



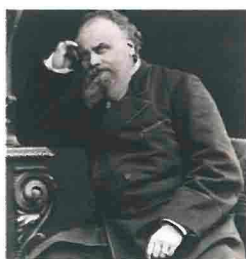
GRANDEES AND GRAND EMPORIUMS

Nothing charts the rise of organised retail quite like the department store, where innovators and empire builders created magnificent bazaars and emporiums in cities from New York to Paris.

Department stores carry some of the industry's most iconic names above their doors: Harrods, Galeries Lafayette, Saks Fifth Avenue, Bloomingdale's and Macy's to name just a few.

What has been remarkable has been the sector's resilience, surviving the rise of global specialists, the power of international brands and the advent of extraordinary technology. In doing so, a number of department stores have also confounded the notion that it is impossible to take a department store overseas. Perhaps their ability to stave off ready predictions of inevitable demise in the face of new-kids-on-the-block should be of no surprise given that pioneers and innovators from all corners of the globe have shaped the genre's evolution.

Aristide Boucicaut created what is often credited as the original department store when he set up Le Bon Marché in 1838 but his innovations in retailing are really notable after the World's Fair in 1855, which spawned ideas such as the notion of browsing, greater advertisements, fixed prices and



Aristide Boucicaut founded Bon Marché Rive Gauche, the oldest department store in the world

a catalogue. His forward-thinking inspired countryman Theophile Bader, who joined his cousin in 1895, to purchase the adjacent buildings around their first store and to launch Société anonyme des Galeries Lafayette. This absorption of environs is a recurring theme among the great emporiums and in its more recent days Galeries Lafayette has also moved into French cities, North Africa and now the Middle East.

Others chose to start with grand buildings. James Cloppenburg founded Peek & Cloppenburg and in turn his son, James Cloppenburg Jr steered the business for 60 more years. In the second half of the 1920s, P&C provided Düsseldorf and Berlin with elegant fashions and after World War II the company expanded, bought out competitors and grew. Rudolph Karstadt followed a similar pattern, founding his first store Tuch-, Manufactur- und Confectionsgeschäft Karstadt in Wismar in 1881 but really coming of age from 1920 when the company merged with Theodor Althoff to become Rudolph Karstadt AG. The group gradually



"THERE IS ONLY ONE BOSS – THE CUSTOMER. AND HE CAN FIRE EVERYBODY IN THE COMPANY FROM THE CHAIRMAN ON DOWN, SIMPLY BY SPENDING HIS MONEY SOMEWHERE ELSE."

Sam Walton | WAL-MART

expanded through acquisition and merger, buying mail-order business Neckermann Versand and department store chain Hertie.

But in turn-of-the-century Europe it was not only the advent of multi-floor emporiums which was emerging but the creation of grand buildings in which to house multiple stores.

Aljekandr Pomeranzev's radical, competition-winning design proposal for a 100-year old Moscow market included spacious passageways fashioned in the 'European style' from glass and metal. Construction of GUM began in 1890, taking three years to complete.

In the US some great luminaries were also cutting their teeth. In 1857, Rowland Macy opened a small fancy dry goods store in New York - RH Macy and Co pioneered quotation of specific prices for goods in newspaper advertising, the first in-store Santa Claus and elaborate holiday displays. Indeed, Macy's was eventually to absorb another of the era's great pioneers. In 1876 John Wanamaker converted a Pennsylvania Railroad depot into Wanamaker's, inspired by London's Royal Exchange.

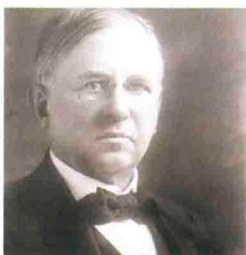
Wanamaker expanded his house brands, opened an in-store restaurant, installed electric lights and added elevators in "the largest space in the world devoted to retail selling on a single floor".

At its peak there were 16 stores but the chain was absorbed into Hecht's (now Macy's) in 1995.

Meanwhile another American dynasty was forming. Brothers Joseph and Lyman Bloomingdale opened their Ladies' Notion Shop in New York in the 1860s and in 1872 'Bloomingdales' expanded and opened its East Side Bazaar, selling women's fashions. Like Galeries Lafayette the original store expanded to consume its site and by 1929 Bloomingdale's covered an entire city block. Two years later the glamorous Art Deco building from which it still trades



Victor Gruen (above) designed the first mall [Southdale Center, top] yet came to disavow their ubiquity and similarity. Below, Sidney Myer and John Wanamaker.



was completed. Also like Galeries Lafayette, Bloomingdales expanded nationally and more recently opened its first foreign store in Dubai.

Similarly, in 1898 James Cash Penney started with the Golden Rule stores chain and later bought-in to and eventually bought-out owners Guy Johnson and Thomas Callahan. In 1913 he incorporated the JC Penney Company and Penney's stores expanded nationwide to 1,400 by 1929 and he remained as chairman of the board until 1946.

Marshall Field and partner Levi Leiter became senior partners at dry goods establishment Potter, Palmer in 1865, later renamed Field, Leiter & Company, then in 1881 Marshall Field and Company. Unconditional refunds, consistent pricing and international imports are among the Field innovations as he created one of America's best loved department stores.

Marshall Field was also instrumental in the gestation of UK store Selfridges. Harry Gordon Selfridge joined when it was still Field, Leiter and Company and worked there for a quarter of a century, amassing a personal fortune. He opened Selfridges in 1909 and set new standards for retailing, with elegant restaurants, a library, reading and writing rooms, special reception rooms for overseas customers and double-glazing. However, during the Great Depression he watched his fortune disappear and he died in straitened circumstances in 1947.

London rival Harrods owes its origins to the 1835 shop founded by Charles Henry Harrod but it was the move from east to west London and gradual absorption of surrounding Knightsbridge buildings - aka Galeries Lafayette and Bloomingdale's - under the auspices of son Charles Digby which put it on the map. Charles oversaw its transformation after it was gutted by fire in 1863 and he remained at the helm until the company floated in 1889.

Hudson Bay Company also owes thanks to Harrods. Richard Burbidge was managing director there, introducing, among other things, its first escalator, until he was invited to run the



rule over Hudson Bay Company. Burbidge's proposals saw HBC's retail operations separated from the company's fur trade and land sales. Consequently he recommended restructuring into three distinct divisions, each with its own commissioner with specific expertise. He proposed increased salaries for managers as well as incentive commissions on net sales - to attract and retain top talent. He recommended an aggressive policy of expansion/rebuilding stores, sometimes, as in the case of Victoria and Winnipeg, proposing a complete relocation. He proposed expanding inventories at varying price points to service the growing middle class and recommended a single visual identity for all company vehicles.

Meanwhile Irish immigrant Timothy Eaton set up a dry goods store in Ontario, promoting his business with ground-breaking practices: all goods had one price with no credit given, and all purchases came with a money-back guarantee. In his first advertisement quoted on the bottom is "We propose to sell our goods for cash only" and "In selling goods, to have only one price." Another innovation was "Money refunded if Goods are not satisfactory."

But not all the action was in the northern hemisphere. George Coles opened the first GJ Coles & Co discount store in a working-class suburb of Victoria, Australia in 1914. In 1919 he opened a much larger store with the slogan "Nothing over 2/6d" and in the 1930s the company expanded rapidly, with a strong commitment to affordable goods seeing it through the Great Depression.

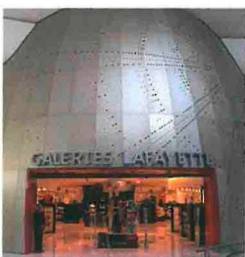
Eventual partner Sidney Baerski Myer, a Russian migrant, established the now famous Myer Department store in 1911 and during the Depression of the 1930s, rather than lay off workers all staff, including Myer, had their wages cut.

During the same Depression Fred Lazarus Jr was founding F&R Lazarus, which merged with Abraham & Straus of Brooklyn, Filene's of Boston and Bloomingdale's of New



James Cash Penney (above) founded JC Penney first as the Golden Rules store.

Below, Galeries Lafayette Morocco and Théophile Bader



York to become Federated Department Stores, with "Mr Fred" as chairman. Under his leadership, Federated eventually became the largest department store company in the US.

Lazarus himself was enormously well connected and is credited with convincing President Roosevelt to move Thanksgiving to extend the Christmas shopping period.

In 1850, Lane Crawford was established in Hong Kong by two Scots - Thomas Lane and Ninian Crawford. Lane was one of the purchasers in 1846 of the only Chinese junk, Keying, to visit the USA and England. The original Lane Crawford flagship store was located on Des Voeux Road Central in Central, Hong Kong and was a makeshift bamboo structure on the waterfront. Since then it has occupied a number of landmark locations in Hong Kong and by the early 1900s had stores in Shanghai, Kobe and Tokyo.

However, world wars hampered the growth of the department store sector and it was the post-WWII era which spawned the next great generations of pioneers.

Among the legendary figures of Harvard's 'class of '49' was Marvin Traub, who turned Bloomingdale's into a fashion trendsetter. Traub spent two decades at its helm until its takeover by Robert Campeau in 1989 and is largely credited with making the store what it is today. His work was continued by Michael Gould, who predicated the evolution of Bloomingdale's on a ruthless pursuit of high customer services.

The post-war period also saw arguably one of the most important developments in retail history, and once more a European émigré to North America was behind it. Victor Gruen was a commercial architect from Austria who designed the influential Northland Center open-air mall near Detroit in 1954 and the first fully-enclosed mall, Southdale Center in Minnesota, which opened in 1956. In doing so Gruen became responsible for the ubiquitous double-level, enclosed shopping mall, he bitterly disavowed the repetitive nature of mall designs across the US.