

acquiring "the best class of youths and girls for work in the retail stores".³⁵⁶

The New York University School of Retailing, established in 1919 through the financial support of "twenty stores and two trade associations in the metropolitan district", offered four retailing courses ranging from the degree of Bachelor of Science in Retailing (four years, part-time), to the post-graduate degree of Master of Retailing³⁵⁷, in which students also worked in the sponsoring stores. Such courses reflected the growing specialisation of functions in retailing by the 1920s, and the necessity for developing expertise in what were now seen as specialist but segregated skills. The syllabus for a course suggested by Sydney's *Farmer & Co*, for example, included such delineated subjects as mail order, advertising, window dressing, retail accounting, sales statistics, stock turnover, demonstration selling, understanding the competition, and the psychology of selling.³⁵⁸

In 1925, at the request of the Shop Assistants and Warehouse Employees' Union, the feasibility of an apprenticeship scheme for shop assistants was investigated by the NSW Board of Trade to determine whether, and to what extent, an apprenticeship scheme was appropriate.³⁵⁹ Like numerous other proposals, the apprenticeship scheme never eventuated and the archive contains no evidence of the inception of a public training scheme for sales assistants in the period to 1930. The only apparent exception was the single subject of window dressing, which had been offered at Sydney Technical College from at least as early as 1912.³⁶⁰

5.6.6 Public Relations

In its educational efforts directed at the public, the Association formed an "Economic and Social Propaganda Committee"³⁶¹ in 1920 to combat public

356 "Staff Training". *The Journal of the Retail Traders' Association of NSW*. October 1926. pp. 3-15.

357 Ibid.

358 The latter two subjects were notable for their inclusion of the respective topics: "Realisation of when to excel, when to imitate, when to ignore competitors", and "The customer - Instinctive Acts as a basis for understanding human behaviour". These themes are discussed in Chapter Six.

359 "Apprenticeship for Shop Assistants Enquiry Opened". *The Journal of the Retail Traders' Association of NSW*. September 1925. 7. 3. pp. 83-4.

360 Minutes of the MRA 15.2.1912. A letter was received regarding Window Dressing School and the secretary should write to (the sender) and explain that "the classes being held by the Sydney Technical College should be advertised by that body".

361 *The MRA Journal*. November 1919. p. 67. The committee comprised C Lloyd Jones, (convenor), together with David Benjamin, R M C Clark, George Wright, Sydney Snow, and H Evans, who were "empowered to take such steps as they might deem necessary for protecting the interests of the Trade".

animosity towards retailers as the main cause of post-war inflation.³⁶² The Committee's first initiative was a public essay competition on the topic: "Why the consumer has to pay more for his goods today in comparison with pre-war times". The winning entry – packed with a list of arguments, and survey data comparing pre and post-war prices – was printed in full in the journal. It provided both the "proof" and rhetoric for retailers to debunk "misguided individuals"³⁶³ in an "endeavour to educate the public regarding the true position of trade and commerce throughout the world".

The essay argued that because of Australia's dependence on imports, "neither the importer nor the retail draper or clothier has any control over the prices of imported goods. They must pay the prices asked by British and other manufacturers or 'shut up shop'".³⁶⁴

The essay competition achieved some success in swaying public opinion. The Association's editorial in the January 1920 journal noted that the stunt prompted "considerable correspondence in the newspapers on the subject, and there is little doubt that the public now begins to realise more fully and correctly the numerous causes which have resulted in the present high cost of all goods".³⁶⁵

The Propaganda Committee also produced and placed paid display advertisements in major newspapers. The Committee's 1920 display ad on "Cotton Hosiery Prices", for example, blamed the price hikes on an acute shortage of cotton, the rising wages of factory workers, and import duties. The advertisement noted: "Ladies' stockings were retailed in Sydney pre-war at 1/- a pair. The duty alone on similar stockings to-day is 1/-".³⁶⁶

In summary, the Association played an active and direct role in educating retailers and their staff and also, to a lesser extent, in educating consumers. Consumers

362 According to the minutes of the Association, "the object of the Committee (was) to disseminate economic truths, to combat mis-statements and mis-representations prejudicially affecting the well-being of all sections of the community". Minutes of the RTA 21.10.1920. First mooted in the minutes of the MRA November 1919. *The MRA Journal*. November 1919. p. 67. Also *The MRA Journal*. September 1920. p. 213.

363 "The Problem of Future Prices". *The MRA Journal*. September 1920. 2. 3. pp. 205-6.

364 "Why the Public Have to Pay More". *The MRA Journal*. December 1919. 1. 6. pp. 80-84.

365 "The High Cost of Living". *The Journal of the Retail Traders' Association of NSW*. January 1920. 7. pp. 85-6.

366 "Cotton Hosiery Prices". Advertisement reprinted in *The MRA Journal*. September 1920. p. 210.

were “educated” through propaganda in the mainstream press, and by poster campaigns and window displays that urged timely buying, better buying, and more buying.

Through the pages of its monthly journal and occasional lectures, the Association coached retail managers and staff in the “science” of management, and the “art”³⁶⁷ of salesmanship. While science and art were quite irreconcilable, these dual functions of retailers were charted in increasingly sophisticated discussions - testament to their growing influence in handling the sales transaction. The Association promoted the notion of the retailer as the cardinal link in the distribution channel. It informed retailers how to be “modern”, and helped them into a new position of confidence in their dealings with others in the system.

5.7 Mediating

Competition between retailers, and between different types of retailers, was the source of persistent conflict in the period under study, and the Association regularly intervened in industry disputes.

The deep divisions that existed between retailers were reflected in the number and types of rival employers' trade associations formed in the early century. The MRA's main rival, the CSA, argued for the need for more than one retail trade association for the very reason of the antagonism that existed between city and country retailers.³⁶⁸ Similarly, the NSW Retail Grocers' Association, represented the struggle of small retailers in the suburbs, against giant city-based department stores. Other industry organisations, such as The Master Tailors' Association, upheld the interests of specialist retailers, against the cannibalistic universal provider.

Mediating disputes within the industry was a tacit obligation for the Association, necessary in order to fortify its own potential membership (and power) base. This was partly assisted by the Association's absorption of some of its rivals, as earlier discussed, which eliminated organised opposition and helped increase its potential constituency. Mediating conflict within the retail industry was therefore necessary

367 "Salesmanship and Psychology". *The Journal of the Retail Traders' Association of NSW*. June 1929. 10. 12. pp. 49-55.

368 "Country Storekeepers". *The Sydney Morning Herald*. November 19 1903.

for the Association, to ensure its own long-term survival, and its public claims to represent the "united front of retailing".³⁶⁹

The Association regularly made calls for retailers to comply with the decisions of its governing council, as noted in this 1923 journal editorial:

The present system of industrial arbitration, with its many perplexities, keeps the Council and the Executive of the Association perpetually busy in protecting the interest of the retail traders. In these matters alone the Association is most essential to the trade. The Council and its officers have to meet the Unions to confer, conciliate and if need be, fight at the Industrial Court, and it is not unreasonable for the Council to expect members to follow their advice and adhere to their determinations.

The members of the Council represent some of the best brains of the community; they are necessarily more closely in touch with industrial and other movements than individual members can be, and the decisions of the Council are not come to haphazard but are the result of the most careful consideration and are invariably designed to produce the best results in the general interest. It is, therefore, the duty of every member not only loyally to abide by the resolutions and recommendations of the Council, but to endeavour to get fellow-traders, who for some unknown reason, are not members of the Association, also to follow the Council's recommendations.³⁷⁰

Galvanising such a disparate, and often apathetic, community was an improbable goal, however, given the underlying commercial rivalry that existed between retailers.

5.7.1 Trading Hours

Breaches of legal trading hours under the *Early Closing Act* (1899) were one of the most frequently cited complaints between retailers in the period under study (and continue to be a significant source of conflict in retailing today³⁷¹). Compliance with "agreed" trading hours depended on the uncertain support of a discordant mass of shopkeepers. Non-compliance, however, provided a brief advantage (by selling outside stipulated times) .

The policing of the *Early Closing Act* was complicated by the differing rules applying to different ownership structures (partnerships could trade later),

369 "The Publicity Committee's Advertising Campaign". *The MRA Journal*. January 1921. 2. 7. pp. 288-89.

370 "Co-operation Necessary". *The Journal of the Retail Traders' Association of NSW*. January 1923. 4. 7. p. 153.

371 "Tas. Ban on Sunday Trade Under Attack". *Retail World*. 7-18 February. 2000. 53. 2. p. 16.

method of sale of goods (auction sales outlets could sell between sunrise and sunset³⁷²), and also according to the types of goods sold. This last proviso was contentious, however, because of the increasingly scrambled assortment carried by retailers.

By 1912, "the evil of mixed shops (fruit, vegetables, soft drinks and groceries) trading after 6.00 p.m. had become exceedingly acute". At a public meeting, the speaker proclaimed that small shops used family members as staff and so "did not employ labour, and usually only had small rents to meet, (and) they could put up with a smaller margin of profit, so that legitimate traders could not make good their losses".³⁷³

The Association repeatedly lobbied the government for better policing and control of the *Early Closing Act*, as reported in this 1923 article, which complained of the unfair advantage gained by the rule-breakers:

Through laxity in the supervision of the Early Closing Act, after-hours trading in this State has grown to such an extent, especially as regards the sale of tobacco, groceries, smallgoods, etc., that shopkeepers who observe the law are being 'hit' very hard. Many deputations have waited on the Minister for Labour and Industry urging better control of the Act, and... the President of the RTA in introducing the deputations, stated that there was a large amount of after-hours trading being done in Sydney, suburbs and the State generally... He pointed out that the offence was increasing, and it was known that many small drapers' shops in the city remained open on Saturday afternoons, presumably for the purpose of window-dressing, but quite a large catch trade, he was informed, was being done by them.³⁷⁴

Apart from the struggle over daily trading hours, the Association also sought to enforce industry "embargoes" on the starting dates of "season sales" (from at least as early as 1905).³⁷⁵ The Association could not stop retailers from breaking these embargoes, however, and launching their sales early. A typical item noted that while RTA members were "in favour of the principle of fixing dates for the starting of Seasons Sales, it was decided that nothing could be done unless the whole of the

372 *The Journal of the Retail Traders' Association of NSW*. December 1924. 6. 6. p. 175.

373 "Mixed Shops and Trading After Hours". *The Storekeeper*. October 18. 1912. p. 51.

374 "After-hours Trading - Early Closing Act". *The Journal of the Retail Traders' Association of NSW*. January 1923. 4. 7. p. 170.

375 Minutes of the MRA 9.11.1905, and "Starting Times for Sales - Question of Co-operation". *The Journal of the Retail Traders' Association of NSW*. July 1923. 5. 1. p. 26., "Fixing Times for Seasons' Sales". *The Journal of the Retail Traders' Association of NSW*. May 1924. 5. 11. pp. 294-5., "Seasons Sales Co-operation Needed". *The Journal of the Retail Traders' Association of NSW*. August 1925. 7. 2. pp. 50-52.

members were unanimous in the matter".³⁷⁶ Similarly, every year trading arrangements for Christmas, Easter, Anzac Day, and later Fathers' Day³⁷⁷ had to be "negotiated" within the industry, but the Association struggled for retailers' compliance.

5.7.2 Deception in Promotion

The problem of deceptive advertising caused a great deal of conflict among retailers, and came in for regular censure by the Association.³⁷⁸ Puffery and "flamboyant description" were a mainstay of department store advertising, as noted by the Association's president in his annual address of 1923:

I feel there is much room for improvement in the style and manner of the present day advertising. I venture to think such cannot be good business – the general public today are keen judges of value – they know quite as well as we the true significance of the floreate language in which some advertisers decorate their wares. When we read the flamboyant descriptions and stupendous values that are offered, I often wonder whether the money hasn't melted in the pocket of the customer before he can reach the goal and secure the bargain. I am not presuming to dictate to any man how he should advertise his goods - trading results and public opinion have their place in moulding our actions in this respect, but I would like the retail trading community to consider well the moral aspects of the case.³⁷⁹

Dishonesty in window displays was another sore point, especially the practice of attaching "marked down" price tags to products on which the retail price remained unchanged. (This deception is still practised today.³⁸⁰) A 1925 journal article noted that:

Unfortunately 'bargain' is the most abused term in use in retail advertising. Only those goods which are genuine price attractions should be used in a display under the heading of 'special' window or 'bargain' window. The practice of creating a false atmosphere of sale or realisation by ticketing merchandise with sale tickets, and yet at prices that are not below normal value, is one that is to be deplored on the grounds of principle and policy. It is

³⁷⁶ "That Winter sales be started not earlier than 15th June, and Summer Sales not earlier than 15th January" June 1925 RTA *Annual Report*. P. 362.

³⁷⁷ Fathers' Day was instituted by Australian retail traders in 1929 (on September 14), following the success of the event in USA. *The Journal of the Retail Traders' Association of NSW*. July 1929, p. 35.

³⁷⁸ Puffery in advertising was also the complaint of other professions at that time. Brokers on the Sydney Stock Exchange "regularly touted for business in the columns of Sydney's newspapers... (but) it became clear that advertising brokers attracted the worst kind of speculative business", since many of them became defaulters (Salsbury & Sweeney 1988, p. 220).

³⁷⁹ "President's Address". *The Journal of the Retail Traders' Association of NSW*. July 1923. 5. 1. pp. 8-13.

³⁸⁰ <http://www.accc.gov.au/content/index.phtml/itemId/87409>. Viewed on 17.2.2004.

not cricket, and serves only to create in the public mind feelings of nausea, disgust and contempt.³⁸¹

In 1924, the Association called for the establishment of a "vigilance" committee to oversee "questionable practices in advertising"³⁸², including the practice of referring to competitor's prices, which was "certainly one that should be eliminated from advertisements".³⁸³

Complaints of "an advertiser copying the advertisement of a competitor and other complaints (with) regard to misrepresentation" were also found to be "justifiable" by the Association's advertising "vigilance" committee.³⁸⁴

Along with copying, and comparative advertising, the Association promptly objected to the first "advertorial" style advertisements when they appeared in the public press in 1919 – which "seem to be a news paragraph whereas it is an advertisement". The Association forced a withdrawal by the advertiser, *Minahan Bros*³⁸⁵ (but by 1923 the Association was also running "advertorials" in its journal, as discussed in Chapter Four).

In 1929, the Association pushed for the adoption by retailers of a nine-point pledge on "Truth in Advertising", seven points of which concerned semantics (definitions of "reduced", and "special prices").³⁸⁶ It seems it was to no avail. Later that year, the journal reported that: "those firms who subscribe to and faithfully abide by the 'Truth in Advertising' pledge of the RTA are considerably concerned at the present time by the methods of some competitors".³⁸⁷

5.7.3 Inter-industry Divisions

Apart from trading-hours breaches, and deceptive advertising, the retail industry was riven by conflict over the practices of department stores. In these disputes, the Association, predictably, upheld the interests of its department store members.

381 "Honesty in Display". *The Journal of the Retail Traders' Association of NSW*. February 1925. 6. 8. pp. 253-5.

382 "Minutes RTA meeting July 17 1924". *The Journal of the Retail Traders' Association of NSW*. August 1924. 6. 2. pp. 46-49.

383 June 1927 RTA Annual Report. p. 9.

384 *The Journal of the Retail Traders' Association of NSW*. Editorial March 1925. 6. 9. p. 261.

385 Minutes of the MRA. 20.3.1919. The minutes of 30.4.1919 note that the ad had been discontinued following the Association's meeting with the editor.

386 *The Journal of the Retail Traders' Association of NSW*. Editorial. February 1929.

In 1928, the Pharmacists' Association publicly protested the encroachment of department stores in an attack that was reported in the daily newspapers, and reprinted in the journal. (A current-day parallel exists in the quarrel over pharmacy lines being sold in supermarkets in Australia³⁸⁸.)

Chemists' Trials: Competition by Shopkeepers

In its issue of 30th December last under the above heading, The Sydney Morning Herald published a statement reported to have been made by Mr. Edward Mayhew, President of the Pharmaceutical Section, Australian Association for the Advancement of Science, in which the following appeared:

'Mr. Mayhew deplored the inroads that were being made into the chemists' business by trades people, who now sold wares of which chemists had previously had a monopoly. He referred to toilet ware, hygienic goods, combs, and druggists' sundries. The advent of the large emporium, which traded in these goods, was detrimental to the efficiency of the community, he said, and was absolute piracy. Its immediate effect was to eliminate experts. In the emporia, boys and girls sold the chemists' wares, and were merely purveyors of parcelled goods. Legislation was desirable similar to that in other countries which discouraged a man from conducting two kinds of business.

Replying on behalf of his Association, the Secretary of the Retail Traders' Association, wrote the following, which was published in the Herald of the 4th January...

Mr. Mayhew's suggested legislation to prevent a man conducting two kinds of business should cause a great deal of dissension amongst the chemists themselves, who for the past few years have entered into general retail business in addition to selling drugs and compounding prescriptions and who in a large percentage of cases do not carry out the provisions of the Early Closing Act regarding the sales of their wares taking advantage of the extra hour they are allowed to remain open as chemists...

Some of the larger retail establishments have for many years past conducted a pharmacy department for the convenience of their customers. In these departments which are controlled by Acts of Parliament, there is employed a registered pharmacist who holds the necessary qualifications under the Act.³⁸⁹

Another deep division in the industry was the animosity of country retailers towards city-based department stores. The hostility and complaints of rural storekeepers manifested over several issues, but the Association chose to largely ignore these allegations.

Sydney's Royal Easter Show provided an annual source of conflict, as earlier discussed, because it siphoned off the spending power of country customers who

387 "Unfair Competition". *The Journal of the Retail Traders' Association of NSW*. December 1929. 11. 6. p. 18.

388 "A Dose of Competition". *The Sydney Morning Herald*. 20-21.9.2003. pp. 49-52.

389 "Chemists' Trials Competition by Shopkeepers". *The Journal of the Retail Traders' Association of NSW*. January 1928. 9. 7. pp. 4-6.

came to town for big-ticket shopping. This problem was exacerbated when in 1920, department stores *Marcus Clark & Co*³⁹⁰, and later *Anthony Hordern & Sons*, and *Mark Foy's*³⁹¹ erected shopping pavilions on-site at the Showground, saving visitors the inconvenience of the short trip down Oxford Street to their city stores.

More enduring and contentious, however, was the antagonism that arose over mail order catalogues, or parcel post. Because of mail order, the geographical boundaries of competition for retailers became worldwide, and country storekeepers in Australia allegedly suffered "about as hard a row to hoe as any business can have":

The man in the country has to compete with the man in the capital, and the man in the capital has to compete with the old and new world, for both London and New York houses are now sending out catalogues under the free carriage system, the only expense to the customer being the duty. It certainly causes a man to think hard, when he remembers that (US mail order specialists) like *Marshall Fields*, whose turnover is something like £16,000,000 a year, are bidding for his trade, and whose stock of fish hooks probably runs into much more money than the whole of the country stores stocks amount to, and whose buying power is such that they can command not only the output of a factory, but of the whole country, if they wish.³⁹²

Anthony Hordern & Sons was a major user, and "even before the railway ran beyond Parramatta, Anthony Horderns' catalogues were sent to all parts of the country, establishing trade relations with the man on the land, relations which have continued and expanded year by year, until to-day (1924) Anthony Horderns' customers are to be found in every part of Australia, and the islands of the Pacific".³⁹³

Lassetter's produced perhaps the greatest mail order catalogues, however, and by 1911 *Lassetter's Commercial Review* consisted of 1,255 pages, selling everything from bedroom suites and plumbing systems to a full range of agricultural equipment.³⁹⁴

In 1903, The Country Storekeepers' Association complained of "the big city

390 "New Pavilion opened by Messrs. Marcus Clark and Co., Ltd". *The MRA Journal*. April 1920. p. 124.

391 "Mark Foy's Show Building". *The Journal of the Retail Traders' Association of NSW*. April 1922. 3. 10. pp. 665-6.

392 "The Country Storekeeper". *The Draper of Australasia*. March 27, 1914, p. 111.

393 "The Evolution of a Great Business. Anthony Hordern & Sons, Ltd. 'While I live, I'll grow'". *The Journal of the Retail Traders' Association of NSW*. 1923. 4.11. pp. 269-72.

394 *Australia in the Good Old Days: facsimile pages from Lassetters' Commercial Review*, no. 26, 1911. Anon. Ure Smith. Sydney. 1976. p. 7.

houses, which each week send enormous quantities of goods into the country".³⁹⁵ At its annual meeting that year, the CSA "resolved that a deputation should wait on the Postmaster-General, to seek redress in regard to the clauses which permit of the carriage of goods through the post".³⁹⁶ The CSA lobbied the Postmaster-General for the prohibition of parcel post, complaining the city-based "catalogue houses teach (rural Australians) that the local retailer is an unnecessary 'middleman'".³⁹⁷

In the public press and their own trade paper, *The Storekeeper and Commercial Record*, country retailers cried poor, and reminded rural Australians of their obligations to buy locally. An editorial in *The Storekeeper and Commercial Record* denounced parcel post as an unsympathetic substitute for the personal bonds that existed between rural retailers and their customers:

May we add what wonderful catalogues Colonel Lassetter's and other (Sydney-based) firms distribute to the man on the land. They are notable, however, for what they do not contain. And here let the country storekeeper put the following questions to those in his district who patronise mail order houses: Where is their offer to pay cash or exchange goods for his wool, wheat, chaff, butter, eggs, maize, etc? How much tax will they pay to improve the local roads and bridges, for the expense of running the business of township, shire, and State? On what page is their offer to contribute money to the church? What line of credit will they extend to the man on the land in a dry season, when his crops are poor and money gone, when, through illness or misfortune, he is not able to send 'cash with order' for his groceries, clothing, farm tools and crockery?³⁹⁸

In sum, conflict among retailers was inescapable because of the underlying economic rivalry between them. Disputes erupted on the bases of geography, overlapping of product lines, and over continual breaches of the rules regarding legal trading hours and honesty in advertising. Compliance with "agreed" rules would always be unlikely, however, given the potential economic gain from non-compliance.

³⁹⁵ "The Retail Trade". *The Sydney Morning Herald*. December 11 1903.

³⁹⁶ "Chinese and Asiatic Competition in Trade". *The Daily Telegraph*. November 20 1903.

³⁹⁷ "The Buying by Mail Habit. The Reasons Why and the Remedy". *The Storekeeper and Commercial Record*. April 19, 1909. p. 19. The Association, on the other hand, at a time when there was no appropriate insurance, lobbied the Postmaster-General for compensation for loss of parcels "Parcels Post". *The Journal of the Retail Traders' Association of NSW*. April 1922. 3. 10. p. 669. Insurance for parcels through the post became available in 1924, with premiums ranging from 3d. to 1/6-, and maximum compensation of £50. *The Journal of the Retail Traders' Association of NSW*. 1924. 6.2. p. 75.

5.8 Competition between retailers therefore undermined the Association's ability to enforce uniform standards within the retail industry. The Association struggled to unify the industry and mediate conflict in order to consolidate its own power base, but its claims to represent the "united front" of retailing could never be realised. Conclusions

Through the voice of their Association, retailers in NSW were clearly able to effect change in their environment, as evidenced in the overthrow of "Lassetter's Agreement". They were also able to resist its imposition, as demonstrated in their opposition to the abolition of late night shopping. The changes brought about by the Association affected a range of actors in the system of retailing, including trade unions, manufacturers, customers, wholesalers, direct sellers, media, and governments at federal, state and local levels.

In short, the research presented in this chapter infers that while the retail system was subject to forces outside its control, it could also exert influence on the system, and that the population of retailing stores, as represented by the Association, was an important factor in shaping the course of retailing evolution.

The Association acted to shore up the turf of its members, and thus its own power base. It was not always successful, however, and retailers were forced to adapt to the changing constraints of their environments. Retailers' resistance to proprietary brand products (with fixed retail prices) was futile in the wake of consumer demand for them. So the Association responded with recommendations for the blanket introduction of retailers' house brands.

The use of rhetoric proved a major tool in the Association's lobbying of governments and other actors in the industry. Public opinion was swayed by the powerful rhetoric of the Association, and in promotional stunts staged by the "Economic and Social Propaganda Committee" to "educate the public regarding the true position of trade and commerce throughout the world"³⁹⁹.

The Association also helped reframe public perceptions about distribution, and retailers' significance within it. The Association educated retailers in "management

398 "Reduced Railway Rates. The Mail Order Point of View. Colonel Lassetter as the Settler's Friend". *The Storekeeper and Commercial Record*. January 18. 1909. p. 7.

399 *The MRA Journal*. September 1920. p. 213.

science", and explained their role as the cardinal link in the chain. It taught consumers too, through co-ordinated window displays that promoted the when, what, why, and where of buying. In the public press and its own journal, it explained why consumers had to pay more, and also why department stores were "big factors in the community".⁴⁰⁰

In conclusion, this case history of the Association during the 1903-30 period demonstrates that the evolution of retailing was clearly a two-way process of co-evolution between the institutions of retailing and their wider environment. This interdependency, and the complex flux of time and history, supports the claim that the causal "variables" of retailing evolution are multiple and changing.

The following table provides a chronological summary (1903-1930) of the separate events that form the basis of discussion in this and other chapters. It includes the main activities in which the men who ran the Australian retail industry's main trade Association took part. Because of constraints of space, not all of these events have been reported in the body of the thesis, as noted earlier. References, however, have been provided for the interested reader.

The table distils a twenty-seven-year period in history, and supports the main findings that retailers operated in an ever-changing environment, and that retail institutions, through the collective voice of the Association, were active and influential in shaping the course of events.

⁴⁰⁰ "Manufacturers' Brands". *The Journal of the Retail Traders' Association of NSW*. December 1923. 5. 6. pp. 142-4.

Table 9: Summary of Selected Historical Events in which the Retail Trade Employers' Association was Involved, 1903–1930

1903	MRA formed in response to log of claims presented by SAU (The Shop Assistants Case) ⁴⁰¹ ; MRA objects to registration of rival organisation Country Storekeepers Association (CSA). ⁴⁰²
1904	MRA wins appeal to High Court on <i>Lassetter's Agreement</i> , thus undermining power of Arbitration Court to set Common Rule ⁴⁰³ ; MRA objects to registration of Newcastle District Retailers Association and NDRA capitulates ⁴⁰⁴ ; MRA develops black list of "Bad Assistants" ⁴⁰⁵ ; convenes conference with CSA and Master Grocers Association on the "Chinese and Asiatic question" ⁴⁰⁶ ; lobbies <i>Sydney Morning Herald</i> on "unsatisfactory" press coverage ⁴⁰⁷ ; Commonwealth Treasury invites MRA input on a "Decimal System of Coinage". ⁴⁰⁸
1905	MRA attempts first embargo on start date of season sales ⁴⁰⁹ ; Sydney's Lord Mayor agrees to more efficient street cleansing after deputation from MRA about the boiling of tar in Sydney streets and the "Dust and Smoke Nuisance". ⁴¹⁰
1906	MRA appears for <i>Mark Foy's</i> in court case against claims for wage rises by the firm's own shop assistants ⁴¹¹ ; MRA seeks affiliation with Retail Grocers' Association. ⁴¹²
1907	Despite the SAU's victory in the Shop Assistants Case, MRA obtains an injunction against the wage provisions coming into effect on a particular date, and with no funds to continue, the union's battle collapses; a plague of rats infests the city area and MRA lobbies newspapers to curb coverage of the event, because it "frightened shoppers away". ⁴¹³
1908	MRA lobbies the NSW government for an inquiry into manufacturers' "coupons"; MRA aligns with Pharmaceutical Society and Retail Grocers Association in fighting the extension of SAU award ⁴¹⁴ ; MRA has membership of Employers Federation. ⁴¹⁵
1909	MRA prohibits shop assistants from wearing union badges. ⁴¹⁶
1910	Universal Saturday half-holiday introduced in NSW after being opposed by MRA. ⁴¹⁷
1911	MRA supports NSW Premier on inquiry into the shortage of labour and "the need for a substantial measure of immigration". ⁴¹⁸

401 Minutes of the MRA 15.5.1903.

402 Minutes of the MRA 13.11.1903.

403 Minutes of the MRA 15.12.1904.

404 Minutes of the MRA 22.1.1904.

405 Minutes of the MRA 10.2.1904.

406 Minutes of the MRA 12.5.1904.

407 Minutes of the MRA 26.5.1904.

408 Minutes of the MRA 27.10.1904.

409 Minutes of the MRA 9.11.1905.

410 Before the advent of paved roads and footpaths, the boiling of tar in Sydney's streets prompted the Association to form a subcommittee in 1905, "to arrange a deputation to place before the Lord Mayor on the evils of the Dust and Smoke Nuisance". Smoke was a nuisance for both customers and the display of stock, since "the majority of Sydney drapers indulged in the practice of showing their goods on the footpath and verandah posts; in fact, many of the shops had more stock outside than they had inside". *The Journal of the Retail Traders' Association of NSW*. March 1924. 5.9. pp. 228–32. Minutes of the MRA 9.11.1905, 27.11.1905.

411 Minutes of the MRA 23.8.1906.

412 Minutes of the MRA 26.7.1906.

413 Minutes of the MRA 7.2.1907.

414 Minutes of the MRA 16.10.1908.

415 Minutes of the MRA 23.1.1908.

416 Minutes of the MRA 24.5.1909.

417 Minutes of the MRA 11.8.1905.

1912	MRA appears successfully in retailer Sydney <i>Snow's</i> case against having to pay sick pay to staff, and magistrate rules that it was "not the custom of the trade to pay for absent time through sickness" ⁴¹⁹ ; MRA appoints membership recruiter whose duties also include developing a black list of "undesirables, and also the names of bad accounts". ⁴²⁰
1913	Smallpox epidemic in Sydney curbs CBD trade and MRA lobbies the press to suppress coverage. ⁴²¹
1914	Within five weeks of outbreak of World War I, MRA resolves to sack "excess hands". ⁴²²
1915	MRA amalgamates with The Master Tailors' Association ⁴²³ ; MRA members agree not to poach staff from each other ⁴²⁴ ; Committee formed to develop ways to extend MRA's "usefulness". ⁴²⁵
1916	"Bureau of Unsatisfactory Customers" proposed by MRA ⁴²⁶ ; (in the middle of a protracted coal strike) MRA lobbies Premier and Prime Minister for the introduction of daylight saving. ⁴²⁷
1917	MRA invited to submit on Interstate commission investigating prices ⁴²⁸ ; MRA resolves to lobby against the use of postage stamps as legal tender ⁴²⁹ ; MRA seeks cross-membership with Importers' Association ⁴³⁰ ; MRA lobbies newspapers about the (re)placement of retail ads on the conspicuous back page. ⁴³¹
1918	MRA convenes alliance with other employer associations for a repeal of War Times Profits Act ⁴³² ; Chamber of Commerce seeks anti-pillage police force fund with MRA ⁴³³ ; MRA complains to Minister for Railways about station kiosks operated by the government ⁴³⁴ .
1919	MRA Furnishing Trades Subcommittee proposes black list of "fraudulent persons" ⁴³⁵ ; MRA puts a stop to advertorials by retailer <i>Minahan Bros</i> which "seem to be a news paragraph whereas it is an advertisement" ⁴³⁶ ; MRA deputises Attorney-General on "enormous losses" caused by pilferage of shipments from wharves ⁴³⁷ ; official MRA journal commences publication for "the benefit of the trade". ⁴³⁸
1920	Price freeze imposed by a Royal Commission on the cost of living is overthrown within six weeks of taking effect after complaints by MRA ⁴³⁹ ; MRA forms "Economic

418 Minutes of the MRA 11.5.1911.

419 Minutes of the MRA 21.11.1912.

420 Minutes of the MRA 25.7.1912.

421 Minutes of the MRA 30.7.1913.

422 Minutes of the MRA 4.9.1914.

423 Minutes of the MRA 18.2.1915.

424 Minutes of the MRA 16.9.1915.

425 Minutes of the MRA 19.8.1915.

426 Minutes of the MRA 16.11.1916 subsequently introduced in 1917. Minutes of the MRA 15.3.1917.

427 Minutes of the MRA 23.11.1916, subsequently introduced in 1917.

428 Minutes of the MRA 13.12.1917.

429 Minutes of the MRA 15.2.1917.

430 Minutes of the MRA 15.2.1917.

431 Minutes of the MRA 18.1.1917.

432 Minutes of the MRA 2.12.1918.

433 Minutes of the MRA 21.11.1918.

434 Minutes of the MRA 12.12.1918. This complaint about kiosks at railway stations reappeared in the minutes of April 1925.

435 Minutes of the MRA 12.3.1919.

436 Minutes of the MRA 20.3.1919.

437 "Pilferage". *The MRA Journal*. August 1919. 1. 2. p. 25.

438 Minutes of the MRA 8.7.1919.

439 *The MRA Journal*. Editorial February 1920.

	and Social Propaganda Committee" to combat public perceptions of retailers as the cause of high prices ⁴⁴⁰ ; MRA lobbies Commonwealth Treasurer on "the scarcity of silver coinage" ⁴⁴¹ ; MRA deputises Inspector-General of Police about leniency on shop-lifters. ⁴⁴²
1921	MRA changes name to The Retail Traders' Association of NSW ^{443,444} ; City & Suburban Shopkeepers' Association absorbed by RTA ⁴⁴⁵ ; RTA negotiates bulk rates for newspaper advertising space. ⁴⁴⁶
1922	RTA appeals successfully against 44-hour week (introduced in 1921), and 48-hour week returned ⁴⁴⁷ ; Profiteering Prevention Act repealed after lobbying by RTA ⁴⁴⁸ ; RTA lobbies Postmaster General for compensation for loss of parcels ⁴⁴⁹ , RTA calls on newspapers to develop audited figures of circulation. ⁴⁵⁰
1923	Lotteries and Art Unions Act amended after protest by RTA to stamp out "illegitimate" distribution of goods by "Chocolate Wheel" ⁴⁵¹ ; RTA begins lobbying for alteration of law concerning shop-lifters to have cases held in open court (for the added deterrent of public shame). ⁴⁵²
1924	RTA lobbies wholesalers for agreement on a definition of "wholesale" to restrict wholesalers from selling directly to consumers ⁴⁵³ ; RTA begins calling for the introduction of retailer's own house brands. ⁴⁵⁴
1925	RTA petitions the NSW government against the abolition of late-night shopping ⁴⁵⁵ ; RTA blocks applications by Australian manufacturers for tariff increases ⁴⁵⁶ ; Fearful of losing a day's trading because of the new Anzac Day public holiday, RTA lobbies successfully for the deletion of Australia's annual Prince of Wales' Birthday holiday ⁴⁵⁷ ; Postal Department reinstates receipts-for-parcels system after lobbying by

440 Minutes of the MRA 21.10.1920.

441 "Silver Coinage". *The MRA Journal*. April 1920. 1. 10. pp. 130-1. Shortages of coinage were a problem in Australia until at least 1920, prompting the MRA to write to the Commonwealth Treasurer and "draw his attention to the scarcity of silver coinage, and to state that, in the opinion of the Council, it would be a serious mistake to mint new coins other than round". *The MRA Journal*. April 1920. p.130. In response to this request, the Treasury agreed to remedy the shortage of silver and bronze currency, according to the Minutes of May 1920. *The MRA Journal*. May 1920. p. 141.

442 "Deputation re Shoplifting and Burglaries". *The MRA Journal*. July 1920. 2. 1. p. 179.

443 "Progress". *The Journal of the Retail Traders' Association of NSW*. August 1921. 3. 2. pp. 393-5.

444 "Force or Fraud". *The MRA Journal*. May 1921. 2. 11. p. 351.

445 June 1921, *MRA Annual Report*, p. 369.

446 "The Publicity Committee's Advertising Campaign". *The MRA Journal*. January 1921. 2. 7. pp. 288-89.

447 "48 Hours Week and Reduction in Basic Wage". *The Journal of the Retail Traders' Association of NSW*. November 1922. 4. 5. p. 112.

448 "Profiteering Prevention". *The Journal of the Retail Traders' Association of NSW* October 1924. pp. 120-122.

449 "Parcels Post". *The Journal of the Retail Traders' Association of NSW*. April 1922. 3. 10. p. 669.

450 "Determining Advertising Rates". *The Journal of the Retail Traders' Association of NSW*. 1922. 3. pp. 519-521.

451 "Chocolate Wheels, Lotteries, etc.". *The Journal of the Retail Traders' Association of NSW*. January 1923. 4. 7. p. 160.

452 June 1923, *R.T.A Annual Report*, p. 310.

453 "Minutes of the RTA 18 Sept 1924". *The Journal of the Retail Traders' Association of NSW*. September 1924. 6. 3. pp. 72-5.

454 "Retailers and Proprietary Brands". *The Journal of the Retail Traders' Association of NSW*. December 1925. 7. 6. pp. 203-4., "Why not Create Your Own Brands?". *The Journal of the Retail Traders' Association of NSW*. October 1924. 6. 4. pp. 101-2..

455 "Petition to the Hon. the Premier of N.S.W.". *The Journal of the Retail Traders' Association of NSW*. September 1925. 7. 3. p. 80.

456 "Excessive Customs Duties". *The Journal of the Retail Traders' Association of NSW*. January 6. 7. pp. 197-200.

457 June 1925, *RTA Annual Report*, p. 367.

	RTA; RTA lobbies the Telephone Department on the "very bad service existent today". ⁴⁵⁸
1926	Compulsory workers compensation instituted in NSW and RTA forms its own insurance company ⁴⁵⁹ ; RTA members show declining support for Empire Shopping Week ⁴⁶⁰ ; RTA Journal expands by 18 pages to 68 pages. ⁴⁶¹
1927	RTA subcommittee pushes for "Made in NSW" brand ⁴⁶² ; Country Traders Association seeks merger with RTA ⁴⁶³ ; RTA obtains legal counsel "to test the validity" of the NSW Government's introduction of child endowment (tax). ⁴⁶⁴
1928	RTA appoints a barrister to prosecute on "charges of larceny from shops" ⁴⁶⁵ ; RTA lobbies wholesalers for an amended definition of "wholesale" ⁴⁶⁶ ; Pharmaceutical Society complains of inroads made by department-store retailers into selling

458 "Telephone Service". *The Journal of the Retail Traders' Association of NSW*. February 1925. 6. 8. p. 235.

459 "Reducing Insurance Cost". *The Journal of the Retail Traders' Association of NSW*. July 1929. 11. 1. p. 21.

460 "Empire Shopping Week". *The Journal of the Retail Traders' Association of NSW*. May 1926. 7. 11. p. 399.

461 June 1926, *RTA Annual Report*, p. 445.

462 "Boot Trade Matters". *The Journal of the Retail Traders' Association of NSW*. March 1927. 8. 9. p. 11.

463 "Proposed United Retailers' Council of New South Wales". *The Journal of the Retail Traders' Association of NSW*. November 1927. 9. 5. p. 21.

464 June 1928, *RTA Annual Report*, p. 10.

465 "Shop Lifting". *The Journal of the Retail Traders' Association of NSW*. January 1928. 9. 7. pp. 3-4.

466 "Wholesale Furniture Factories and Warehouses Dealing Direct with the Public". *The Journal of the Retail Traders' Association of NSW*. September 10. 3. p. 9.

467 "Chemists' Trials Competition by Shopkeepers". *The Journal of the Retail Traders' Association of NSW*. January 1928. 9. 7. pp. 4-6.

	pharmacy products. ⁴⁶⁷
1929	<i>First Offenders Act</i> for shop-lifting altered after ongoing campaign by RTA ⁴⁶⁸ ; RTA proposes 9-point "Truth in Advertising" pledge ⁴⁶⁹ ; selling from barrows outside department stores prohibited after RTA deputation ⁴⁷⁰ ; RTA again attempts to secure wholesaler agreements on a definition of wholesaling ⁴⁷¹ ; RTA lobbies the NSW government for relief from Workers Compensation ⁴⁷² ; RTA Journal expands its page size.
1930	RTA resolves to levy charges on in-store demonstrators of products ⁴⁷³ ; RTA effects changes to the <i>Sales Tax Acts 1930</i> ⁴⁷⁴ ; RTA joins with Motor Traders' Association to oppose new Federal Government tax of 2½ d. per gallon on petrol ⁴⁷⁵ ; RTA attempts to have the date of schools breaking up for summer holidays put forward one week (to 11 th December) to allow adequate shopping days before Christmas. ⁴⁷⁶

468 "Shoplifting". June 1929, RTA Annual Report, p. 6.

469 "Unfair Competition". *The Journal of the Retail Traders' Association of NSW*. December 1929. 11. 6. p. 18.

470 "Civic Commission Reform". June 1929, RTA Annual Report, p. 13.

471 *The Journal of the Retail Traders' Association of NSW*. December 1928. p. 9.

472 "Reducing Insurance Cost". *The Journal of the Retail Traders' Association of NSW*. July 1929. 11. 1. p. 21.

473 *The Journal of the Retail Traders' Association of NSW*. March 1930, p. 16.

474 *The Journal of the Retail Traders' Association of NSW*. August 1930, p. 15.

475 *The Journal of the Retail Traders' Association of NSW*. March 1930, p. 16.

476 *The Journal of the Retail Traders' Association of NSW*. August 1930, p. 13.

6 Some Influences on Evolution in Retailing

This chapter poses three tentative propositions about “causal chains” which appeared to operate in the evolution of retailing during the late nineteenth and early twentieth centuries. Establishing causation in historical research is indisputably difficult, however, because the number of variables that could contribute to evolution is boundless, and the links between them are complex. Unlike laboratory experimentation in the natural sciences, the passage of history cannot be replicated, and nor can its parameters be held constant (Diamond 1998).

The “causal chains” discussed here therefore lack definition as “independent variables”. As Abbott argues - and consistent with the general approach taken in this study - nothing ever happens in social systems “net of other variables” (Abbott 1997, p. 1155). Hence, these findings concern both direct and indirect influences on retailing evolution and these were interlinked: namely, the influences of novelty, competition and conflict, and the environment.

These findings emerged from examining, in systems terms, “the sum of the parts”. They are founded on the analysis of the whole body of (archival and extant) research assembled for this thesis, and the entire duration of the period under study. Their recurring and cumulative effects became discernible through observing the flow of events over time, and, especially for the finding of the environment, over space.

The influences of novelty, competition and conflict, and the environment had a more global and diffuse quality than the other types of change, and change agents, thus far discussed. These influences had a character that was both persistent and pervasive. This distinguished them from more ad hoc or localised types of influences, and those that were obviously motivated by the self-interests of the parties.

Each of the findings is discussed in turn, starting with more micro influencing processes and then moving to connected processes within the larger system. First, the influence of novelty is examined, and experiments in novelty took place at the individual store, or subsystem level. The pursuit of novelty affected the products, practices, formats, and even architecture of retail stores, as retailers competed to

differentiate themselves.

Then, the industry-wide, or system, influences of competition and conflict are explored, followed by discussion of the environment.

6.1 Novelty

The existence of “novelty-seeking” behaviour⁴⁷⁷, defined as “the desire of the individual to seek out novel stimuli” (Hirschman 1980, p. 284), has been established in disciplines such as neuropsychology, with significant findings of individual differences in dopamine reception and genetic inheritance as a cause of novelty-seeking behaviour.⁴⁷⁸ The significance of this concept for marketing theory, however, has largely been ignored.⁴⁷⁹

In marketing literature, studies on consumer innovativeness are mainly confined to mechanical prescriptions for how to manage an “adoption curve”⁴⁸⁰, and the traits of early - and later - adopters. This typifies marketing’s liminal treatment of consumers as *objects*, rather than subjects, in the exchange process.

Yet, if “early adopters” champion the acceptance and diffusion of a given innovation, then it follows that the aggregate of their actions, when viewed over time, must hurry the rate of evolution in retailing in general.

The following discussion posits novelty-seeking behaviour as a root cause in retailing evolution in the period under study.

Experimentation, invention and newfangledness were dominant qualities in many spheres of endeavour in the Edwardian period, and integral to the spirit of

⁴⁷⁷ Defined by Hirschman (1980, p. 284) as “the desire of the individual to seek out novel stimuli”, and distinguished from consumer innovativeness which is the construct typically studied in consumers’ adoption of new products.

⁴⁷⁸ Hirschman and Stern 2001 (pp. 403, 405). The authors found that the exploratory activity of novelty seeking, and impulsive and compulsive consumption “appear to be the result of the same underlying genetic structure” and that there was “a broad heritability of novelty seeking... (and) ample room for genetic causation”.

⁴⁷⁹ With the exception of Rassuli & Hollander (1986), Hirschman (1980, 2001), Manning et al. (1995) and McQuiston (1989). The latter found that the construct of novelty was also important in industrial buyer behaviour. Sit et al. (2003) identified a “new shopper segment” - the “entertainment” shopper - in their study of shopping centre patrons.

⁴⁸⁰ For example, Brown 1991.

modernity and of living in a new and changing world. British historian Plumb (1982) traced how English consumers of the eighteenth century were “taught to buy, to expect novelty and to relish change” (Plumb 1982, p. 332), which was necessary in the commercialisation of products of the industrial age. Such social values were slower to manifest in Australia because of a chronic undersupply of goods, but Australians also welcomed change and innovation as a sign of the new nation’s growing sophistication.

6.1.1 The Nature of Novelty and Change in Retailing

This section looks at the nature of novelty generally and its role in retailing. Subsequent sections explore in more detail the mechanics of novelty in particular contexts.

In Western markets of the nineteenth and early twentieth centuries, retailers shared a widespread conviction in consumers’ “innate desire for novelty”, or more broadly, an instinctive human need for variety. Indeed, the first Parisian department stores were called “Grand Magasins de Nouveautés” - grand stores of novelties - and their managers were “constantly in search of new articles or very receptive to new merchandise developments, always eager to present novelties” (Pasdermadjian 1954, p. 15).

In Australia too, variety and novelty were the key appeals of the emergent “Universal Provider”. At *Farmer & Co* in 1880: “No greater variety, we are assured, could be found in any establishment in or out of Sydney... No greater convenience nor greater consideration for the various wants which are sought to be supplied can be found in the Australian colonies, or even in the shops in the West End of London, or in the fashionable quarters of Paris”.⁴⁸¹ The success of *Mark Foy’s* too, was attributed to the fact that Mr. Foy “pushed the business for all he was worth, introducing anything of a novel nature that would catch the public fancy”.⁴⁸² Similarly, the success of the “variety” chain store, the most popular of the chain store format, was “quite phenomenal” in Australia (Spierings 1989, p. 492).

Retailers understood consumers’ instinct for novelty to be “the secret of attracting

⁴⁸¹ Mortimer F. 1881. “Farmer & Co”. “Some of the Leading Mercantile Houses in the City”. *A Glance at Australia in 1880*. pp. 196-414.

and holding interest". This was a plausible notion in an era when competition on the basis of price was shunned (until the close of the period under study) - owing to fixed-price proprietary goods and, later, resale price maintenance.⁴⁸³

Rather, as one typical retailer advised: "The first essential in obtaining custom is to engage attention; and for this purpose something out of the ordinary is needed".⁴⁸⁴

The perceptions of an instinct for novelty spurred retailers to try to differentiate themselves, and department stores competed for the ability to offer something bigger, better, and brighter than the next store's offer. Many of the experiments first attempted at the level of the individual department store - for example, free entry with no obligation to buy, and returns and exchanges - were eventually adopted throughout the retail industry.

While those innovations survive to the present day, others were more short-lived, and others did not succeed at all.⁴⁸⁵ It was the assumption that "something out of the ordinary" was necessary, however, that prompted retailers to experiment.

The shared belief in the attraction of novelty surfaced in many forms.

Contemporary observers noted how humans are "afflicted by the everlasting urge for something new, something brighter, usually something mechanical, to relieve those duller hours that seem an incident of our modern existence"⁴⁸⁶, and how "changes of styles are prompted by the natural human desire for change in

482 "Business Histories - Mark Foy's Ltd". *The Journal of the Retail Traders' Association of NSW*. October 1923. 5.4. p. 97.

483 The Association regularly exhorted retailers to not cut prices, for example "Why not Create Your Own Brands?". *The Journal of the Retail Traders' Association of NSW*. October 1924. 6. 4. pp. 101-2.; "Discounts". *The Journal of the Retail Traders' Association of NSW*. February 1924. 5. 8. p. 209.. By 1930, however, the retail trade throughout Australia was involved in a "reduced price craze". "Menace of Reduced Price Craze". Editorial. *The Journal of the Retail Traders' Association of NSW*. August 1930. p. 9-10.

484 "The Psychology of Novelty". *The Journal of the Retail Traders' Association of NSW*. September 1922. 4. 3. pp. 63-4.

485 One example was America's "Automarket", launched in Louisville, Kentucky in 1928, which allowed "housewives" to drive hands-free through the store while helping themselves from revolving shelves as they passed by: "This, the most recent example of the acceleration of American life, is a long, narrow building with two driveways. The housewife drives in, and her car proceeds along a cement runway just wide enough for it, so that steering is dispensed with. On one side are revolving shelves filled with every variety of food, canned or otherwise, and the shopper helps herself while the car crawls along in low-gear. A turntable at the end of the runway shunts the motor car into the return track, and payment for the goods collected is made at the exit from the building. The 'Automarket', it is claimed, entirely eliminates the fatigue of shopping, and saves time" "Shop While Driving". *The Journal of the Retail Traders' Association of NSW*. September 1928. 10. 3. p. 47.

everything".⁴⁸⁷

The Association instructed retailers on the scientific importance of novelty in selling. A typical editorial in the journal advised that:

The retailer who banks on novelty is possibly building more stoutly than he knows. The desire for a change, instead of being a symptom of the restlessness of a section of humanity, is based on a fundamental characteristic of mankind. We only have ideas by virtue of a state of flux...Consciousness demands to be stimulated into thought by contact with the world outside. The incitement from without may be only a flicker of light on the eyeball, but it will reverberate throughout the brain and afford that ease from boredom that we call enjoyment. This is the scientific basis on which, consciously or unconsciously, the retailer has to work.⁴⁸⁸

The belief in an instinctive need for novelty was also explicated in "scientific" studies of consumers. Caroline Foley's article, "Fashion", published in 1893 in the *Economic Journal*, identified "a law of variety in wants", and consumers' "taste for change" and the "spirit and instinct of variability" (Foley 1893, pp. 459, 461). A study in *Rydge's Business Journal* examined the "Instinct of Curiosity" which was "particularly strong in women, as all men know. There are two types of curiosity; one the desire to probe into the unknown, and the other is the interest we take in new combinations of old and familiar things. These things by themselves would not be interesting, but combined in a novel or unusual way they attract great attention".⁴⁸⁹

The pursuit of the "unusual" manifested in a range of creative responses by retailers, from constantly changing window displays and new in-store attractions,

486 "Who is Your Competitor?" *The Journal of the Retail Traders' Association of NSW*. February 1930, pp. 25-27.

487 "Who Originates Styles?" *The Journal of the Retail Traders' Association of NSW*. November 1921. 3. 5. p. 532.

488 "The Psychology of Novelty". *The Journal of the Retail Traders' Association of NSW*. September 1922. 4. 3. pp. 63-4.

489 "The Psychology of Salesmanship and Building of Personality". *Rydge's Business Journal*. Australian edition. March 1. 1931 pp. 166-202. The article maintained that: "The basis of all buying is want created by instincts, and interests based on instincts. Some instincts are particularly strong, for example, the instinct of self-preservation, the parental instinct, the fighting instinct, the instinct of self-display, the instinct of acquisition or hoarding, the instinct of curiosity, and so on. It is the salesman's job to appeal to these instincts when selling" (*italics in original*) p. 168. On the "Instinct of Acquisition, or Hoarding": "The urge to possess things is extremely strong in all civilised people. We want to own a house, and a car, and good furniture and all sorts of things... (This is why) some of the stores send goods on approval to customers because they are well aware that the instinct of possession will make it hard for the customer to return the goods".

to totally new retailing formats, including self-service⁴⁹⁰ and drive-through outlets⁴⁹¹, which were promoted primarily on the basis of their novelty. No doubt other appeals such as value or convenience also contributed to the eventual success of these formats, but it was the main appeal of novelty that lured customers into the store, and helped to keep them there longer. Storekeepers of a century ago understood the "modern" maxim that the longer the time spent in-store, the more likely that shoppers will part with their money.⁴⁹² This is the rationale behind what is known today as the modern concept of "destination retailing".

6.1.2 Novelty in Retail Services and Events

Like its counterparts in other Western cities, Sydney-based *Mick Simmons* practised destination retailing at least as early as 1924, in a building equipped with "all the latest devices" and a gamut of novelties, including a tennis court, and "a real sports ground":

Among the ground floor attractions is a soda fountain and confectionery counter of beautiful design. It is equipped with all the latest devices for quick, clean service. Above the fountain runs a mezzanine floor, on which drinks, ices etc., are served... The first floor has lent itself even more wonderfully than the ground to charming decorative effects. It consists of a light luncheon café, two luxurious lounges where one may read or write, or have coffee and a cigarette, and a hairdressing parlour... The hairdressing parlour is one of the finest in the Commonwealth. It is fitted with the latest adjustable porcelain-mounted chairs and sterilizers for the prevention of contagion.

Special provision has been made for children by the installation of model motor cars, racehorses, and other novelties, and ladies have also been catered for in the form of a private saloon.

Perhaps the greatest novelty of all is a sports ground in the heart of the city. A real sports ground, with provision for tennis on a full-sized court, for golf practise and tuition, for shooting, for 'circlos', and other pastimes.⁴⁹³

By gathering together a wide array of leisure pursuits for the family, such as sport,

490 Novelty was the key appeal when *Grace Bros* introduced "self-service" in 1923, in its newly installed cafeteria and its "Cash-and-Carry" grocery department: "Groceries can be obtained by serving one's self and paying cash at the exit. Some idea of the popularity of this novel department may be formed from the fact that there were over 6,653 actual purchases on 4th July last... (and) over seventy tons of tea, 125 tons of flour, 300 tons of soap, 1¾ millions of boxes of matches, (and) 300,000 tins of jam, per annum are sold this way" "*Grace Bros. Ltd.*". *The Journal of the Retail Traders' Association of NSW*. 1923. 5. pp. 33-7.

491 "Shop While Driving". *The Journal of the Retail Traders' Association of NSW*. September 1928. 10. 3. p. 47.

492 See Underhill (2000) for an exposition of this maxim.

493 "Mick Simmons Ltd.". *The Journal of the Retail Traders' Association of NSW*. 1924. 6. pp. 40-43.

dining, and grooming, stores like *Mick Simmons* helped advance a new conception of shopping - as recreation and amusement, and an escape from the "routine".

Department stores also provided brand new reasons for consumers to visit their stores. A series of "purchase opportunity" events were invented to help stimulate consumption, including "Sales" and "fashion shows", which were immediately popular (Leach 1984, p. 328), Mother's Day, Father's Day, the "All-Australian Manufactures' Week", "Empire Week", and in the suburbs, a "Local Shopping Week".⁴⁹⁴ This prompted one retailer to remark that "if the number of weeks devoted to some special object continues, the calendar will have to be enlarged to meet the demand".⁴⁹⁵

Along with new shopping events, and "all the latest devices", Sydney department stores also staged theatrical shows, and "free entertainments in many and varied forms".⁴⁹⁶ Indeed, the job of retailing was often compared to "showmanship", and the "best" type of retailer was "a born showman".⁴⁹⁷

By the Christmas of 1930 (one year after the Wall Street crash and the onset of the Depression), in-store entertainment in Sydney's department stores had reached circus-like proportions. As the Association's journal reported in a feature story tellingly titled "Selling the Child": "The hardness on the part of the public grew more marked as Xmas approached, and the necessity arose of getting purchasers into the store".

Banking on the appeal of the exotic, *Anthony Hordern & Sons* installed foreign lands, and enchanted gardens complete with a lake and fairy castle, while *Grace Bros* staged the "Tiny Town Circus - one of the most elaborate working-model exhibitions seen in Sydney".

The "pièce de resistance" of Christmas shows in 1930 was hosted at *Farmer & Co*, which boasted a "World Tour" through American, Dutch and Egyptian

494 "Why Not a Local Shopping Week? Parramatta's Excellent Example and Its Success". *The Storekeeper and Country Trader*. October 18. 1912. pp. 3-4.

495 "Here's a Novel Week". *The Journal of the Retail Traders' Association of NSW*. January 1925. p. 218

496 "Selling the Child". *The Journal of the Retail Traders' Association of NSW*. December 1930. pp. 13-16.

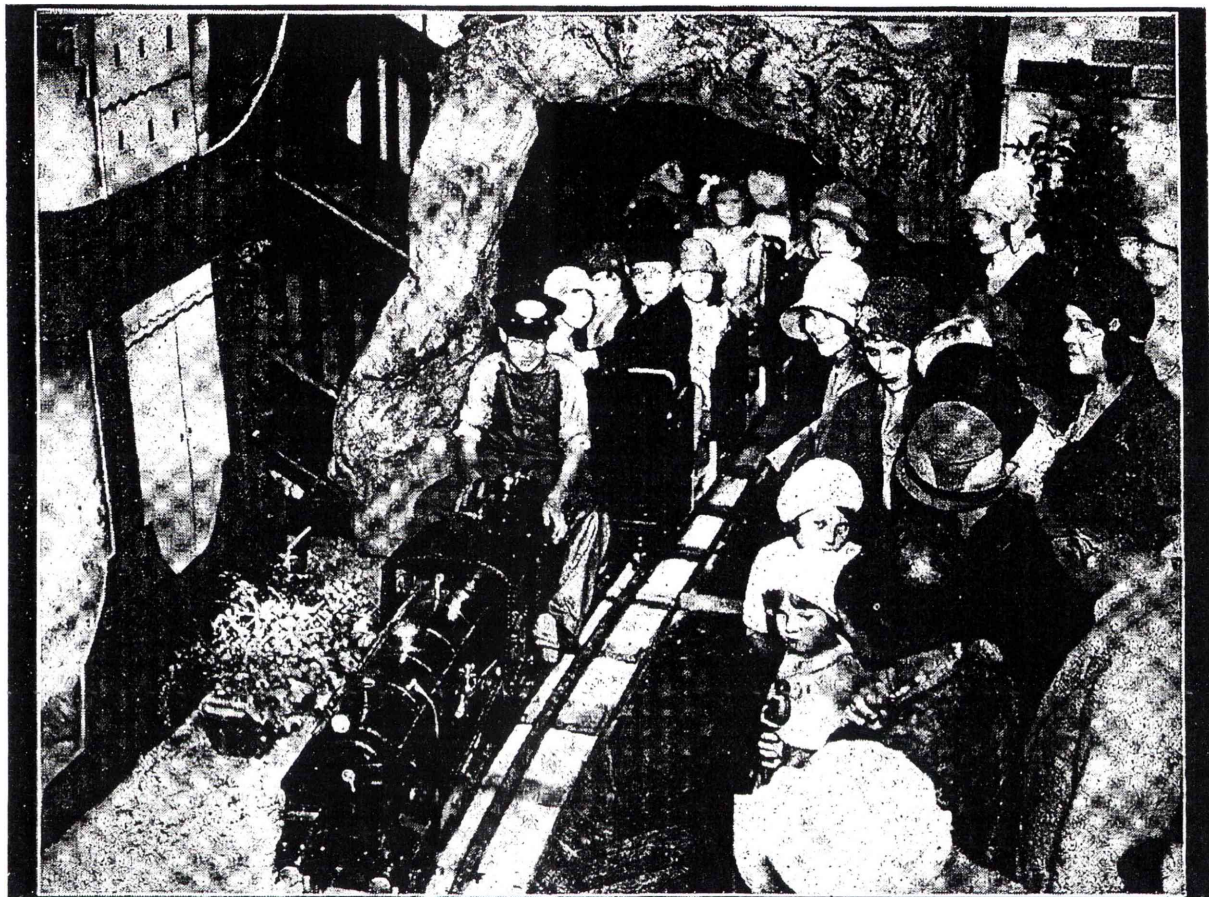
497 "Showmanship is Salesmanship". *The Journal of the Retail Traders' Association of NSW*. February 1930. p. 27.

landscapes, to Japan and the snow of the Arctic on “nothing less than a steam-driven miniature railway, a locomotive and carriages capable of holding 24 children... Admission was by presentation of a sales docket from the toy department”.

Nock & Kirby's Christmas pantomime in 1930 (“Dick Whittington”) was dull by comparison, but the Circular Quay-based store opened its rooftop for “a magnificent view” of the Sydney Harbour Bridge which was nearing completion. The pantomime was staged:

twice daily before an average house of 500, and lasted about an hour. There was no charge for admission, but visitors were lucky to get out without buying something... At the conclusion of the show, which happened at 12.30 p.m. and 3.30 p.m. – significant times – an announcement was made that the toy department was on the floor below, but that a magnificent view of the Harbour Bridge was obtainable from the roof. The view of the Bridge was there all right – so was the refreshment room and the time opportune.⁴⁹⁸

⁴⁹⁸ “Selling the Child”. *The Journal of the Retail Traders' Association of NSW*. December 1930. pp. 13-16.



The miniature railway at Farmer's. Train emerging from tunnel of aquatic wonders

Selling the Child

Elaborate 'Xmas Displays

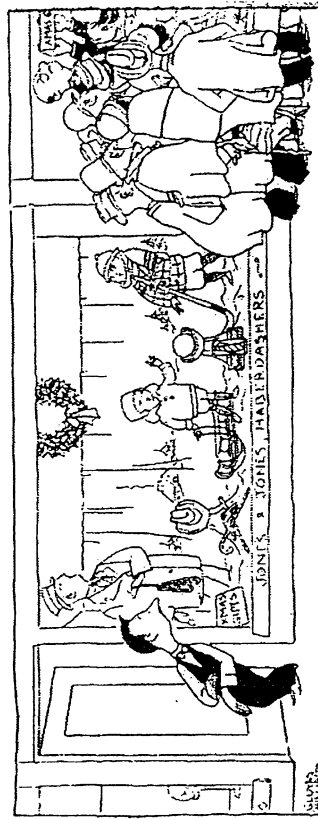
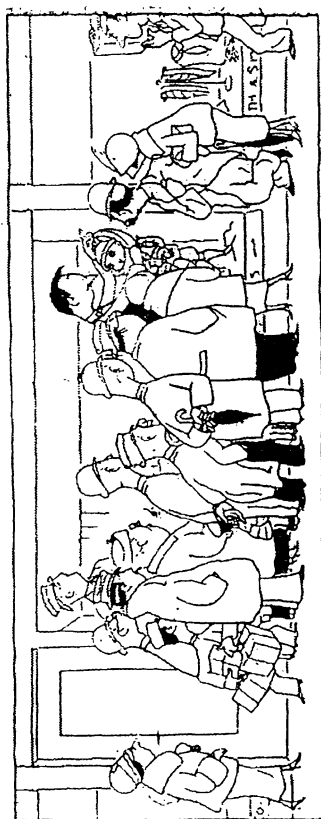
THE majority of the stores of Sydney banked on a demand for toys this Xmas, reckoning with sound judgment that a parent will willingly forego his own comfort in order to give a little happiness to his children. Buying was done on that principle, but the hardness on the part of the public grew more marked as Xmas approached and the necessity arose of getting purchasers into the store.

The problem was solved by a number of the leading houses offering free entertainments in many and varied forms. The principle followed in some cases was either to make a small charge for admission, and give

the equivalent back as a present, or to limit the entrance to the presentation of a sales docket for the nominal amount of sixpence. In other cases, the entertainment was entirely free.

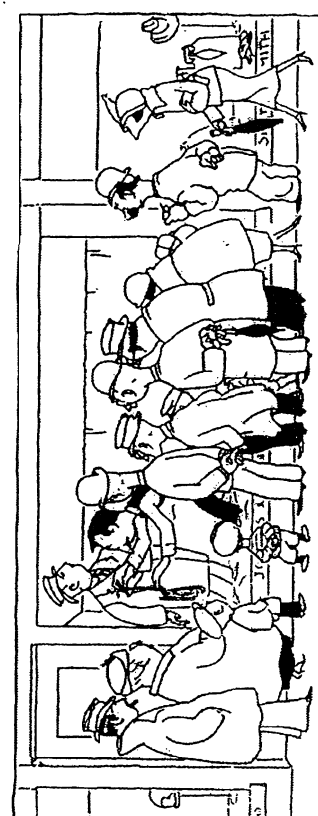
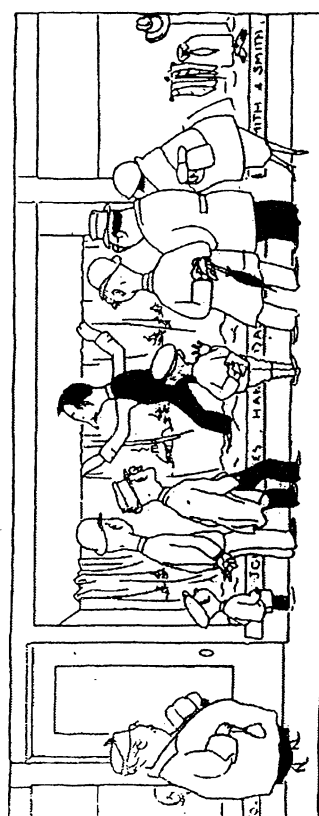
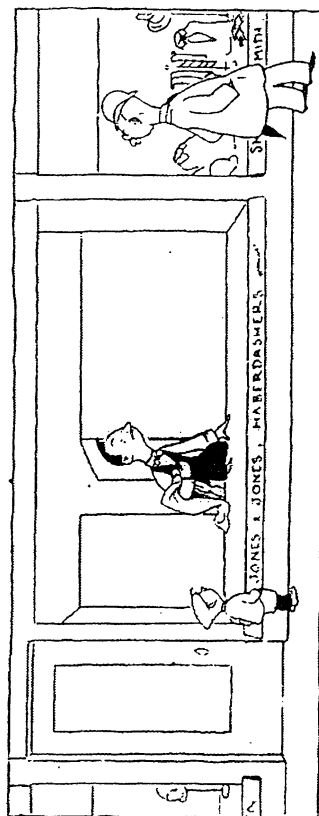
The consensus of opinion is that without these entertainments the toy departments would have suffered heavily. One store reported an attendance of 12,000 in a single day at their entertainment, practically all of which number visited the toy department.

It was expected that the expensive toy would not be in as great demand as in previous years—a forecast generally borne out. The actual number of customers served was about



— "Life."

What's the Use?



The Window-Dresser's Masterpiece; or

6.1.4 Novelty as Product Variety: The Case of Women's Fashion

The constancy of change in retailing, and the pressure for retailers to “keep up” with the latest, was nowhere clearer than in the domain of women’s “fashion” retailing. Though fashion in the sense of “keeping up with the times” can be traced back to 1700⁴⁹⁹, fashion “in the clothes worn by most men and women in most societies had been remarkably static... for much of human history” (McKendrick 1982, p. 35).

It was only after World War I and the commercialisation of rayon or “artificial silk” used for parachutes that fashion retailing boomed. Unlike natural materials such as cotton and wool, which were subject to “great fluctuation” in price, the price of rayon could be kept stable, and its production required a “fraction of the labour demanded in cotton cultivation and sheep farming”.⁵⁰⁰ The loose flowing dresses of the 1920s’ “flapper” were also ideally suited for mass production, as discussed in Chapter Three.

The fashion department was one of the most profitable in the 1920s department store, particularly for stores that manufactured their own clothing lines, such as *Anthony Hordern & Sons* and *David Jones*.

Faster turnover in clothing styles carried a significant attendant risk, however, of being left with “out of date” unfashionable stock. This magnified the need for faster stockturn, and improved purchasing and stock management practices.⁵⁰¹ Thus the visible processes of change in fashion also affected back-room management practice.

Department stores had vested interests in promoting consumers’ acceptance of fashion, and pushed the doctrine that fashion was an indicator of status and

499 Rassuli & Hollander 1986, p. 12.

500 “Artificial Silk An Industrial Romance”. *The Journal of the Retail Traders' Association of NSW*. July 1928. 10. 1. pp. 17-23.

501 As pointed out by *Grace Bros'* co-founder Joseph Grace, in a 1924 lecture hosted by the Association: “Another feature of slow turnover of stock... is that the loss of profit that results from change of fashion is enormously increased. In the drapery trade (more than any other) fashion changes with great rapidity, and a quick turnover of the stock means profit. A slow turnover often means loss. Most of us, I think, have had the experience that if we do not quit fashionable attire while it is in fashion, it becomes unsaleable at cost, and even half cost, and eventually, to use an expression common in the trade, ‘you cannot give it away’” “Lecturettes - Turnover and its Relation to Profit”. *The Journal of the Retail Traders' Association of NSW*. September 1924. 6. 3. pp. 76-89.

refinement: “Fashion is a fundamental part of life... (and) the expression of a manner of living and thinking. It is, in other words, the expression of contemporary civilisation”.⁵⁰² Fashion was also often equated with sex appeal and the promise of snaring a husband, as reflected in the names devised for dressmaker’s new creations, for example “He will Always Follow Me”, “The Chain of Love”, and “My Slave”.⁵⁰³

Through the catalogues issued by department stores, and commercial media in general, women were urged to have an outfit for every occasion, and to increase their pace of replacing outfits – because after having been worn once, they were no longer fashionable. In the case of millinery, the “average life” of a “new fashion” hat in the 1920s was “three or four weeks”.⁵⁰⁴ The ideology of fashion thus accelerated the frequency of store visits by shoppers.

A 1930 article in *The Sydney Morning Herald* advised women that they should not feel guilty for their “perpetual discarding of one fashion for another”, because of “the necessity of change... not so much from a sartorial (standpoint) as from a psychological one”:

(A woman) regards dressing as a solemn duty to her husband, a possible weapon against her enemies, and a deep personal joy... While he likes to see his wife fashionably attired, he calls her a sheep because she follows the fashions; and still more unjust, a dodd, if she does not... But woman is not a sheep, she is merely supremely idealistic, consequently supremely discontented, which is manifest in her perpetual discarding of one fashion for another.⁵⁰⁵

Consumers were willing participants in the fashion boom of the 1920s, and fashionable consumption in general, as discussed in Chapter Three. Imitation and emulation of upper-class society and celebrity glamour was one reason for the rise of fashion (Fraser 1981). Advances in manufacturing techniques were another reason for the explosion in the varieties of styles. The emergence of “flexible batch production” allowed smaller production runs and, therefore, the chance for manufacturers to experiment in styles and product innovations. Scranton estimated (from national census data for the USA for 1890, 1909, and 1923) that

⁵⁰² *The Journal of the Retail Traders’ Association of NSW*. August 1928. p. 15.

⁵⁰³ *The Journal of the Retail Traders’ Association of NSW*. September 1930. p. 41.

⁵⁰⁴ *The Journal of the Retail Traders’ Association of NSW*. February 1930. p. 33.

⁵⁰⁵ Reprinted in *The Journal of the Retail Traders’ Association of NSW*. September 1930. p. 51.

specialty manufacturing accounted for perhaps half of the nation's total value-added in manufacturing (Scranton 1997). Thus the evolution of fashion was intertwined with the evolution of manufacturing.

The Association recognised the role of consumers in clinching the success, or otherwise, of new styles. A journal article reported that: "Many people believe that fashions are set by the manufacturer and thrust upon a sheep-like public. We hear that women are slaves of fashion and are being exploited by the great dressmakers; but, as a matter of fact, the dressmakers are slaves to women and have nervous breakdowns trying to find the thing that fits into the mental attitude of the female species".⁵⁰⁶

Another journal article, "Who Originates Styles?", noted that:

There is probably no one subject connected with modern merchandising which requires more careful and continual study. There are three elements to be considered - namely, the manufacturer, the merchant, and the public. Each one of these has an influence on the sum total of prosperity of any fashion. No one of them can wholly control any fashion. It is for the manufacturer and the dealer to originate, promote and present styles. It is for the public to accept or reject. As a general thing, most of the originaive part of the work rests with the manufacturer, and most of the promoting, so far as the consumer is concerned, by the merchant, who stands next to the consumer in the scheme of distribution.⁵⁰⁷

While the part played by consumers and manufacturers was obviously significant, it was retailers' belief in needing to "keep up" with competitors - or forfeit sales - that turned fashion retailing in the 1920s into a phenomenon. This was captured in a journal editorial that observed:

The average retailer of women's apparel calls upon manufacturers for delivery of merchandise long before he can use it, except for display purposes. He buys it not because his customers want it, but because of his fear that his competitors will gain something by showing new season goods before they are displayed in his own windows and carried in his stock. In like manner, in order to increase his own business the manufacturer does all in his power to get out new season goods in advance of his competitors. And so the merry game goes on.⁵⁰⁸

506 "Fashions". *The Journal of the Retail Traders' Association of NSW*. August 1928. 10. 2. pp. 13-15.

507 "Who Originates Styles?" *The Journal of the Retail Traders' Association of NSW*. November 1921. 3. 5. p. 532.

508 "Fixing Times for Seasons' Sales". *The Journal of the Retail Traders' Association of NSW*. May 1924. 5. 11. pp. 294-5.

Miller & Merrilees (2004) found that, although the role of retailers in the rise of fashion has been overlooked, Sydney department stores were aggressive and innovative marketers in selecting, promoting and designing fashions, and the general “trend to fashion consciousness”.

In an era when there were few serious competitors, department stores were leaders in made-to-measure and ready-to-wear clothing. In addition, they pioneered “ready-to-make” fashion through the provision of paper patterns for garments to be made at home, and stores such as *David Jones* offered to pre-cut fabrics to “ladies’ own measurements from materials purchased here – and pinning them together as far as possible, ready to be sewn up. To the home dressmaker this department is an immense help and saving – you secure a good cut and perfect fit; you save the cost of paper patterns and there is no risk of faulty cutting. Patterns of materials are sent gratis and post free to any address, and a book of styles” (Miller & Merrilees 2004, p. 400). In effect Sydney department stores pioneered “the first serious mass marketing fashion revolution” in Australia (Miller & Merrilees 2004, p. 394). While fashion was a profit centre for department stores, it was also a broad embodiment of the appeal of novelty for consumers, and “the important new concept of obsolescence” (Davis 1966, p. 292) that gave rise to the “disposable society”.

6.1.5 Novelty as an Interaction of Place, Service and Product

In summary, a collective confidence in the attraction of variety and novelty drove a geometric growth in experimentation by retailers in the period under study, which transformed their stores both inside and out.

The department store building was itself “commercially novel” in its use of new building materials and its multi-storey construction, as discussed in Chapter Three. From dim single-storey shops at the turn of the century, by the mid 1920s Sydney’s grand emporia occupied acres of brightly lit floor space, and offered all “the latest” in fashionable products and services in a kind of permanently evolving exhibition. Spacious new layouts⁵⁰⁹ and movable fittings, that made it “possible to

⁵⁰⁹ “The Most Up-to-Date Store in the Commonwealth”. *The Australian Storekeepers & Traders’ Journal*. March 31, 1910. p. 9.

replan the shop... as the circumstances of the moment may dictate"⁵¹⁰, added fresh excitement to going shopping.

Novelty spurred changes in the merchandise mix, the institutional formats, and the in-store attractions of shopping, and probably also the velocity at which more promising ideas were adopted. As such, the collective certitude in the power of novelty affected both the direction and the pace of retailing evolution.

Of course, novelty alone did not account for all change but it was a significant factor in prompting retailers to try "something out of the ordinary"⁵¹¹. Retailers of a century ago - like their counterparts today - were constantly striving to differentiate themselves from what existed at that point in time. A hundred years ago, however, it was relatively easy to be original in comparison with today's retail market.

6.2 Competition

The competition that existed between retailers, and between retailers and others in the system, was a significant driver of retail evolution in the period under study. Competitive pressures had both direct and indirect consequences on the evolution of retailing and this became apparent through the observation of the system over time.

The first and most direct way in which competition manifested influence was the individual retailer's need to outdo his competitors. This was demonstrated through "novel" innovations, as discussed in the last section, but more pervasively in the relentless growth in the size of department stores.

6.2.1 Store Size

In the drive to keep one step ahead of the competition, the imperative for growth was taken for granted. *Anthony Hordern & Sons*, Sydney's largest and most influential store, captured the zeitgeist in its motto, "While I live, I'll grow", and in 1901 the firm was making plans for "the biggest shop in Australia" of nearly 20

⁵¹⁰ "Floor Space". *The Journal of the Retail Traders' Association of NSW*. November 1929, p. 55.

⁵¹¹ "The Psychology of Novelty". *The Journal of the Retail Traders' Association of NSW*. September 1922. 4. 3. pp. 63-4.

acres of floor space.⁵¹² In the same year *Marcus Clark & Co* opened a “splendid building with 60,000 feet of floor space” in Newtown. Five years later in 1906, that building gave way to the company’s new store at “Central Square”, which was more than ten times greater in size at 653,400 square feet or more than 15 acres.⁵¹³

Similarly, *Grace Bros* boasted 20 acres of floor space by 1923, including “3½ acres of Furniture”, and 250 departments including drapery, paper-hangings and “electro-plate”, cash-and-carry groceries, plus “carpets, curtains, china and glass, ironmongery etc”. Departments in a separate building included “baths, sanitary fittings, tiles, grates, mantel pieces, kitchen ranges, corrugated iron, paints and oils, and all builders’ requisites; and in addition, saddlery, coach axles, springs and wheels, and all coach builders sundries”.⁵¹⁴ Competition therefore drove growth in both the size of stores and the ever-widening merchandise assortment carried by department stores.

By 1930, leading department stores sold, manufactured, branded, promoted and transported their own goods, and provided the credit by which consumers could purchase. In addition, they offered a wide array of services - from hairdressers and restaurants, to public lending libraries, and theatre shows. Competition thus drove development in retailing not just in size and scope, but in new and evolving combinations of familiar things, in the period under study.

6.2.2 Imitation and Modernisation

The second major influence of competition was the way in which innovative companies in the distribution industry affected those around them. The pressure on retailers to “keep up” was relentless, as reflected in prevailing rhetoric about “industrial efficiency”⁵¹⁵, or the necessity of being “scientific”, “up-to-date”, and “progressive” (as discussed in Chapters Three and Five).

Retailer’s imitation of leading stores is well noted in the literature, with many

⁵¹² *The Journal of the Retail Traders’ Association of NSW*. May 1923. 4. 1 pp. 269-272. By comparison, New York’s *Macy’s* occupied 23½ acres of space in 1902. By 1915 American department store *Marshall Field’s* “possessed 55 acres of selling space, the world’s largest store at the time” (Fullerton 1990, p. 73).

⁵¹³ “Building a Big Business”. *The Journal of the Retail Traders’ Association of NSW*. 1924. 5. pp. 200-204.

⁵¹⁴ “Grace Bros. Ltd”. *The Journal of the Retail Traders’ Association of NSW*. 1923. 5. pp. 33-7.

⁵¹⁵ For example, an extensive feature on “Industrial Efficiency” that appeared in the inaugural issue of the Association’s journal. *The MRA Journal*. July 1919. 1. pp 13 -36.

Australian department store founders making regular pilgrimages to England, and increasingly to America. Spierings wrote (1989, p. 484) that Australian retailers “such as Woolworths and Penneys were so derivative they could not even produce original names”.

The compulsion to “keep up” with “the latest” was driven by a fear of loss of sales -as discussed earlier in the rise of fashion - or worse, of being eliminated altogether. The *Alexander Hamilton Institute*, which offered “Modern Business” training, regularly advertised in the journal that without modern methods “no merchant can long survive in the terrific competition of to-day”.

While the practice and ideology of industrial efficiency had been successfully applied in manufacturing, the retailing sector compared poorly. A writer in *The Draper of Australasia* proclaimed in 1914: “I have no hesitation in saying that our big department stores throughout Australasia are probably the least efficiently organised of any similar form of commercial enterprise”.⁵¹⁶

Unable to mechanise the “social” tasks of dealing with shoppers, and seemingly unaware of them until the 1920s, retailers felt the pressure to modernise if they wanted to keep their “place in the procession”. A 1907 article in *The Storekeeper* captured the sense of urgency with which retailers were exhorted to keep up:

One of the chief characteristics of modern life is its rush. This feature is always prominent, whether we regard life from a social, commercial, or industrial standpoint, in everything and everywhere speed is noticeable. It is an age of steam and electricity, and the pressure of the one and the swiftness of the other have made an indelible impression on every side of life. The artisan has been replaced by the machine, the handicraftsman has become an overseer of a mass of cogs and wheels, which perform in an hour the work it took his father a day to accomplish. The stage coach and the tilt waggon have been hustled into oblivion by the iron horse (motor car), and the slow and stately sailing ship is slowly falling into disuse because it cannot compete with the less stately but swifter steamer. To save time and expedite transit and production is the one end and aim of modern invention. The sluggard, the dullard, the procrastinator, the dawdler, has no chance of keeping his place in the procession... Life is no longer a steady flowing stream: it is a mighty rushing torrent, swift to bear strong men to their

⁵¹⁶ “Business Organisation. Modern Methods of Management. Scientific Organisation the Basis of Success. Our Big department stores are probably the least efficiently organised of any similar commercial enterprise”. *The Draper of Australasia*. November 16, 1914. pp. 435-436.

goal; relentless in the force which it dashes weaklings to destruction.⁵¹⁷

A fear of “destruction” or being “hustled into oblivion” thus impelled retailers to imitation and modernisation. The urge to “keep up”, as a result, must have accelerated the adoption rates at which more promising ideas were taken up. The coupon and trading stamp system, for example, was promoted to retailers on the basis that “unless it is taken up the ‘man across the way’ will have the opportunity”.⁵¹⁸

Similarly, *The National Cash Register Company* loudly proclaimed that successful stores such as *Anthony Hordern & Sons*, *Lassetters* and *Myer’s*⁵¹⁹ had adopted its cash registers. In addition the firm took a direct role in helping retailers to modernise through its free service “to help solve business problems”.⁵²⁰ Likewise, Australian manufacturer *Berlei* offered its “52 Practical Aids to Better Salesmanship”⁵²¹ to help move its products off the shelves.

Other products such as measuring machines⁵²², escalators⁵²³, and home delivery vehicles were all promoted on the basis that well-known department stores were using them. Similarly, newspapers such as *The Evening News* touted testimonials from *Anthony Hordern & Sons* on its success from using display advertising.⁵²⁴ Miller & Merrilees (2000, p. 69) found that *Gowings*, like other retailers, was a “rapid follower” of the display advertising techniques used by the Horderns. These techniques were adopted, in turn, from those pioneered by American retailers such as John Wanamaker and Rowland Macy, as discussed in Chapter Three.

By 1930, wholesalers as well were “doing their utmost” to pressure retailers to

517 “The Rush of Life”. *The Storekeeper*. December 13, 1907. p. 4.

518 “Coupons and Trading Stamps, The Latest Developments”. *The Storekeeper and Commercial Record*. September 18, 1908. p. 8.

519 “Myer’s (Melbourne) Order National Cash Register Equipment”. Full page advertisement by *The National Cash Register Company*. *The Journal of the Retail Traders’ Association of NSW*. November 1922. p. 96.

520 “Merchants’ Service”. Full page advertisement by *The National Cash Register Company*. *The Journal of the Retail Traders’ Association of NSW*. April 1925, 6. 10. p. 292.

521 *The Journal of the Retail Traders’ Association of NSW*. December 1928, p. 47.

522 “An Overwhelming Majority of Leading Sydney Drapery Establishments have purchased Measuregraphs”. Full page advertisement *The Journal of the Retail Traders’ Association of NSW*. March 1924. 5. 9. p. 243.

523 Waygood-Otis (Aust). Pty Ltd. Full page advertisement. *The Journal of the Retail Traders’ Association of NSW*. May 1929. 10. 11. p.14.

modernise, at least in America. In that country, wholesalers operated “retail clinics”, where storekeepers could visit “a complete retail hardware store on one floor of his building where (the wholesaler’s) customers may learn about good lighting, effective display, efficient store arrangement, and so on”.⁵²⁵

In short, modernism was everywhere. Retailers were chastised for their laggard progress by the self-serving messages of suppliers, and made to feel afraid of ignoring them, lest other stores should gain an advantage. This fear further hurried the pace of change in retailing.

6.2.3 Responses to Competitive Pressure

The third effect of innovative competition was conflict and resistance. This emerged in the ubiquitous accusation of “unfair” conduct, which was the most frequently emerging theme from the historical data. Indeed, every change in retailing met with resistance - from the advent of branded goods, and manufacturers’ trading stamps and coupons, to the anti-chain store movement of the 1930s, as discussed in Chapters Three and Five.

In essence, the competitive pressures introduced by innovators were met with counterattacks that were also a source of change. The conflict that erupted between retailers and manufacturers over the advent of proprietary brands and resale price maintenance, for example, set the scene for the wide-scale development of retailers’ own brands. On a smaller scale, the anti-coupon and trading stamp campaign mounted by the Association and others, prompted a parliamentary inquiry.

Another example was the tidal wave of resistance provoked by “Lassetter’s Agreement”, which changed the course of history by undermining the power of the Arbitration Court to set common standards for workers, as discussed in Chapter Five. We can infer, consequently, that even when innovators such as Lassetter do not “succeed”, their endeavour can propel the traditional establishment of firms to a new status quo. That is, evolution in retailing was attributable in part to the actions of innovative individual institutions and others

524 “Proof”. Full page advertisement by *The Evening News. The Journal of the Retail Traders’ Association of NSW*. April 1929. 10. 10. p.10.

that resisted, or adapted, their innovations.

The innovative competitors of the distribution industry were a significant influence on the evolution of retailing. At the same time, innovators faced an active milieu of resistance. These antagonistic forces both spurred and delayed the pace of evolution and its eventual outcome. Underlying this process, however, was the pressure of competition.

In summary, these competitive forces - the need to outdo others, and the need for those affected to fight back or "keep up" - produced a ratchet-like process of change and counter-responses. This supports dialectic approaches to the explanation of change, as discussed in Chapter One.

On a much more gradual basis, this dialectical process also caused change among the different retail types or formats at industry level. Chapter Three recounted how the relative strengths of each type of retail format spurred changes, and convergence within the industry, during the period under review. Imitation and emulation of the comparative advantages of competitors took place on the grounds of the product mix (scrambled merchandising), retail methods (fixed prices, open displays, credit provision), and geographical catchment (home delivery, mail order catalogues).

6.3 Physical and Cultural Environment

Several forces in the environment, over which retailers had little or no control, influenced the pace and direction of the development of retailing in Australia. This contrasts with findings discussed until this point, in which retail institutions were the agents of change, rather than the recipients.

The finding of the influence of the environment emerged mainly through observation of the system over time, and also through comparison of the Australian experience with that of other Western nations. This supports theories of retail evolution that nominate multiple "causal variables" in the environment, as

525 "The Retail Clinic is Coming". *The Journal of the Retail Traders' Association of NSW*. December 1930, p. 25.

discussed in Chapter One.

In Australia's case, the most significant environmental influences were geographic, socio-cultural, and economic, and these are detailed in the following sections.

6.3.1 Australian Geography

Australia's geography hampered the growth of retailing in this country. As discussed in Chapter Three, a "critical" determinant of Australia's development was the "chronic problem of size, density, and demand" (Todd 1995, p. 246).

Australia's geographical isolation and heavy reliance on imported goods, meant that retailers in this country saw themselves as operating "12,000 miles from our source of supply".⁵²⁶ In addition to distance from the UK, slow communication and transport methods meant that retailers' purchase orders could take six months to arrive in the northern hemisphere, with the same lag on the return journey for delivery.⁵²⁷ As late as 1920, the lead-time for receiving overseas orders was still "at least one year".⁵²⁸ (The lead-time for receiving goods manufactured in Australia was also considerable. For example, in 1920 *Berlei Brassieres* advised a turnaround time of four months following the receipt of the order.⁵²⁹)

Adding to the difficulty of slow transportation by sea was that theft on the Australian waterfront was rife. Sydney's department store retailers reportedly suffered "enormous losses"⁵³⁰ through pilferage of imported shipments (and also from damaged cargo, in an era when "containing cases were too flimsy"⁵³¹). This prompted the Association, in conjunction with the Sydney Chamber of Commerce, to establish in 1918, a "special police force of 10 to 12 men for the waterfront".⁵³²

It wasn't until 1925, when the *Carriage of Goods by Sea Act* was introduced, that Australian retailers and other importers could make claims against shipowners for

⁵²⁶ *The Journal of the Retail Traders' Association of NSW*. February 1929. p. 26.

⁵²⁷ "The Evolution of a Great Business. Anthony Hordern & Sons, Ltd. 'While I live, I'll grow'". *The Journal of the Retail Traders' Association of NSW*. 1923. 4.11. pp. 269-72.

⁵²⁸ "The Problem of Future Prices". *The MRA Journal*. September 1920. 2. 3. pp. 205-6.

⁵²⁹ "Berlei Brassieres Regd". Display advertisement. *The MRA Journal*. June 1920. p. 149.

⁵³⁰ For example, "Pilferage". *The MRA Journal*. August 1919. 1. 2. p. 25; Minutes of the MRA. 21.11.1918.

⁵³¹ Minutes of the MRA. 20.9.1918.

⁵³² Minutes of the MRA. 21.11.1918.

loss or damage of cargo - but only if the shipment was of UK origin.⁵³³ This lack of legal recourse and adequate insurance forced some foreign firms to extremes. A 1923 news item, "Well Organised Pilfering", reported on one American shoe manufacturer:

This firm conducts a large export business, and not only has it taken every possible precaution to increase the security of its packages, but in the case of large shipments it some time ago tried the experiment of shipping all right-hand shoes on one vessel and all left-hand shoes on another and subsequent vessel, thus separating every pair of shoes. This stopped the thefts for a time, but, in due course, pilferage was resumed, indicating that the thieves were so well organised that they could steal left-hand shoes from one vessel and right-hand shoes from another vessel and match them with sufficient accuracy to make sales in the foreign market.⁵³⁴

The distribution of goods within Australia was also difficult. Because of the lack of a uniform rail gauge from Sydney to Melbourne, and primitive road transport, riverboat retailers emerged. By 1911, a "Floating General Store" with six staff, plied the Murray and Darling Rivers. Inside the 70 foot x 16 foot floating store, were:

two counters, running the whole length, with glass show-cases and all the usual up-to-date fixtures; and all kinds of merchandise are to be procured there - soft-goods, hardware, boots, groceries, crockery, drugs etc., etc... Stops are made wherever trade is to be done along the river banks, be it at a fisherman's or woodcutters' camp, at a squatter's homestead or a farm house, the varying stopping places are advertised ahead with the probable dates of arrival, and custom comes from all classes of people. The goods are delivered on the river bank, and most of the trade is for spot cash, though there is considerable barter also for the produce of the countryside.⁵³⁵

Another outcome of this country's impenetrable landmass and scattered population, was the relative success of co-operative stores in Australia, in comparison with the US. As discussed in Chapter Three, the Newcastle and Suburban Society's *The Store* became "the largest co-operative organisation in the Southern Hemisphere" (Hampton 1986, p. 8).

Australia's isolation and backward status also inhibited retailers' access to new

⁵³³ The Carriage of Goods by Sea Act came into effect on January 1 1925, and was incorporated in all bills of lading issued in Great Britain or Northern Ireland. *The Journal of the Retail Traders' Association of NSW*. March 1925. p. 263.

⁵³⁴ "Well Organised Pilfering". *The Journal of the Retail Traders' Association of NSW*. February 1923. 4. 8. pp. 194-7.

technologies and methods. "Telephone shopping" became a "hit" with American consumers in 1927, for example, but was only made possible by the widespread penetration of telephones into US households. New York department store *Frederick & Nelson's* ran a telephone ordering service "to the effect that any time from 8.00 a.m. to 8.00 p.m., any business day, one may call 'Telephone Shopping' for anything that is required from any section of the store".⁵³⁶ In Australia, in the period under review, telephones were a "problem" technology even for business-to-business communication. In 1925, the Association passed a resolution: "That the Telephone Department be advised of the very bad service existent today with regard to telephones, and particularly to those not attached to the automatic service, which is causing the greatest discomfort and loss, and request that it be remedied at once".⁵³⁷

In sum, this country's vast landmass and low population density, together with the lack of transport and other infrastructure, retarded the progress of domestic enterprise in general.

6.3.2 Social and Cultural Norms

The influence of social and cultural norms was another environmental force that affected the evolution of retailing. Socially accepted values about what is considered normal, or "fair", are important because they influence the behaviour of actors in the system and prescribe the rules for "proper" conduct. Social norms thus impose constraints, or provide opportunities, for the operations of a given system, as discussed in Chapter Two.

Social norms affected both the course and the pace of retailing evolution in Australia. This finding became discernible through the observation of the system over the entirety of the period under study. That is, unlike the episodic nature of change wrought by novelty, or competition and conflict, the rate of change of social attitudes is comparatively slow.

⁵³⁵ "A Floating General Store". *The Australian Storekeepers and Traders' Journal*. October 31, 1911. pp. 9-10.

⁵³⁶ "Telephone Shopping Window a Hit". *The Journal of the Retail Traders' Association of NSW*. December 1927. 9. 6. p. 52.

⁵³⁷ "Telephone Service". *The Journal of the Retail Traders' Association of NSW*. February 1925. 6. 8. p. 235.

It takes “something like a generation” for the formation of new social norms (Emery and Trist 1965), and this was borne out by this study which recounted the utter transformation during the 1900-1930 period of public attitudes towards consumption. Without this shift in social values - from Victorian frugality to the emergence by the 1920s of a discernible consuming culture - the course of retailing evolution may have been very different.

The profound gentrification of consumption that took place in Western nations in the early twentieth century was attributable, in large part, to the palatial shopping environments, and “customer is king” culture introduced by department stores.

Cultural norms also cemented Australians to the “Old Country”⁵³⁸ and a British way of life, which quarantined this country - at least until the post-war 1920s - from other foreign influences. As Kingston wrote (1994, p. 52): “Many of the changes taking place in America might have translated easily into Australia, though it took longer for them to arrive via Britain or to displace the generally preferred British models”.

The Association often reminded consumers and retailers “that it is their duty to support the British Empire in the practical way by buying Empire goods”.⁵³⁹ Australians needed little persuasion, however, and until the outbreak of WWI and its squeeze on supply lines, there was still “a considerable prejudice against the local article to be overcome”.⁵⁴⁰ Public preferences for products from the UK, curtailed the growth of domestic manufacturing, and limited the supply of goods in general. This, in turn, curbed the potential growth of retailing in this country.

Mounting public dissent about retail practices was another way in which social mores affected the development of retailing. A slowly emerging public awareness of the “unfair” leverage of retail stores in distributing goods gave rise to the beginnings of the consumer rights movement, which had its origins in the 1920s, though it did not emerge as a full-blown movement within the period under

538 “Blood Versus Water”. *The Journal of the Retail Traders' Association of NSW*. December 1927. 9. 6. pp. 37-47.

539 “Empire Shopping Week”. *The Journal of the Retail Traders' Association of NSW*. May 1928. 9. 9. pp. 3-4.

540 *The Storekeeper and Commercial Record*. October 18, 1912, p. 5. The allegiance of retailers to Great Britain was evident in reports of department store founders’ trips to the “Old Land”. For example, “Mr J N Grace Visit to England”. *The MRA Journal*. April 1920. p. 125; or “Personal” *The MRA Journal*. March 1920. p. 111.

study. The possibility of early pressure groups, such as the Housewives' Association, taking direct action was retarded by social norms about respectable behaviour, as discussed in Chapter Three.

Australian retailers apparently saw nothing "unfair" in their up to 200%⁵⁴¹ margins during the inflationary years after WWI, in spite of sustained and increasingly loud public complaints from a range of stakeholders. The Association was keenly aware of the importance of public opinion, however, as evidenced in its lobbying of newspapers for satisfactory reportage, and its establishment in 1920 of the "Economic and Social Propaganda Committee" to combat public perceptions about retailers as the cause of escalating prices.

As an expert propagandist and lobbyist, the Association was able to overturn the *Profiteering Prevention Act*, introduced in 1920, along with the "Necessary Commodities Control Commission".⁵⁴²

The Association was also able to contrive the bounds of proper business conduct, in a period when the distribution industry was evolving faster than the laws that governed it. Using value-laden language and arguments based on moral grounds, the Association laid out an ethos for "legitimate" conduct in the distribution trade, and then took direct action against "illegitimate" methods that threatened the livelihood of its members. Pressure to conform to social norms thus narrowed the retailing alternatives that might otherwise have survived, and the Association was successful in establishing some norms through its use of sophisticated rhetoric.

Without the necessary shift in social attitudes, however, consumerism may never have arisen.

6.3.3 Economic Forces

The third environmental influence that affected the evolution of retailing was the economic forces of supply and demand. Until the mid 1920s in Australia, the demand for goods far exceeded supply. This curtailed the growth of retailing in this country in comparison with the US or UK.

⁵⁴¹ More than 200% in softgoods "Public Company Profits". *Australian Investment Digest*. February 1. 1924. p. 1.

⁵⁴² The January 1923 issue of the journal (4, 7, p. 154) refers to twelve cases of profiteering that were fined through the Lower Court.

The Association repeatedly complained that “there is not enough goods to satisfy the demand”⁵⁴³, and of the “disadvantages which the retail trade labour under through not being able to procure sufficient quantities of goods”.⁵⁴⁴

In 1919, the Association arranged a conference with the Sydney Chamber of Manufacturers to discuss the general shortage, and was “assured that every possible means were being taken by manufacturers, by the installation of additional machinery, to cope with the demands of trade”.⁵⁴⁵ The following year, nevertheless, leading manufacturers such as *Berlei* advised: “Notwithstanding greatly increased production, the demand still taxes our utmost efforts”.⁵⁴⁶

The outbreak of war in 1914 led to various Australian department store adaptations, as UK goods became hard to come by. In 1914 *David Jones* opened its own “garment factory” in the inner Sydney suburb of Surry Hills (Lowe 1988)⁵⁴⁷, and the firm’s own manufactures almost doubled, from 14.8% to 28.8%, as a percentage of its total sales during the period 1908-1918 (see Appendix). Likewise, “Anthony Horderns’ Clothing Factories and Ironworks expanded during the war to cope with the business which was normally conducted with overseas suppliers” (Wolfers 1980, p. 20).⁵⁴⁸

At the same time that leading retailers were expanding their own output, domestic manufacturing capacity was also increasing, and by the mid 1920s - for the first time in Australia’s history of white settlement - the supply of goods began to catch up with demand.

As supplies of goods became plentiful, competition for retail shelf space increased,

543 “The Problem of Future Prices”. *The MRA Journal*. September 1920. 2. 3. pp. 205-6..

544 Minutes of the MRA. *The MRA Journal*. October 1919. p. 51-2.

545 Minutes of the MRA. *The MRA Journal*. December 1919. p. 78.

546 “Berlei Brassieres Regd”. Display advertisement. *The MRA Journal*. June 1920. p149.

547 *David Jones’ Marlborough Street (Surry Hills) factory* was “a large eight-storey factory replete with all modern improvements as to machinery for the manufacture of clothing for men, women and children, and of leather goods, serving 16 departments in all at the present time (1923)”. *The Journal of the Retail Traders’ Association of NSW*. June 1923, pp. 297-98.

548 Samuel Hordern’s “men’s clothing and shirt factory, opened in 1898, was reported to be the largest of its kind in the colonies. After expanding his operations and moving into the production of dresses, millinery and underclothing after the move to the Palace Emporium premises in 1905, Hordern employed more factory operatives than any other Sydney factory” (Reekie 1993, p. 70). By 1932, the firm operated factories “for the manufacture of clothing, shirts, furniture, bedding, and bicycles, as well as ironworks, marble works, an electrical workshop, cabinet works, and bakery” (Wolfers 1980, p. 20).

and retailers enjoyed increasing choice, and power, in their dealings with suppliers. Because of this, as one correspondent reported in the journal, business began "playing under a new set of rules".⁵⁴⁹

By the close of the period under study, there was "a good deal of friction in distribution at the present time and many a manufacturer experiences difficulty in securing a smooth flow of his goods through the existing wholesale and retail channels".⁵⁵⁰

While competition and suppliers' demand for retail shelf space was increasing, CBD property prices boomed in the lead-up to the Depression, forcing department stores into new ways of thinking about the cost of floor space - which today is an industry yardstick.

This led to changes on the shop floor, and space-saving fixtures such as "revolving cabinets" appeared. Department stores, such as *Farmer & Co* in 1929⁵⁵¹, opened up their basements as "bargain" floors, parroting chain stores like *Woolworths'* "Stupendous Bargain Basement".

The most significant change that arose from the increasing cost and demand for floor space was the new idea that manufacturers should contribute to the storekeeper's "rent" expense. The Association argued in 1929:

Today, when each showcase and counter is expected to earn its keep, and the practice of debiting the floor with a certain proportion of the general overheads has come into operation, the £. s. d. of space is a serious matter. There is still another factor in the calculation of the £. s. d. of space. What is the publicity value in hard cash of a showcase that occupies so many square feet of floor in a busy department?⁵⁵²

Manufacturers and the "product demonstrators" they employed to hawk their wares at department stores, came under attack by the Association in 1929. The journal reported that "the abuses of the system" had been "the cause of acrimonious debate" between Sydney department store retailers and

549 "The Retail Clinic is Coming". *The Journal of the Retail Traders' Association of NSW*. December 1930, p. 25.

550 Copeland 1931, p. 305.

551 "Chain Store's Remarkable Success". *The Journal of the Retail Traders' Association of NSW*. November 1929. 11. 5. p. 29.

552 "Floor Space". *The Journal of the Retail Traders' Association of NSW*. November 1929. 11. 5. pp. 55-57.

manufacturers. The report noted:

The unfavourable retail attitude towards demonstrators results not so much from the system itself as from the abuses to which it is subjected. Among the most common abuses are: the insistence of the manufacturer upon carrying a complete variety and a heavy stock, attempts at subsidizing other demonstrators and the store's own salespeople, instructions by the manufacturer to demonstrators which conflict with store policy, demonstrators knocking other manufacturer's lines, overselling or sacrificing the store's business in making a dollar sale of demonstrated merchandise when the customer would have purchased two dollars of someone else's merchandise if left free to make a choice.⁵⁵³

The lead editorial in the journal in February 1930 called for the introduction of fees on manufacturers for product demonstrations:

A matter which is to engage the consideration of the Council of the RTA at its next meeting is one that should be given thought by proprietors of retail establishments and especially the members of the Council. It is the proposal that the Council should formulate a set of charges to be made on all those manufacturers of specialties and proprietary lines for the privilege of demonstrating their merchandise, for which practice there is an ever-growing demand throughout the world... Retailers give up these demonstrators valuable floor space for which they charge no rent, provide electric light, and in the case of mechanical appliances, electric power, also without charge, and give excessive prominence where thousands pass it daily - all without any contribution to the cost from the Vendor... It costs him nothing for advertising - the retailer does all that in the publicity of the many thousands they provide to see the demonstrations... Why, therefore, should not the retailer make some charge to the Vendor? If members of the RTA Council are in favour of this proposal, it is suggested that Retailers should enter into an agreement that the charges so fixed will be rigidly observed.⁵⁵⁴

One month later in March 1930, with the Depression in swing, the Association recommended the blanket introduction of discounts off the net list price of all goods sold through product demonstrations in stores.⁵⁵⁵

This was the beginning of what is now known as trade promotion - a widespread system of fees and other concessions provided to retailers to "rent" shelf space. Trade promotion is today the most crippling constraint on the retail industry, because it limits new product entries, and thus product variety in general, to large

553 "Do Demonstrations Pay from the Retail Viewpoint?" *The Journal of the Retail Traders' Association of NSW*. September 1930, p. 39.

554 "Special Demonstrations. Why not Charge for the Use of Retailers' Premises?" *The Journal of the Retail Traders' Association of NSW*. February 1930. Editorial. pp. 13-14.

555 *The Journal of the Retail Traders' Association of NSW*. March 1930, p. 16.

manufacturers who can afford it (Pressler 2004).⁵⁵⁶ Given its financial and social impact, scholarly research is surprisingly limited, and invariably trade promotion is viewed as a recent phenomenon, which started in supermarkets in the mid 1980s.⁵⁵⁷ This research shows its history is longer than typically indicated. Study of the longer-term impacts and evolution of trade promotion would possibly provide further insights for current retail practice.

In sum, Australia's chronic undersupply of goods was a major curb on the development of retailing in this country. That is, rather than being a driver of evolution in retailing, the Australian environment was a major constraint, in comparison with other Western countries. Australia lacked the critical mass necessary for self-sufficiency, and its heavy dependence on imports, meant that retailing evolution in this country lagged the developments taking place in other Western markets.

The problem of undersupply was intertwined with Australia's geography, in its isolation from the rest of the world and impenetrable landmass, and also with cultural norms that singled out Britain - blinkering this country to other sources of imports, at least until the post-war 1920s.

In the post-war period, there was a widespread reversal in the factors of supply and demand as the Western world shifted from a seller's market to a buyer's market. This put retailers into the driver's seat because they "stood next to the consumer in the scheme of distribution"⁵⁵⁸, and had the front-line role in influencing consumption.

6.4 Summary and Discussion

In summary, this study puts forward three propositions about "causal chains" that appeared to influence the evolution of retailing during the late nineteenth and

⁵⁵⁶ Reporting on a two-year study by the US Federal Trade Commission into "slotting fees", the upfront fees paid to put a new product on the retailer's shelf, Pressler wrote in *The Washington Post* how slotting fees "narrow the variety on store shelves, because they favor the biggest manufacturers, which can pay the most in fees every time they have a new flavor, brand or type of package... The little guys just can't compete, which is why the Senate Committee on Small Business and Entrepreneurship asked the FTC to look into slotting fees in the first place".

⁵⁵⁷ For example Bloom et al. (2000), Lariviere & Padmanabhan (1997).

⁵⁵⁸ "Who Originates Styles?" *The Journal of the Retail Traders' Association of NSW*. November 1921. 3. 5. p. 532.

early twentieth centuries. These influences were novelty and innovation, competition and conflict, and the constraints of the external environment.

Innovative retailers pushed change in the size, scope, and practices of retail stores, which together repositioned the shopping experience as an escape from the “routine” and an amusement for the whole family.⁵⁵⁹

Threatened retailers fought back against the efforts of innovators, which delayed the uptake of the innovation, and in some cases led to other changes. But in the main retailers scurried to “keep up” with innovators in fear of losing sales. The result was that changes taking place within individual retail institutions gradually led to change within the industry.

Retailers’ pursuit of novelty was driven, of course, by a desire to generate profit. The question then arises as to whether novelty can be regarded as an ultimate cause in retailing evolution, distinguishable from the more general pressure of competition between stores.

Novelty was certainly a manifestation of competition, made more significant in an environment that eschewed competition on the basis of price. Yet, it was not just the actions of innovators in implementing change, but the deliberate striving for something “novel” or different from what existed at that moment in time, that turned the business of running a retail store into a constantly evolving experiment.

Innovation and competition, and the pressure on retailers to “keep up”, thus expanded the bounds of retailing development. Conflict and resistance to change mainly retarded the pace of its development.

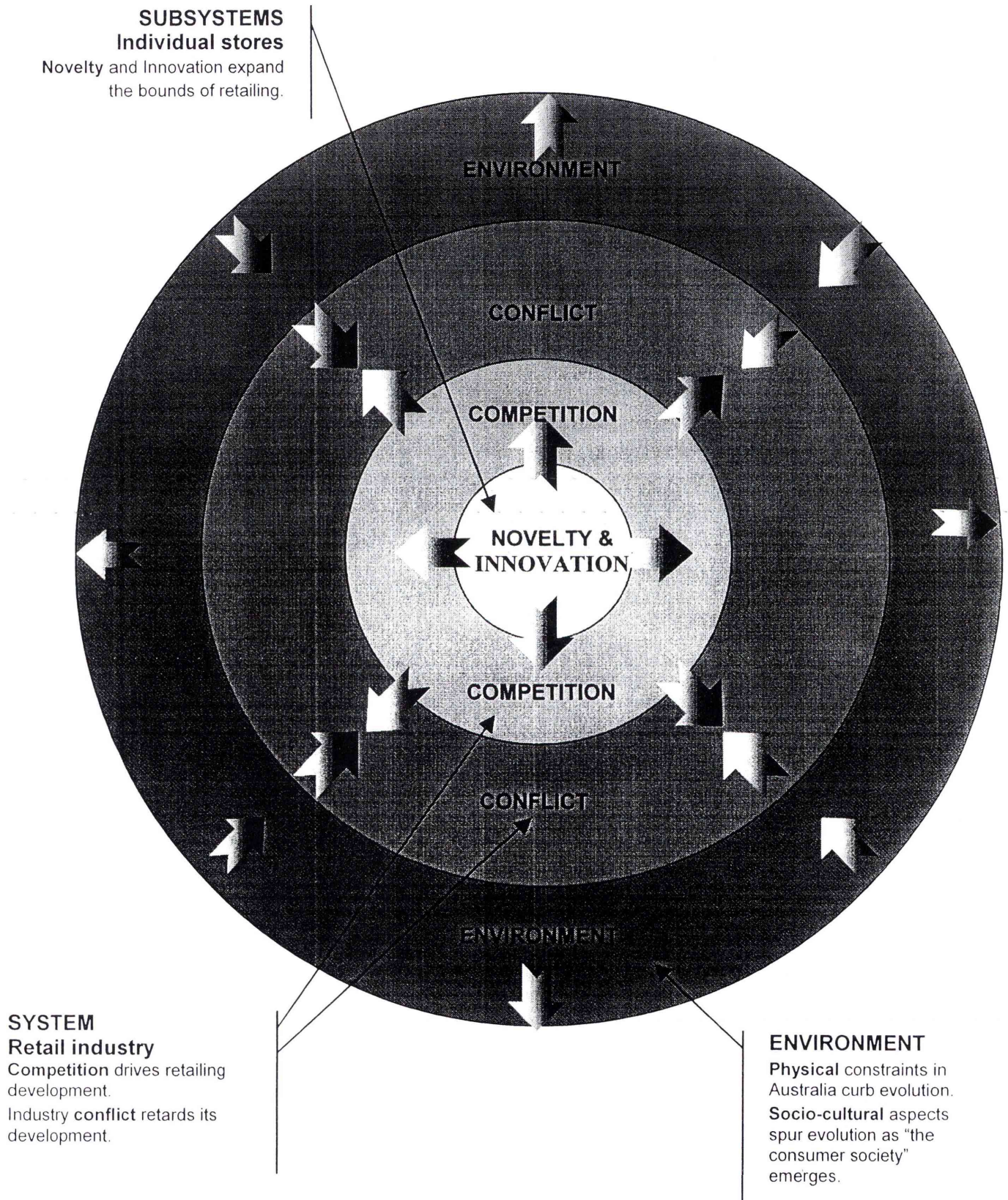
This process, and the relationships between these influences, and the environment, can be expressed in a systems framework, as depicted in the model overleaf.

⁵⁵⁹ Underhill (2000, p. 95) writes that nowadays “we use shopping as therapy, reward, bribery pastime, as an excuse to get out of the house, as a way to troll for potential loved ones, as entertainment, as a form of education or even worship, as a way to kill time”.

This systems model of the evolution of retailing shows the influences of:

1. Novelty and innovation, which emanated at the subsystem, or store, level, pushing out the bounds of retailing development, as indicated by arrows in an outward-bound direction.
2. Competition, which contains novelty within it, also pushing out the bounds of retailing development, and emerging at the system, or industry, level as a pervasive pressure to keep up.
3. Conflict and resistance, which also emanated at the industry level, constraining competition and growth, as indicated by the inward-bound direction of arrows.
4. And all the above contained within the environment, which both hindered and delivered retailing evolution, as indicated by arrows in both directions. That is, while the physical constraints of the Australian environment curbed development, changes in social attitudes enabled the evolution of retailing through the birth of "the consumer society".

Figure 5: Influences on Evolution in Retailing



The findings of this study support several concepts already established in the marketing literature, in particular: the influences of innovative behaviour, the dialectic process described by conflict theories, and environmental forces. Those theories of retailing evolution are generally presented in isolation of each other, however, and as stand-alone arguments. This study instead suggests the coexistence of these influences and, moreover, the impossibility of retailing evolution ever being fully explained by any single-cause theory.

In addition to those extant theories, this thesis suggests that an “innate desire for novelty” appeared to be a driver of evolution in retailing in the period under review. This finding of a human need for variety is largely foreign to the marketing literature, and although there are respected precedents (Hirschman 1980, 2001; Rassuli & Hollander, 1986), they have not been duly recognised.

While the findings of this study are not necessarily transferable to today, they do offer speculation for the future. If there is an instinctive human need for variety in the consumption of goods and services, then this has important implications for both the theory and practice of marketing.

Standard marketing models such as the wheel of retailing, or the product and institutional life cycle, which dictate an inevitable decline, become obsolete if we accept that consumers are *instinctively* fickle. This suggests that retail formats, products, and brands, can endure forever, if they are constantly reinvented - or repackaged and re-presented - as “new”. In practice, it suggests that marketing practitioners must invent and institute change as a prerequisite of ongoing survival.

Indeed, constant rejuvenation is a hallmark of the leading global brands today (Melewar & Walker 2003), and while consumers’ role in the process has hardly been recognised, the possibility that there is a demand for change has a good fit with the evidence.

Besides a drive for variety, this research poses another possible finding: is there a human proclivity for imitation and emulation? Is there, as Caroline Foley argued in 1893 (p. 461), “a love of imitation and an effort toward equalization”? With fashion, for example, was there a process at work in which consumers - and retail

institutions - adopted the "latest fashion", and others - in their turn - felt compelled to "keep up"?

Dialectic theory explains isomorphism and convergence, in terms of the "how" of the process, but it does not explain the "why". Is there an innate urge to "keep up"?

If there are drives for novelty and distinction, and also for imitation and uniformity, then retailers must move inexorably onward in a constant striving for differentiation. In his sociological study on supermarkets, Humphery (1998) argued that these contradictory drives are an ineluctable facet in the development of retailing:

As retail environments like the supermarket and the shopping mall have become more numerous, the consumer cultures of which they are a part have been understood by many theorists as increasingly 'colonising' or taking over everyday life. It may be, however, that any such colonisation is undermined by an accompanying process whereby, as retail environments and consumer cultures become more widespread, they also become less 'magical' and more ordinary; they both gain a social presence but begin to lose a certain power of attraction and their aura of modernity... This is precisely why retailers are constantly in search of new retail forms, not only to maximise profit, but to regain a cultural presence and power as older retail forms atrophy in terms of their ability to capture the imagination and desires of the consumer... (The retailers' power) is a power that constantly has to be worked at, reframed and reconceptualised; it is a power constantly undermined both by its own logic and by the people it attempts to subject (Humphery 1998, p. 16).

The observations of human tendencies for novelty and also for imitation are unanticipated results of this research, since they have no footing in the mainstream marketing literature. If true, they suggest that the environment must be in continual flux, and this conclusion is consistent with the findings of the systems analysis of retailing, presented in Chapter Three.

Finally, if continual flux is the reality, then this casts doubt on the state of marketing knowledge today. We need to question the anti-historical nature of marketing thought, and the disregard for context, which typifies most scholarship in marketing (McArthur 1999). As Fullerton points out: "Complacent and now-obsolete assumptions of slow and predictable change developed during the 1950s and 1960s underlie much of what is being taught as the *sine qua non* of marketing today" (Fullerton 1987a, pp. 102-103, italics in original).

Conventional marketing thought treats the environment as static, with the implication that knowledge can accumulate over time. This gives an unwarranted sense of security in current knowledge, and an entirely “false sense of progress” about what we know in marketing (Fullerton 1987b, p. 104).

Related to this, orthodox marketing assumes that social phenomena can be studied as if they were disembodied from their environment. With its concentration on single variables, or small groups of variables at best, marketing atomises social phenomena with the result that the discipline presents as a “string of studies” (Savitt 1988, p. 127).

This research demonstrates that evolution in retailing cannot be properly understood outside of the historical, physical, and social environments in which it takes place, and without considering the interrelated systems of which it is a part.

The methodology of a systems approach, and the content it yields, therefore provide a broader understanding of the object of study, in its ever-changing environment.

Evolution in retailing entailed a process of co-evolution, and a compound of macro and micro influences. The “causal variables” were multiple, and evolving, and the links between them were complex.

The findings of this thesis and their applicability for retailing today are discussed in the next chapter.

7 Contributions to Knowledge

The previous chapter integrated and discussed the work of earlier chapters in explaining retail evolution with reference to both the case study data, and more general research. The main findings of the thesis are discussed in that chapter.

This final chapter considers the broader contributions to knowledge made by this thesis. Contributions are made in several areas and across disciplines: to history and the historiography of retailing in the late nineteenth and early twentieth centuries, and to marketing and the theories of retailing evolution. The chapter closes with a discussion of topics for future research and how the findings of this thesis could apply to contemporary retail practice.

Specifically, this research provides four major contributions to knowledge. The first is a literature review on theories of retailing evolution, and a resulting typology of evolutionary influences; second, a history of late nineteenth and early twentieth century retailing based on secondary sources; third, a case study of retail evolution developed from the archives of the Australian industry's main trade association; and finally, emerging from these contributions, findings about "causal chains" that appeared to influence the evolution of retailing. The findings suggest possible causes of retail evolution that have not previously emerged in the literature and, in toto, a combination of causes that have not formerly been considered. The value of this research is considered below, in terms of its theoretical and methodological contributions.

7.1 Theoretical Contributions

The literature review (Chapter One) provides a cross-discipline inventory of the underlying "causes" of retailing evolution, and links together bodies of work that previously had remained conceptually unconnected. The review concludes that the single-cause theories that have evolved to explain exchange behaviour are insufficient to fully account for retailing evolution because of their inattention to context, and the process of change over time.

The history of retailing (Chapter Three) is presented, accordingly, in a systems framework that attempts to acknowledge multiple contexts, and the breadth of the various influences that contributed to retailing evolution. The history provides a synthesis of the research on retailing in Western nations in the late nineteenth and early twentieth centuries.

The case study (Chapter Five) is also important theoretically, because it confirms the largely untested hypothesis that retail institutions are a significant influence on the course of retailing evolution. Although retailers were subjected to forces beyond their control, the population of retail stores, as represented by the Association, was also able to effect change, and to resist its threatened imposition. The longitudinal coverage of the case study, from 1903-1930, affords a view of change - and causation - as a two-way process of co-evolution between the institutions of retailing and their wider environment.

The theoretical contributions are integrated in a discussion of underlying causes that appeared to operate in retailing evolution during the period under review (Chapter Six). These findings support the claim that there are multiple causal mechanisms in the evolution of retailing. The influences of innovative behaviour, competition, and the constraints of the environment were found to have direct and indirect impacts on the course of retailing history. In addition, this thesis presents an unanticipated finding: consumer's innate desire for novelty appeared to be a driver of retailing evolution in the period under review. Moreover, the discussion poses the question: is there also a human tendency for imitation, or an innate urge to "keep up"?

Throughout this thesis comparisons are made of the Australian experience with that of other Western countries. Retailing evolution in Australia followed the developments taking place in other Western markets, though at a slower pace. The reasons for the similarities and differences of the Australian experience are considered, and these provide a basis for other cross-cultural comparisons.

7.2 Methodological Contributions

The thesis makes an important methodological contribution in its adoption of a systems theory approach. This methodology produced a macromarketing study

that links retailing evolution with economic, social and environmental forces and, as a consequence, yields better explanatory power than other theoretical approaches.

This study also makes a contribution to the methodology of historical research in marketing. An historical approach anchors retailing and marketing to its past, and reveals a rich heritage that has largely been neglected.

The archival case study (Chapter Five) provides an original history of retailing from the retailers' point of view, as documented in the first-hand records of the men who ran the industry's main trade association, and Sydney's largest department stores. Although the potential of archival study for generating contemporary theory has only been recognised in recent years (Welch 2000), this thesis confirms that the use of archival documents "*can* bring fresh insights to our understanding" (Forster 1994).

The case study presents a unique contribution to knowledge, because the role of trade associations in the evolution of retailing has received no attention – except in Palamountain's US study (1955).

In addition to its contributions to methodology and theory, this research could also make a practical contribution that would have immediate benefits for researchers across a range of disciplines.

As discussed in Chapter Four, the choice of an historical approach resulted in the development of a database that brings together the details of the archives (and related literature) of more than 170 Australian retailing institutions. At the time of writing, the database is subject to an offer by The Australian Science Technology and Heritage Centre for publication as a website (pending funding) on the history of retailing and shopping in this country. The website would create an enduring directory to these fragile historical materials, and provide a collection that is searchable by a number of fields, "open" all hours, and accessible from anywhere – unlike the range of state, national, and local institutions from which the data was collected.

In summary, this study contributes several unique sets of data that expand the

current historiography of retailing, while providing findings that are both descriptive and theoretical. It also raises questions about extant theory, and a range of other possible topics for study, as discussed later.

7.3 Limitations of the Research

There are several shortcomings of this research that should be discussed. Some of these arise from the problems inherent in conducting case study research and others from the difficulty of drawing causal inferences from history.

The reliance on the records of a single institution might be seen as a limitation because, like other single-case studies, the extent to which the findings can be generalised is not known. However, the value of single case research in making effective extrapolations has been discussed in marketing literature (Easton 2003) and more generally by Patton (2002).

The single-institution weakness is partly redressed by the choice of the retail trade association as the case subject because, as the industry's "official" voice, it embodied the opinions of a "population" of stores. In addition, the content of the Association's journal included news and features on a multitude of individual stores and, in effect, it acted as a biographer of the retail industry.

The retailing history developed from the archives also needs to be qualified. First, the history is limited to events that were reported in the records. Second, the archival case data had a bias towards large Sydney-based department stores and, naturally, towards the employers' point of view. This meant that the experiences of small retailers, and the role and influence of employees, went largely unrecorded. These shortcomings have been noted earlier in the thesis.

Another limitation of the research was that the broad scope of coverage required by a systems approach had a trade-off in the depth of detail that could have been given to various topics. In the face of the large volume (80,000 words) of data collected and analysed for this study, some apparently promising avenues for

research, and much delightful but less relevant material, had to be left aside.

The most difficult, and painstaking, task of the research was to ensure a “correct” interpretation of the meaning of the data, which required an immersion in the records and triangulation through a wide array of sources, discussed in Chapter Four. The inexactness of the interpretation of historical evidence is the main limitation of this research, and raises questions about the reliability of the findings.

While the research would be laborious to replicate, the collected data are available for inspection on the disc included with this thesis, and it is believed that other researchers would not find significant disagreement with the interpretation and analysis of the evidence as presented in this thesis.

Finally, the findings of the thesis are temporally and spatially bound (Fullerton 1987). Readers therefore need to make provision for change over time, and not merely assume that knowledge is transferable across time or space. This is emphasised throughout the thesis in the attention given to the context in which retailing evolved during the period under study, and the unique problems/issues of the Australian experience.

7.4 Future Research

As has been indicated, the evidence gathered for this thesis is diverse, and it suggests research topics on a range of social and commercial phenomena, as well as the potential for further development of theory.

Although the theoretical findings of this study are not necessarily transferable to today, they do not seem at odds with it. Consider the case of electronic shopping. The findings of this study would suggest that the pursuit of novelty, by consumers and firms, is expanding the horizons of e-retailing, and pressuring competitor firms - and, more gradually, consumers - to “keep up”.

Indeed, fascination and fear are the emotions identified by industry researchers as reasons for the early growth of the Internet. For companies, the possibility that early-mover advantages exist, or the fear of being left behind, both compel its

usage (McArthur 1998). On the demand side (in Western nations), consumer innovators and market mavens are driving Internet growth, while a majority of non-users share a sense of the inevitability of getting connected, or a fear of being technologically marginalised.

At the industry level, the findings of this study suggest that resistance to the growth of e-retailing by traditional stores, could change the nature of the in-store shopping offer. No industry analysts are suggesting that e-retailing can be halted. This would fly in the face of the emerging e-literate Net Generation (3-23 year olds) and the existing cash-rich/time-poor consumers that are already e-literate. Indeed some respected forecasters such as Phil Ruthven of IBISWorld suggest that B2C virtual shopping in Australia could account for more than a quarter of all retail sales within the next quarter century, compared with just over one per cent in 2004.⁵⁶⁰ Mainstream acceptance of electronic shopping, however, will take a generation in time - similar to the slow shift in public attitudes about store shopping, and consumption in general, which took place during the period under study.

An examination of current trends in store retailing suggests, however, that the growth of e-retailing *is* causing changes in traditional stores, and this is consistent with the industry-level findings of this study.

Current trends in physical stores centre on, and exploit, the comparative advantages of physical shopping. These trends include the addition of relaxing lifestyle support services which keep customers in-store longer (*Starbucks, Jurlique*), high levels of customised advice, and the chance to touch and try *before* buying (mobile phone stores, computer stores, and "growers markets"), and customer loyalty programs that prompt repeat visits (*Coles Myer, Vintage Cellars*). These responses reflect a countervailing swing by traditional retailers as they shift to strategies that contrast with – and oppose – the use of virtual shopping. Some retailers, such as Gerry Harvey's *Harvey Norman Group*, have tried and rejected (for the time being) electronic retailing.

Another major trend in store retailing can be seen in the depth of, and deepening,

⁵⁶⁰ Email from Phil Ruthven to author, December 27, 2004.

product range (*Officeworks, Harvey Norman, Bunnings*), which imitates, or tries to “keep up” with, one of the main comparative advantages of electronic shopping.

Other retailers have decided to combine physical and virtual shopping to match competitor offerings, in order to capture the early-adopter B2C shoppers. One of the best international examples is the bookseller *Barnes & Noble*, whose reaction to the success of B2C bookseller *Amazon.com* was a dual strategy. *Barnes & Noble* transformed their physical outlets into browsing, cafe-set lifestyle centres and introduced virtual shopping facilities.

In considering the final major finding of this research, an examination of the environment in which electronic shopping is evolving would show that exogenous forces are both aiding and hindering its mainstream emergence. The Internet still lacks global availability and security, but in Western countries, technology is fashionable and socially desirable, and within the space of a relatively short time, the Internet has been accepted as a necessity.

Thus the findings of this research merit further examination, since they suggest a means by which to understand current changes in retailing.

This thesis also suggests a range of topics for historical research. Many retail marketing practices that today we presume are “modern”, such as trade promotion fees paid by manufacturers, or customer loyalty schemes, were also around in the “olden” days. Trade promotion fees had their official start in 1930, when the Association sanctioned the blanket introduction of discounts for retailers on all goods sold through product demonstrations in their stores. Customer loyalty schemes flourished in the early twentieth century through manufacturers’ coupons and trading stamps, and with the dividend or “divvy” paid out by retail store co-operatives. A study of early co-operatives such as *The Store*, the largest of its type in the Southern Hemisphere, may hold lessons for the managers of today’s loyalty programs, shareholder programs, or relationship managers in general.⁵⁶¹

Similarly, the evolution of direct marketing could be traced from the time of the

⁵⁶¹ Apart from *The Store* archive at Newcastle University, other co-op archives include the *Griffith Retail Co-operative* at Charles Sturt University; or producers’ co-operative archives such as *Geelong and Cressy Trading Company*, formed in 1917 from an amalgamation of two co-operatives (Geelong Historical Records Centre).

nineteenth century development of mail order catalogues, or parcel post. Parcel post experienced “phenomenal growth” in Australia in the first decade of the twentieth century, according to the 1910-11 annual report of the Postmaster General (see Appendix).

By 1930, when catalogues were starting to wane in importance, retailers were developing targetted proposals for individual customers, through the use of (pre-computerised) direct marketing databases.⁵⁶²

Many future research possibilities are also presented by the database directory of archives of more than 170 Australian retail institutions. The database provides an immediate array of possible case studies, where no such directory previously existed. The identified contents of the archives are vast - from economic data and family diaries, to the earliest consumer loyalty schemes - and thus, the directory could be fruitful across a wide range of research endeavours.

Apart from its use for individual or comparative case studies, the database also offers more global topics for research. Central Queensland University hosts the archives of six of Rockhampton’s leading retail stores, dating from 1884 and in large part concurrent, plus the minutes of the local Merchants’ Association. This suggests the opportunity for writing a unique history of the city through the eyes of its local businesses.

Similarly, the evolution of retailing over the past 180 years could be traced through some very extensive archives covering a diverse range of institutions found in the Newcastle precinct. In chronological order of start dates, these include *Cappers Hardware* (1829-1963, the longest enduring archive identified in Australia), *J. Ireland, Grocer*, (1851-1964), *Campbell’s Department Store* (1866-1974), *The Store*,

⁵⁶² The Association’s journal reported: “The breaking down of these customer lists has enabled the company to obtain the utmost efficiency in the use of direct mail advertising. As quickly as a new name appears on these tissue triplicates, these new customers receive a letter of thanks from the store showing appreciation of the customer’s patronage. When scanning these lists from time to time the clerks are able quickly to compile a list of those who have not made a purchase recently, and these receive a letter of inquiry asking if any purchase has been unsatisfactory... These file cards also indicate the size of suit worn by the customer, the size of shoes, shirt and other apparel or furnishings. From time to time the store may accumulate footwear or hats in small or odd sizes. Reference is then made to these lists of buyers in any particular department and a small list is easily compiled of customers who are prospective purchasers of this type of merchandise, with the result that a very satisfactory consumer response is attained in this manner”. “Keeping Track of the

Retail Co-operative (1899-1964), and the records of the main shop assistants' union, *The Shop, Distributive and Allied Employees Union, Newcastle Branch* (1932-1994). The archives of Sydney-based department store *Marcus Clark*, would show its Newcastle store operating by at least 1924, one of the first department stores to go regional, and the archives of chain store *Woolworths* would include its 1964 opening of the firm's first wholly sponsored and developed regional shopping centre. The database directory therefore offers a means of identifying and connecting previously hard to locate, and scattered collections, and many opportunities for research.

In summary, this thesis provides research topics for historical research, for the further development of theory, for archival case studies, and for the improvement of current management practice. This is augmented via an improved (systems) framework in which to conduct the research.

Overall it is argued that an historical approach to research improves not only our knowledge of the past, but our ability to better understand the present, and perhaps the future.

Cash Customer". *The Journal of the Retail Traders' Association of NSW*. April 1930. pp. 67-68.

Appendices

Potted Biographies of Australian Retail Stores

Sydney	Anthony Hordern & Sons	Anthony Hordern & Sons was one of the largest department stores and mail order businesses of the early 20th century, and grew from a "bonnet shop" established by Ann Hordern, the wife of Anthony Hordern I. First established in Brickfield Hill, the firm relocated to Haymarket and a two-storey dwelling was opened in 1856. The larger Palace Emporium built by Samuel Hordern I was destroyed in a great fire in 1901. ⁵⁶³ Samuel Hordern II (later Sir Samuel) became governing director of the firm when it was made a private company in 1912 (A.D.B. p. 423). The firm's motto was "While I live, I'll grow", and the family became one of the greatest retailing dynasties of its time (adapted from Pollon 1989). In 1924 the company opened the Hordern Pavilion at the Sydney Showground, and by 1930, the firm ranked 26th by asset value in the top 100 companies in Australia (Ville & Merrett 2000). Sir Samuel Hordern was one of the founding members of the MRA. Hordern Bros. department store was run by another branch of the family.
Sydney	Buckingham's	Established in Oxford Street by three brothers and their sister, Mrs. Yabsley, this department store also solicited business through the use of door-to-door salesmen carrying display samples and selling on instalment plans (Pollon 1989). Buckingham was one of the founding members of the MRA.
Sydney	Chic Salons	Founded in 1924 to sell women's lingerie, Chic had 92 salons at its height, "the largest chain of its time" according to key executive Madge Cockburn in a personal interview. Existing evidence is sketchy, although by 1961 Chic Salons ran a factory, knitting mill, two extension factories in Newcastle and 78 retail stores throughout the eastern States. ⁵⁶⁴ Cockburn (nee Cousins) rose from shop assistant, to shop manager, buyer, designer, assistant managing director and eventually became managing director of Chic. ⁵⁶⁵ Chic Salons (Clothing) was acquired by <i>Woolworths</i> in 1969.
Melbourne	Coles	G J Coles & Co was formed in 1921 in Melbourne from an earlier partnership started in 1914 between brothers George and Arthur Coles as Coles' 'Nothing Over a Shilling' shop (Murray 1999). A second store opened in Chapel Street Prahran (Melbourne) in 1922, and by 1933 the firm had opened stores in Brisbane, Adelaide, Perth, Launceston and Hobart to become a nationwide chain. By the outbreak of World War II, Coles had 80 stores around the country (Sykes 1999).
Melbourne	Crofts Stores Pty Ltd	Archibald Crofts started his grocery business in South Melbourne in 1905. The chain pioneered self-service food stores in Australia, and by 1945 it had 110 branches. Crofts was acquired by <i>Woolworths</i> in 1970.
Sydney	David Jones	David Jones, Australia's oldest surviving department store, began in 1838 as a drapery store, "importer wholesale and retail", later adding manufacturing to its business. The firm became insolvent in 1860, but by 1887 the resurrected company – expanded to include furniture and furnishings – emerged in a new four-storey building that resembled the department store of today. David Jones became a limited liability company in 1906, and by 1920 was offering share issues to the public.

⁵⁶³ *The Journal of the Retail Traders' Association of NSW*. 1923, 4, 11, pp. 269–72.

⁵⁶⁴ *The Journal of the Retail Traders' Association of NSW*. May 1961.

⁵⁶⁵ *Go For Health. Hopewood Newsletter*. Summer 1999. 2. Obituary "Farewell to Madge Cockburn". Hopewood was a home for orphans run by Chic Salons, and is now a health resort.

		In 1930, the firm ranked 42nd by asset value in the top 100 companies in Australia (Ville & Merrett 2000). A major expansion programme began in 1953, with stores being established in Adelaide (1954), Perth (1954), Brisbane (1955) and Newcastle (1957). The chain today has more than 30 stores and was listed on the Australian Stock Exchange in 1995. Charles Lloyd Jones was one of the founding members of the MRA.
Sydney	Edward Fay & Co	The first Fay's Shoe Store opened in 1896 in Liverpool St near Pitt St. By 1911, the family business had become a company and additional stores in Haymarket and Broadway were opened. The chain continued to grow and in 1982, the 68-store company was bought by Coles (Pollon 1989). Fay was one of the founding members of the MRA.
Sydney	Farmer & Co Ltd	Established by Joseph Farmer in 1840, this business grew into a department store that "introduced many innovative ideas, one of which was the introduction of the Saturday Half Holiday" (Pollon 1989). Farmer & Company also opened the second radio station in Australia (2FC) in 1923, one week after the opening of Australia's first radio station 2SB (now 702 ABC). In 1910, the firm ranked 46th by asset value in the top 100 companies in Australia, and by 1930 it held 43rd rank (Ville & Merrett 2000). In 1960, the firm took over 12 Western Stores in country areas, and later that same year, merged with Myer Melbourne (Pollon 1989). William Farmer was one of the founding members of the MRA.
Melbourne	Foy & Gibson Ltd	William Gibson entered partnership with Francis Foy in 1883 (who would later set up Mark Foy's in Sydney). Gibson added manufacturing and importing to retailing and many subsidiary outlets in Victoria and interstate. Foy & Gibson also ran a significant manufacturing business.
Sydney	Grace Bros	Established by brothers Joseph Neal and Albert Edward Grace, the first Grace Bros store opened in 1885 as "The Ready Money Drapers" at 203 George St West in Sydney. By 1896, the store had shifted to a four-storey building and in 1904, Grace Bros opened their landmark Sydney building at Broadway, and "decided that Electricity must illuminate the opening of the corner building with Clock Tower and Globe, (and) therefore built a Power House for generating Electricity as at that time it was not available beyond the Central Railway Station". ⁵⁶⁶ In 1917 the partnership was converted into a limited liability firm, and became a public company in 1960. ⁵⁶⁷ By 1923, Grace Bros had 250 departments (Brash 1985) including drapery, paper-hangings and "electro-plate", cash-and-carry groceries, plus "furniture, carpets, curtains, china and Glass, Ironmongery etc". Departments in a separate building included "baths, sanitary fittings, tiles, grates, mantel pieces, kitchen ranges, corrugated iron, paints and oils: and all builders' requisites; and in addition, saddlery, coach axles, springs and wheels, all coach builders sundries". ⁵⁶⁸ By 1933, Grace Bros had opened Australia's first suburban department store in Parramatta, and later that year, another in Bondi Junction. Grace was one of the founding members of the MRA.
Sydney	Hunters	No evidence found at time of printing. Hunter was one of the founding members of the MRA.
Sydney	Lassetter's	Established in 1863 from an earlier ironmongery (hardware) store known as Iredale's, F. Lassetter & Co opened in George Street attended by the NSW Governor, and Premier. A sometime manufacturer and also wholesaler, Colonel Frederic Lassetter was celebrated for a series

⁵⁶⁶ "Grace Bros. Ltd". *The Journal of the Retail Traders' Association of NSW*. 1923. 5. pp. 33-7.

⁵⁶⁷ *Australian Dictionary of Biography*. Grace J N. 1891-1939

⁵⁶⁸ "Grace Bros. Ltd". *The Journal of the Retail Traders' Association of NSW*. 1923. 5. pp. 33-7.

		<p>of well-publicised innovations, including the issue of his own currency, "copper tokens which had a large circulation and were known as 'Lassetter Pennies'"⁵⁶⁹, and the first limited company formed in Australia.⁵⁷⁰ The firm became a "universal provider" in 1891 when Frederic Lassetter's son, Harry, entered the business, and was carried on as such when Frederic died in 1911. Lassetter was a founding member of the MRA.</p>
Sydney	Marcus Clark & Co Ltd	<p>Marcus Clark and Company Limited was incorporated in New South Wales in 1902 to take over the drapery and general merchandise business founded by Henry Marcus Clark in 1883 (Butlin Archives). In 1901 a "splendid building with 60,000 feet of floor space was erected in Newtown" (later destroyed by fire) and in 1906 the firm moved its headquarters to Central Square where its total floor space came to exceed 15 acres. By 1924 the company also operated branches in Newcastle, Wollongong and Dubbo.⁵⁷¹</p> <p>"The firm that kept faith", this department store was one of the largest during the early 20th century, and conducted a healthy trade with country customers via seasonal catalogues and country showrooms (Pollon 1989). In 1930, the firm ranked 48th by asset value in the top 100 companies in Australia (Ville & Merrett 2000). Clark was one of the founding members of the MRA.</p>
Sydney	Mark Foy's Limited	<p>Mark Foy's was established in Sydney in 1885 following Francis Foy's departure from the Foy & Gibson store in Melbourne co-founded by his father, Mark Foy.⁵⁷² The grand Piazza Store opened in Liverpool St. near Hyde Park, Sydney in 1908 in the style of the <i>Bon Marché</i> of Paris. This building boasted the first escalator ever seen in Sydney, the first restaurant and circulating library, and one of the finest children's celebrations of Christmas (Pollon 1989). In 1930, the firm ranked 61st by asset value in the top 100 companies in Australia (Ville & Merrett 2000). Mark Foy's Ltd was sold off to McDowells in the 1960s. During the retail slump period in 1972, the Waltons Group acquired Mark Foy's Ltd. The retail chain Grace Bros. eventually bought the Piazza store in 1980. The slogan for Mark Foy's Ltd. was "The Home of Good Values". Foy was one of the founding members of the MRA.</p>
Sydney	McCathies	<p>This drapery store first opened in 1887 by Harriette Adelaide McCathie, who was notable for more than her gender. A mother and widow, McCathie was "a competent successful retailer who paid fair wages and did not impose vicious petty fines" (Ryan 1984). McCathies prospered and by 1904 a larger store opened in Pitt St. alongside several other big stores. The family business endured for three generations before being sold to the Hordern family (Pollon 1989).</p>
Sydney	McDowells Ltd	<p>"The leaders of fashion", McDowells opened in the late 1890s in George St. and by 1912 had become a limited liability company, and was known as "the Big Mail Order House". The family-owned business was subject to both family faction fighting within the company, and a target of a major takeover battle between David Jones and Waltons, won by Waltons in 1972 (Pollon 1989). McDowells pioneered piped music and a public address system in 1960 (Kingston 1994). Mr McDowell was one of the first trustees of the MRA.</p>
Melbourne	Moran & Cato	<p>One of the oldest and largest Australian grocery chains, the Melbourne-based Moran & Cato was established in 1876 and expanded</p>

⁵⁶⁹ "F. Lassetter & Co. Limited". *The MRA Journal*. September 1919. 1. 3. pp. 42-48.

⁵⁷⁰ *The MRA Journal*. 1920. 2.3. pp. 217-220.

⁵⁷¹ *The Journal of the Retail Traders' Association of NSW*. February 1924. 5. 8. pp. 200-204.

⁵⁷² *The Journal of the Retail Traders' Association of NSW*. October 1923. 5. 4. pp. 92-98.

		<p>rapidly during the 1880s, opening stores in all the major inner suburbs of Melbourne. The firm's slogan was "Food for the Millions" and by 1906 it had 60 stores in metropolitan and country Victoria (Humphery 1998). Trade newspaper sources noted that by 1909 Moran & Cato operated a "strictly cash" system of "sixty or more separate establishments, mostly in the immediate vicinity of Melbourne and the contiguous suburbs" plus branches in Hobart and Launceston, Tasmania.⁵⁷³ The firm also established its own manufacturing and packaging plant in the late nineteenth century, where Moran & Cato-labelled butter, tea, baking powder, self-raising flour, jelly crystals, salt, and other foodstuffs were packed (Humphery 1998).</p>
Sydney	Murdoch's	<p>Established in 1893 by James Murdoch, this small hatter's shop ran a prominent mail-order business beginning with the issue of 5,000 catalogues. By 1923, the firm boasted its "large country order business" and "catalogues of about fifty pages, of which about 60,000 copies are circulated quarterly all over Australia" with a large proportion of goods sold manufactured in the firm's own factory.⁵⁷⁴ Murdoch's grew into "one of the largest stores of its kind in the Commonwealth", and the department store was taken over by Waltons in 1951 (Pollon 1989). James Murdoch was a council member and President of the Association.</p>
Melbourne	Myer Emporium Ltd	<p>Developed from a small Bendigo drapery business established in 1900, by 1907 the firm had expanded as "Bendigo's Biggest Drapers" and had more than 60 staff. In 1914 a new eight-storey building was unveiled in Bourke St Melbourne with a hugely successful gala sale, and by 1920 the store had 200 departments. Sidney Myer offered on easy terms 73,000 'staff partnership' shares of £1 each. He also began distributing shares (more than 200,000 all told) among his executives and managers, according to estimation of their merit. Increasingly Myer looked upon his staff as a community; by 1926 they numbered over 2000. (A.D.B. 1891-1939 p. 59). In 1930, Myer ranked 15th in the top 100 companies in Australia, by asset value (Ville & Merrett 2000), and has since become one of Australia's largest retailers.</p>
Sydney	Nock & Kirby Ltd	<p>Thomas Nock and Herbert Kirby took over the Circular Quay based ironmongery firm Felton & Nock in 1894. In 1906 the firm was floated into a limited liability firm with a capital of £10,000.⁵⁷⁵ Changing urban transport patterns and the opening of the Sydney Harbour Bridge in 1932 took its toll on this company and other firms in the neighbourhood (Wolfers 1980). The firm was listed on the stock exchange in 1954-55 and continued to expand until taken over in 1983 by Burns Philp. Nock was one of the founding members of the MRA.</p>
Multi-state	O'Gilpin Ltd	<p>At 21, with an inheritance from his father's sheep property, Oliver Gilpin opened up a store in Koorumburra, Victoria, in 1895. It was the beginning of a vast chain of country and suburban retail shops with locations in Victoria, NSW, South Australia and Tasmania. Concurrently, Gilpin ran his own road transport system of 20 trucks. In 1930, O'Gilpin ranked 88th by asset value in the top 100 companies in Australia (Ville & Merrett 2000). Gilpin died in 1942 and the 94-store chain was taken over by his son, Oliver Gilpin Jnr. Two years later, his controlling interest was acquired by Foy & Gibson Pty Ltd. According to Spierings (1989), this retail chain employed only women, and was a target of much hostility from the workers' union.</p>

573 "A Melbourne Invasion Moran & Cato Opening in Sydney, A Firm with Over Sixty Grocery Shops". *The Storekeeper and Commercial Record*. July 19, 1909. p. 34.

574 *The Journal of the Retail Traders' Association of NSW*. September 1923. 5. 3. pp. 61-66.

575 *The Journal of the Retail Traders' Association of NSW*. December 1923. 5. 6. pp. 145-52.

Sydney	Peapes & Co	Established in 1866 in George St by George Peapes and William Shaw, this drapery store suffered in the depression of the 1890s. By 1923, however, the firm had opened "palatial new premises" in Hunter St., taking in a room for "a delightful rendezvous for clients of Messrs. Peapes & Co., for meeting, writing and resting". ⁵⁷⁶ Peapes was one of the founding members of the MRA.
Melbourne	Permewan Wright & Co Ltd	Permewan Wright was established in Geelong in 1854 as Browne, Osborne & Co, which ran a successful business as a "common carrier" (transporter of goods). The firm had 20 branches in 1881 and ran "a regular line of steamers trading on the Murray, Murrumbidgee, and Edwards rivers... (and) in addition to carrying trade, a good mercantile business is carried on" (Mortimer 1881). A former employee, John Permewan, became a partner in 1861, and the firm underwent a number of changes, emerging as a limited company, Permewan Wright & Co, in 1884.
Newcastle	The Store (Newcastle and Suburban Co-operative Society)	The Newcastle and Suburban Society (The Store) became the largest co-operative organisation in the Southern Hemisphere, largely because of the industrial and working class nature of Newcastle (Hampton 1986). Located at Wickham an inner Newcastle district, the society began operations in 1898 and at its height in 1930 had annual sales of £700,000 and membership of 9,149 members.
Sydney	Sweet Bros	No evidence found at time of printing. Sweet was one of the founding members of the MRA.
Sydney	Waters	In 1890, William Waters bought a King St. site for his drapery store, which by 1907 had extended to the corner of George St, and was known as "Waters Corner". The firm became known as "The Leaders in Fashion"; at its height it employed at least 400 people and its total floor space was 31,722 feet. The firm was acquired by McDowell's in 1925 (Pollon 1989). Mr W. T. Waters was one of the first trustees of the MRA.
Sydney	Woolworths Ltd	Co-founded by Harold Percival Christmas and Stanley Edward Chatterton in December 1924 in Sydney's Imperial Arcade as "Woolworths Stupendous Bargain Basement". No thought had been given to a chain of stores until 1927 when an offer of a Brisbane location was taken up. In 1928, two more stores were opened – a second Brisbane location, which would become the State's flagship store, and a Perth branch. In 1929 the firm launched in New Zealand with a store in Wellington (Murray 1999), and in the same year the second Western Australian store, in Fremantle, was opened. By 1933, Woolworths had expanded to 31 stores in Australia and 9 in New Zealand (Murray 1999 p. 45). Woolworths launched into self-service supermarkets in 1960, the same year it became the first retailer to operate Australia-wide. In 1964, the company opened its first wholly sponsored and developed regional shopping centre near Newcastle, and by 1967 Woolworths was the first retailer to achieve sales exceeding \$1bn p.a.

⁵⁷⁶ *The Journal of the Retail Traders' Association of NSW*. January 1924. 5. 7. pp. 173–80.

Historical Expressions

The **units of currency** in use during the 1900–1930 period were pounds, shillings, and pence, represented as £. /s. /d. and with £ 1 = 20s (\$2), 1s. = 12 pence (10c).

Distances: Historical references to distances are based on feet, yards and miles: 1 foot = 30.5 cm, 1 yard = 0.914 metres and 1 mile = 1.61 kilometres.

Drapery stores: typically carried dress materials, haberdashery, millinery, manchester, men's and women's clothing and fancy goods, and later soft furnishings. Drapery stores (also known as softgoods stores) were the main predecessors for department stores in Australia. Others were **ironmongery** or hardware stores.

Cash-and-carry: referred to the practice of requiring immediate cash payment, with the customer responsible for carriage of goods, that is, no home-delivery service (Humphery 1998).

Self-service: entailed open shelves and the customer's unsupervised ability to choose, and was introduced much later than cash-and-carry (Humphery 1998).

Key Terms for Data Collection

The following list includes the terms used for the collection of data, as discussed in Chapter Four. Some terms were given loose working definitions, which follow on the next page. Terms in *italics* were added after the data collection began.

1. *Alien Traders*
2. *Anthony Hordern & Sons*
3. *Anti-dumping*
4. *Australian-made*
5. Banking
6. Basic Wage
7. Brands
8. *Capital vs. Labour*
9. Cash-and-carry
10. Chain Store
11. *Chemists*
12. Construction Techniques
13. Consumer
14. *Co-operation*
15. Co-operatives
16. Country vs. City
17. Credit
18. *Currency*
19. *David Jones*
20. Definitions
21. Department Store
22. Deskillling
23. Discounts
24. Distribution / Logistics
25. Economic (efficiency)
26. *Ethics*
27. Environment
28. Fairs and Markets
29. *Farmer & Company*
30. Financial Ratios
31. General Stores
32. Geographic Location
33. *Grace Bros*
34. Grocer
35. History
36. *Hordern Brothers*
37. Imports
38. Income
39. Income Tax
40. Industry Structure
41. Innovators
42. *Institution*
43. Interchannel Relationships
44. Intersystem Relationships
45. Intertype Relationships
46. *Lassetter*
47. Management Science
48. Manufacturers
49. *Marcus Clark*
50. *Mark Foy's*
51. Marketing
52. Mass Advertising
53. Merchandise Mix
54. Mobility
55. *National Cash Register Co*
56. Non-stores
57. Overseas – general
58. Overseas/America
59. Overseas/Britain
60. *Overseas/Germany*
61. Ownership
62. Packaging
63. Parcel Post
64. Peddlers
65. *Pilferage*
66. Population
67. Power
68. Price-fixing
69. Prices
70. Product Types
71. Product Volumes
72. Productivity
73. Publicity
74. Regulation
75. *Regulation/Interference*
76. Resistance
77. *Royal Agricultural Show*
78. Seasonal Differences
79. Self-service
80. Service Levels
81. Shoplifting
82. Shopper Convenience
83. Shopper Variety
84. Shopping Habits
85. Small Shops
86. State Differences
87. *State Differences – Victoria*
88. Stock-turn
89. Store Size/Layout
90. Tariffs
91. Technology
92. Trade Organisation
93. Trade Promotion
94. *Trading Hours*
95. Unions
96. *Unfair Competition*
97. Wholesalers
98. Window Dressing
99. Women
100. *Woolworths*
101. Workers' Compensation
102. Workforce Conditions
103. Workforce Training
104. Working Hours

Key Terms for Data Collection

The following list includes the terms used for the collection of data, as discussed in Chapter Four. Some terms were given loose working definitions, which follow on the next page. Terms in *italics* were added after the data collection began.

1. *Alien Traders*
2. *Anthony Hordern & Sons*
3. *Anti-dumping*
4. *Australian-made*
5. Banking
6. Basic Wage
7. Brands
8. *Capital vs. Labour*
9. Cash-and-carry
10. Chain Store
11. *Chemists*
12. Construction Techniques
13. Consumer
14. *Co-operation*
15. Co-operatives
16. Country vs. City
17. Credit
18. *Currency*
19. *David Jones*
20. Definitions
21. Department Store
22. Deskillling
23. Discounts
24. Distribution / Logistics
25. Economic (efficiency)
26. *Ethics*
27. Environment
28. Fairs and Markets
29. *Farmer & Company*
30. Financial Ratios
31. General Stores
32. Geographic Location
33. *Grace Bros*
34. Grocer
35. History
36. *Hordern Brothers*
37. Imports
38. Income
39. Income Tax
40. Industry Structure
41. Innovators
42. *Institution*
43. Interchannel Relationships
44. Intersystem Relationships
45. Intertype Relationships
46. *Lassetter*
47. Management Science
48. Manufacturers
49. *Marcus Clark*
50. *Mark Foy's*
51. Marketing
52. Mass Advertising
53. Merchandise Mix
54. Mobility
55. *National Cash Register Co*
56. Non-stores
57. Overseas – general
58. Overseas/America
59. Overseas/Britain
60. *Overseas/Germany*
61. Ownership
62. Packaging
63. Parcel Post
64. Peddlers
65. *Pilferage*
66. Population
67. Power
68. Price-fixing
69. Prices
70. Product Types
71. Product Volumes
72. Productivity
73. Publicity
74. Regulation
75. *Regulation/Interference*
76. Resistance
77. *Royal Agricultural Show*
78. Seasonal Differences
79. Self-service
80. Service Levels
81. Shoplifting
82. Shopper Convenience
83. Shopper Variety
84. Shopping Habits
85. Small Shops
86. State Differences
87. *State Differences – Victoria*
88. Stock-turn
89. Store Size/Layout
90. Tariffs
91. Technology
92. Trade Organisation
93. Trade Promotion
94. *Trading Hours*
95. Unions
96. *Unfair Competition*
97. Wholesalers
98. Window Dressing
99. Women
100. *Woolworths*
101. Workers' Compensation
102. Workforce Conditions
103. Workforce Training
104. Working Hours

Terminology

Term	Working definition
<i>Alien Traders</i>	Racial tensions in the retail industry – disparaging reports on non-white traders.
<i>Capital vs. Labour</i>	Relations between employers and labour; retail employers' distrust of workers apparent.
Consumers	Reported affects of consumers on retailing.
Economic (efficiency)	Evidence supporting or refuting the argument that change takes place primarily because of economic efficiency.
Environment	Reported affects of the environment on retailing; evidence supporting or refuting theories that change takes place because of the influence of the environment.
Financial ratios	Store data on business operations, for example, stock-turn, profit margins, and floor space.
Innovators	Evidence supporting or refuting theories that change takes place because of entrepreneurial individuals within the firm, and entrepreneurial firms; Influence of innovators on retail evolution.
<i>Institution</i>	Reports of a status-striving nature, glorifying the institutions of shopping, or particular department stores.
Intertype relations	Relationships (competition/co-operation) between stores of the same or different type.
Interchannel relations	Relationships between store-based sellers and non-store distributors. This term and the previous term consider the relations of retailers with their competitors.
Intersystem relations	Relationships between retailers and suppliers, customers, staff, regulators, and other exogenous actors. This term incorporates the relationships of retailers with others in the broader distribution industry.
Management science	Penetration of forms of management science, including stockturn, departmental organisation, accounting systems, staff training, market research etc. and their influence on retail evolution.
Mobility	Penetration and changes in forms of public and private transport, including horsedrawn trams, trains, buses and cars, and their influence on retail evolution.
Ownership	Changes in the types of ownership structures from partnerships, and limited liability, to co-operatives, and public companies, and their influence on retail evolution.
Parcel Post	Retail sales of products by catalogue and mail.
Peddlers/Pedlars	Independent and itinerant sellers, operating through a range of ephemeral spaces including street stalls and door to door.
Power	Evidence supporting or refuting theories that change takes place because of power inequities. Reported perceptions of relative power in relationships between actors in the system, and their influence on retail evolution.
Regulation	Government regulations impacting on retailers, including tariff policies, trading hours, basic wage, award provisions etc and their influence on retail evolution.
Regulation/Interference	Reports claiming "oppression" of retailers through government laws.
Resistance	Pressure organised against change; data supporting or refuting dialectic theories.
Shopper variety	Product variants and "novelty" in general.
Shopping habits	Reported habits of shoppers.
Store size/layout	Changes in size, layout and fittings of stores.
Technology	Advent of new technology and systems impacting on retailers including electricity, office machinery, cash registers, refrigerated cabinets, self-service, etc.
Workforce	Changes in the makeup of the workforce, including gender, skill levels, and productivity.

Parcels Post

Parcels post experienced “phenomenal growth” in the first decade of the century in Australia, according to the 1910-11 annual report of the Postmaster-General. During the period 1901-1910 parcels post was estimated to have grown by more than 117 per cent (the increase in Australia’s population for the same period was less than 15 per cent), necessitating the postal department’s shift to larger premises to handle the dispatch of parcels.

Parcels post was conducted mainly on a pay-on-delivery basis, with the postal department acting as broker for the collection and remittance of payments. Western Australia and Queensland had the highest usage rates of parcels post, which was attributable to the comparative size and scattered populations of those States. Victorians had the lowest usage, although that State was the least handicapped of all six Australian States by problems of vast distance, and access to goods.

The postal department’s 1910-11 annual report noted that the Parcels Post system was “very largely availed of in Queensland and Western Australia and in a lesser degree in New South Wales and Victoria. In Victoria there has been a falling off in the business done during 1910 as compared with 1909, which is attributed to the fact that most places in that State are well served by railways, and goods can be purchased at rates so near those charged in the business centres that the Value-Payable System is not much in demand”. *The Australian Storekeepers & Traders Journal* printed a table of data on the growth in value and numbers of parcels for the period 1906-1909, which is reproduced below.

In the period 1906-09, the total number of parcels grew by more than 60 per cent, while the total value collected grew by almost 63 per cent (current prices). Setting aside Tasmania because of its low 1906 base figure, Western Australia had the highest proportionate increase in both numbers and value of parcels collected. The value of parcels in New South Wales actually fell in 1909, suggesting either that goods were becoming cheaper, or that smaller value parcels were proliferating, in spite of the fact that higher relative rates for freights of small (retail-sized) parcels

were introduced that year⁵⁷⁷. The total parcels posted in each year were computed on a per capita basis, and are notable for the overall low usage rate per capita of around 1 per cent.

PARCELS POSTED £ VALUE COLLECTED

	1906	1908	1909	1906	1908	1909
N.S.W.	3,798	6,400	7,585	£ 6,025	11,755	10,926
Victoria	731	270	1,051	1,220	347	1,697
Queensland	25,039	26,865	31,765	33,507	36,924	39,351
S. Australia	51	125	149	59	236	234
W. Australia	6,539	13,093	19,250	11,198	21,331	30,712
Tasmania	10	62	42	17	132	93
TOTAL	36,168	46,615	59,842	£ 52,026	£ 70,725	£ 83,013
Parcels Per Capita %	.897	1.21	1.414			

The Australian Storekeepers & Traders Journal, October 1931. 1910. p. 10.

Population Data Source: *Australian Demographic Trends*. Catalogue 3102.0. Mean Population Year Ended 30 June.

⁵⁷⁷ "Reduced Railway Rates. The Mail Order Point of View. Colonel Lassetter as the Settler's Friend". *The Storekeeper and Commercial Record*. January 18, 1909. p. 7.

Sources of Goods Sold by *David Jones*: 1908–1926

Year	Total Purchases	Marlborough St Manufactures	Total Sales	% increase over last year	Marlborough as % of Total Sales	London Purchases	% of Total Purchases	Sydney Purchases	% of Total Sales	American Purchases	% of Total Sales	% of Total Purchases	% of Total Sales
	£.	£.	£.	%	%	£.	%	£.	%	£.	%	£.	%
1908	252,623	43,819	296,442	-	14.8	190,942	75.6	61,681	64.4	20.8	24.4	-	-
1909	242,873	50,068	292,941	-1.18%	17.1	171,292	70.5	71,581	58.5	24.4	29.5	-	-
1910	236,300	52,658	288,958	-1.36%	18.2	164,252	69.5	72,048	56.8	24.9	30.5	-	-
1911	326,142	69,989	396,131	37.09%	17.7	230,959	70.8	95,183	58.3	24.0	29.2	-	-
1912	348,994	99,278	448,272	13.16%	22.1	246,804	70.7	102,190	55.1	22.8	29.3	-	-
1913	386,009	118,871	504,880	12.63%	23.5	252,678	65.5	133,431	50.0	26.4	34.6	-	-
1914	445,841	133,484	579,325	14.75%	23.0	279,178	62.6	166,663	48.2	28.8	37.4	-	-
1915	309,504	129,213	438,717	-24.27%	29.5	167,574	54.1	141,930	38.2	32.4	45.9	-	-
1916	398,907	160,436	559,343	27.50%	28.7	224,972	56.4	173,935	40.2	31.1	43.6	-	-
1917	452,298	167,964	620,262	10.89%	27.1	241,409	53.4	210,889	38.9	34.0	46.6	-	-
1918	510,840	207,078	717,918	15.74%	28.8	185,522	36.3	299,204	25.8	41.7	58.6	26,114	5.1
1919	585,982	223,987	809,969	12.82%	27.7	203,524	34.7	312,249	25.1	38.6	53.3	70,218	11.9
1920	1,031,345	257,621	1,288,966	59.14%	20.0	220,289	21.4	671,401	17.1	52.1	65.1	139,655	13.5
1921	1,091,451	276,135	1,367,586	6.10%	20.2	389,395	35.7	595,066	28.5	43.5	54.5	106,990	9.8
1922	790,476	239,779	1,030,255	-24.67%	23.3	236,758	29.9	537,209	23.0	52.1	67.9	16,509	2.1
1923	903,977	225,719	1,129,696	9.65%	20.0	398,109	44	489,711	35.2	43.3	54.2	16,157	1.8
1924	1,040,561	230,963	1,271,524	12.55%	18.2	499,863	47.6	508,451	39.3	40.0	48.4	41,247	3.9
1925	1,120,762	238,606	1,359,368	6.91%	17.6	569,149	50.8	506,944	41.9	37.3	45.2	44,670	3.9
1926	1,132,995	276,269	1,409,264	3.67%	19.6	507,885	44.8	566,823	36.0	40.2	50	58,285	5.1

Adapted from Comparison of Profit and Expenses 1906–1926 (in BRG 1/143 of David Jones' Archive). Percentages may not total, due to rounding.

The table above shows the values and sources of goods sold by Sydney-based department store *David Jones* in the period 1908–1926. The table shows the increasing importance of *David Jones*' own manufactures in the merchandise mix (at its Marlborough Street factory), particularly after the outbreak of the First World War, when its own goods constituted almost 30 per cent of total sales. The predominance of London purchases in the total goods sold declined by almost half in the 1908–1926 period, from 64.4% to 36%. Local Sydney-made products, on the other hand, doubled in the same period, from 24.4% to 50% of total purchases, and from 20.8% to 40.2% of total goods sold. The end of the war saw the introduction by *David Jones* of purchasing from America, although US goods constituted only 5.1% of total goods purchased in 1926.

Mean Population of Australia 1901–1930

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUSTRALIA
1901	1,355,968	1,197,438	495,036	357,158	180,856	172,591	4,848	-	3,763,886
1902	1,375,994	1,207,236	506,550	357,086	195,791	173,550	4,674	-	3,820,876
1903	1,402,321	1,206,498	512,622	355,101	212,968	177,866	4,466	-	3,871,848
1904	1,426,102	1,203,347	517,880	355,960	226,471	181,970	4,261	-	3,915,991
1905	1,455,128	1,20,3846	525,373	358,409	240,896	183,834	4,190	-	3,971,676
1906	1,487,509	1,209,319	532,290	361,289	251,112	184,630	4,049	-	4,030,198
1907	1,523,399	1,219,304	539,147	365,310	255,840	184,024	3,092	-	4,090,926
1908	1,561,439	1,232,489	547,810	371,939	255,933	186,433	3,738	-	4,159,781
1909	1,583,627	1,249,987	560,800	384,052	260,358	188,839	3,584	-	4,231,244
1910	1,616,514	1,271,500	580,252	392,074	266,686	190,792	3,487	-	4,321,308
1911	1,644,699	1,301,138	602,659	404,729	278,043	190,828	3,333	-	4,425,426
1912	1,699,947	1,337,796	625,171	417,690	294,364	189,880	3,302	1,196	4,570,066
1913	1,783,981	1,378,226	643,438	430,789	307,148	192,433	3,431	2,216	4,741,659
1914	1,845,353	1,412,176	667,789	441,693	319,014	195,688	3,672	2,614	4,887,978
1915	1,882,648	1,433,971	688,212	447,236	322,996	196,320	3,908	2,573	4,977,864
1916	1,892,609	1,424,896	690,494	444,643	317,867	195,303	4,644	2,496	4,97,2952
1917	1,892,972	1,408,480	680,772	440,108	308,756	193,700	4,836	2,604	4,932,228
1918	1,922,629	1,416,900	688,946	446,304	306,804	196,144	4,863	2,406	4,984,996
1919	1,965,568	1,442,619	707,731	457,336	311,838	200,727	4,713	2,437	5,092,966
1920	2,038,279	1,497,806	737,464	479,864	327,152	208,599	4,552	2,181	5,295,897
1921	2,089,330	1,524,498	754,374	491,833	331,973	211,719	3,977	2,339	5,410,043
1922	2,130,297	1,552,601	769,180	500,992	337,266	214,689	3,833	2,591	5,511,452
1923	2,180,329	1,589,673	785,466	510,157	345,891	210,288	3,659	3,138	5,634,341
1924	2,221,767	1,625,703	804,442	502,694	356,751	216,358	3,698	3,593	5,735,003
1925	2,270,024	1,657,111	825,313	533,461	368,528	215,997	3,768	4,312	5,878,511
1926	2,320,184	1,683,724	847,757	546,514	376,933	214,798	3,878	5,443	5,999,228
1927	2,375,204	1,711,858	864,502	560,179	385,780	213,212	4,152	6,873	6,121,757
1928	2,432,731	1,741,432	877,753	568,746	399,777	214,074	4,557	7,912	6,246,982
1929	2,484,071	1,761,212	891,438	572,028	414,489	216,411	4,369	8,419	6,352,434
1930	2,518,553	1,778,761	903,703	572,577	425,788	219,269	4,762	8,836	6,432,246

Source: Australian Demographic Trends. Catalogue 3102.0. Mean Population Year Ended 30 June.

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