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Marvin Lovett

The University of Texas Rio Grande Valley

Gerardo A. Miranda

The University of Texas Rio Grande Valley

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Who killed John Wanamaker?

Marvin G. Lovett
The University of Texas at Brownsville

Gerardo A. Miranda
The University of Texas at Brownsville

ABSTRACT

Retailing has grown and continues to contribute significantly to the economy of the United States, as well as to most other economies around the world. The study of retailing, as an academic field, continues to grow and evolve. The study of retail history and of its contributors provides beneficial insight. Retail commerce began to flourish in the United States well over a century ago. This study attempts to provide insight into the absence of an original and significant contributor to the field of retailing and marketing, John Wanamaker. In fact, John Wanamaker has been referred to as the “Father of Retailing.” He earned that title and reputation as an original and innovative successful retail entrepreneur and was responsible for numerous significant contributions to the field of retailing. However, current retail expertise, as voiced in current retail and marketing curricula and among marketing professors, is largely void of any recognition of John Wanamaker. This study initially reviews the significant contributions made by John Wanamaker to the field of retailing. Secondly, a survey to assess the current awareness of John Wanamaker among various marketing professors is administered and presented. Thirdly, a survey to assess the presence of John Wanamaker within current retail and marketing textbooks is administered and presented. Fourthly, an investigation into the reasons for the demise of the John Wanamaker brand and reputation is presented. Finally a discussion leads to recommendations for current retail curricula.

Keywords: John Wanamaker, Retailing, Retail History, Marketing Eras

INTRODUCTION

A common characteristic often associated to human culture is the desire to acquire a variety of possessions. The availability of a variety of goods accessible for individual consumer use addresses this human need. Human desire for individual possessions, such as clothing, adornments, food, weapons, tools, and so forth, provides the means to engage in various activities. In developing cultures, most goods are produced on a small limited basis resulting in no or little surplus production. However, as specialized mass production of a specific item results in the accumulation of surplus products, the need for intermediaries or “middlemen” occurs (Alderson, 1954). During the 1800s, the ability to produce such surplus production began to excel. Many significant technological developments contributed to more effective and efficient specialized production. The “Scientific Management” movement, coupled with such developments as steam power and railroad systems, resulted in increased factory output (Converse, 1951).

Due to this increase in the production of goods, various forms of product distribution became a vital component within the field of marketing. The topic of distribution is considered to be one of the four primary marketing tools referred to as the marketing mix. Besides distribution, the other three elements of the marketing mix are product, price, and promotion (Kotler and Armstrong, 2012). A key area related to distribution is referred to as a “channel of distribution.” These channels can be described as the series of firms that facilitate the movement of a product from the producer to the final consumer. For example, a manufacturer sells to a wholesaler, who sells to a retailer, who sells to the final consumer. Retailing represents a significant portion of the U.S. economy and provides employment opportunities for millions (Solomon and Stuart, 2003).

Retailing is defined as “the set of business activities that add value to products and services sold to consumers for their personal or family use” (Grewal and Levy, 2012). Although the history of retail development includes the contributions of many innovators, one of the earliest and most significant contributors to the foundation of retailing is John Wanamaker. Among the many titles attributed to John Wanamaker including “America’s Merchant Pioneer” and “The Father of Modern Advertising,” his title as “The Father of Retailing” relates to his most significant contributions (Appel, 1930).

JOHN WANAMAKER (1838-1922)

John Wanamaker was born on July 11, 1838 in the Greys Ferry neighborhood of South Philadelphia, Pennsylvania to a family in the brick making business. John was the oldest of seven children and was raised as a devout Presbyterian. By the time John Wanamaker was 14 years old he began working in retailing. First he worked in a bookstore, Troutman & Hayes Publishers, as an errand boy. A year later, he began working in the Barclay Lippincott’s Clothing Store. A few years later he began working for Tower Hall, Philadelphia’s most prominent clothing store of the time. He excelled there, but did become ill with tuberculosis in 1857 at the age of 19 and spent a year in Minnesota and in the West. After returning to Philadelphia, in 1858 he became a Lay Minister and worked with the YMCA for 3 years. He became married in 1860 at the age of 22. In 1861, he partnered with his brother-in-law, Nathan Brown, and opened Oak Hill, selling mens’ and boys’ clothing. Even though it was a difficult time, due to the start of the Civil War, Oak Hill flourished. John Wanamaker tried to volunteer to fight in the Civil War but was rejected due to lung damage from tuberculosis. Consequently, John Wanamaker was able to

begin experimenting and developing various retail innovations. By 1868, he opened his own store and named it John Wanamaker and Co. Finally, on March 20, 1876, he opened his “New Kind of Store.” It was referred to as new due to the emphasis placed on a revolutionary approach to retailing and customer service. John Wanamaker continued to excel throughout the late 1800’s and early 1900’s and developed many more retailing innovations. John Wanamaker died on December 12, 1922 at the age of 84. He died from a heart attack and had been ill with a severe cold (Appel, 1930).

CONTRIBUTIONS OF JOHN WANAMAKER TO RETAILING

Many of the retail innovations created by John Wanamaker resulted from his dissatisfaction with retailing at that time. As John Wanamaker said it, “Store-keeping was in such a state that a man going into a shop to buy goods went cautiously as he would go into the forest in search of game” (Appel, 1930). For example, the uncertainty created through the prior required haggling and bartering process was the norm in retailing at that time. John Wanamaker pointed out a specific retail experience he had, which motivated him to want to change retailing. He described buying jewelry as a holiday gift for his mother when he was seven years old. The jeweler was rude and wouldn’t allow John Wanamaker to change his mind for a different selection. John Wanamaker did not object at the time, but specifically remembered thinking, “When I have a store of my own the people shall have what they want and what they ought to have” (Appel, 1930). As mentioned, many of the retail innovations created by John Wanamaker were included in his “New Kind of Store” which opened in 1876 in Philadelphia. His “New Kind of Store” was based on the following differences found in an American retail store for the first time (Appel, 1930):

1. The Store was a place to visit, enjoy, without obligation to buy or to be asked or questioned.
2. The vast area of space allocated to the many kinds of merchandise displayed made it seem more like a museum than a store.
3. To be able to get such a large variety of articles under one roof was not only a convenience, but a great saving of time, strength and shoe leather.
4. People could have goods charged on monthly accounts.
5. All merchandise was guaranteed as trustworthy, and everything was returnable, not for exchange, but for cash to be refunded whenever in same condition as when delivered.
6. One price only was fixed and marked in plain figures and no deviation allowed.
7. An entirely new innovation was introduced in providing public comforts of free rest rooms, telegraph and postal facilities, and package and baggage checking rooms.

John Wanamaker created the first half-page and full-page newspaper advertisements. Competitors soon began creating similar advertising, which created a new significant revenue base for newspaper publishing companies (Applegate, 2001). In addition, John Wanamaker created the first “White Sale” (sale of discounted white linens) and was the first American retailer to send buyers overseas.

Wanamaker’s, the name for his store at the time, was described as having a “Spirit, a personality which makes it different from all other commercial establishments.” “Every employee takes a personal interest in pleasing the customer with no obligation to buy.” “The store was described as taking “the side of the customer.” The store was so large that it became a major tourist attraction. This new emphasis on a one-stop retail shopping experience, where customers

were introduced to fixed price tags and money back guarantees, provided new benefits for customers and new opportunities for American retailers (Appel, 1930).

The contributions of John Wanamaker to the field of retailing are significant and numerous. Perhaps of most significance is his contribution related to the relationship between marketers and their customers. The prior Caveat Emptor, buyer beware, perspective was replaced by the promise of customer satisfaction. John Wanamaker altered the “customer-storekeeper relationship” for the benefit of both parties (Appel, 1930).

CURRENT PRESENCE OF JOHN WANAMAKER

Although the various retailing contributions provided by John Wanamaker were significant and revolutionary, these contributions are largely absent within current retail expertise, as voiced in current marketing curricula and among marketing professors. In fact, the traditional eras of marketing philosophy within current marketing curricula usually begins in the late 1800s with the “Production-Oriented Era.” Prior to this, marketing is largely referred to as “Simple Trade,” when products were produced or harvested by hand, limiting supply. The “Sales Era” is described as beginning in the 1920s and at a time when many marketing tactics were developed. Finally, the “Consumer/Market Era” is described as beginning in the late 1900s and at a time when maximizing consumer satisfaction and establishing relationships with customers became the primary focus for marketers (Grewal and Levy, 2012). Fullerton (1988), however, suggests that the traditional marketing era framework overlooks the contributions and development of marketing practices during the 1800s and before. Specifically, Fullerton points out that marketing actually began in Britain in the late 1700’s and in the United States by the early 1800’s. The idea that the production era, dated 1870 until 1930, preceded the development of marketing practices represents the “minimal marketing history” currently taught in marketing courses. Furthermore, Tadjewski & Saren (2009) point out that although the tenants of relationship marketing are largely discussed as recently developed, John Wanamaker actually initiated and practiced relationship marketing over a century ago.

The fact that John Wanamaker created such innovative retailing “firsts” just as the traditional production-oriented era was taking force is significant and the absence of John Wanamaker within current marketing curricula is of question. One past exception, in the 1930’s, was Straus Professor N.S.B. Gras, Harvard Graduate School of Business, who required a one-week study of John Wanamaker in his Business History course (Gras, 1939). However, currently John Wanamaker appears to be absent within marketing curricula. To assess the current presence of John Wanamaker within current marketing curricula, both marketing professors and marketing textbooks were surveyed.

First, a survey to assess the current awareness of John Wanamaker among marketing professors was administered. Using a geographically selected sample of thirty-six marketing professors, representing each region of the United States, respondents were simply asked to rate their current awareness of the name “John Wanamaker.” The results are presented in Table 1 (Appendix).

The results of the survey indicated a significant lack of awareness of John Wanamaker among marketing professors surveyed. Over 50% of the marketing professors surveyed indicated they had no or little awareness of John Wanamaker. Furthermore, a number of marketing professors, indicating some degree of familiarity, did so based solely on a quote attributed to John Wanamaker regarding advertising budgeting: “I am convinced that about one-half the money I

spend for advertising is wasted, but I have never been able to decide which half.” Even though John Wanamaker is often associated with this quote, the only evidence found regarding the quote was a second hand account from Rev. Roy L. Smith, when he quoted John Wanamaker as saying it (Smith, 1919).

Secondly, a survey to assess the presence of John Wanamaker within current retail and marketing textbooks was administered. A judgment sample of eleven current U.S. retailing and marketing textbooks were included. The results of this survey indicated a significant lack of awareness of John Wanamaker within current retail and marketing textbooks. Nine of the retail and marketing textbooks surveyed had no mention of the name John Wanamaker (Campbell, 2014; Berman & Evans, 2013; Berkowitz, 2000; Grewal & Levy, 2012; Kotler & Armstrong, 2001; Levy, Weitz & Grewal, 2014; Malhotra, 2004; Shimp, 2010; Zikmund, 2001). Two principles of marketing textbooks (Kerin, 2003 and Kotler, 2001) did include the quote, mentioned above attributed to John Wanamaker regarding advertising budgeting.

In summary, based on the results of these surveys, there does appear to be a lack of awareness of the name, John Wanamaker within the academic field of retailing as voiced in current marketing curricula and among marketing professors.

ORIGINS / REASONS FOR THE DEMISE OF JOHN WANAMAKER

Besides the evident lack of historical coverage within current marketing curricula and among marketing professors, a number of other events and actions have contributed to the demise of John Wanamaker’s legacy. Politics, wealth, and religion became a challenging combination. John Wanamaker was a prosperous and a financially well off man, but when he entered national politics, these attributes became the main ammunition for the media to attack him. John Wanamaker was often criticized for the lack of separation between his political life and his religious life (Fischer, 1991).

Within the media at the time, political cartoonists attacked John Wanamaker. Political cartoons have always had great influence over their readers. As Lawate (2012) points out, “A cartoon conveys a lot of information in very few words”. However, in the 1800s, political cartoons were even more influential due to the lack of alternative media at that time. When cartoonists referred to John Wanamaker’s wealth and store they used words such as “boodle”, giving the impression to the public that John Wanamaker’s wealth was either obtained in an underhanded way, or spent in an illicit way. Moreover, cartoonists simultaneously emphasized John Wanamaker’s affiliation to religion, furthermore presenting to the public an image of hypocrisy. Cartoonists claimed, for example, that John Wanamaker’s stores generated boodle for politics, while at the same time could be found teaching morality in Sunday school (Fischer, 1991).

In the 1800s two rival magazines, *Puck* and *Judge*, dominated political cartooning. *Puck* was run by Joseph Keppler, and *Judge* by Keppler’s expatriate, James A. Wales. John Wanamaker entered national politics, through the Republican Party. Doing so, John Wanamaker had joined the party that Keppler despised. According to Fischer (1991) Keppler viewed the Republican Party as a sinister cabal. When John Wanamaker was named Postmaster General after he helped raise \$200,000 for Benjamin Harrison’s campaign, from which \$10,000 was from his own pocket, Keppler attacked. In addition, to worsen the situation, the *Democratic Press*, led by Joseph Pulitzer’s *New York Herald*, significantly inflated the amount of money John Wanamaker had raised, and even went a step further to accuse him of buying his cabinet post for \$50,000.

Cartoonists had continued to form an overall negative image of John Wanamaker, with themes such as bribery, venality, and the spoils system (Jones, 1916).

Besides being given a negative image by cartoonists, John Wanamaker was also known for constantly clashing with not yet president, Theodore Roosevelt. Theodore Roosevelt entered politics as a U.S. Civil Service Commissioner, also under the Harrison administration. The series of clashes between John Wanamaker and Theodore Roosevelt was mainly due to civil service reform. John Wanamaker was part of the “Old Guard Republicans,” in favor of the spoils system, and Theodore Roosevelt was fighting for a system in which rewards were won by merits rather than patronage and nepotism. Although John Wanamaker brought his efficient business methods and provided significant improvements within the Post Office system, Theodore Roosevelt continuously clashed with John Wanamaker due to alleged corrupt employees. Wanamaker never removed nor investigated any employee or situation that Theodore Roosevelt brought to his attention. At one point Theodore Roosevelt formally recommended that John Wanamaker dismiss 25 corrupt employees stationed in Baltimore. When John Wanamaker had done nothing after a year, Theodore Roosevelt sent his report to the House Committee on Civil Service, in which a Democratic majority sided with Roosevelt and as a result censured Wanamaker for not removing the postal workers (Fischer, 1991).

In the election of 1892, after Grover Cleveland won the presidency, John Wanamaker would leave his office. Although John Wanamaker no longer held a cabinet post, he continued to be of great influence to the Republican Party. John Wanamaker helped William McKinley win the presidency in 1896 and again in 1900. In 1915, John Wanamaker urged the U.S. to buy Belgium from Germany in order to gain an advantage during World War I. He proposed that \$100 billion be lent to the U.S. government with no interest for the purpose of buying Belgium. This proposal generated an initial reaction that John Wanamaker was either joking or had not considered the “staggering magnitude” of his proposal. However on July 28, 1915, *The Gettysburg Times*, based on an interview with John Wanamaker in which he reaffirmed his proposal, made clear that he made the proposal in all seriousness. Significant ridicule of John Wanamaker followed (Fischer, 1991).

For many years John Wanamaker became more successful in retailing and opened many more Wanamaker stores. However, over time, a trend of decline did emerge. John Wanamaker's competitors grew and many competing merchants attacked his ability to sell merchandise at very low prices (Lisicky, 2010). In 1896, John Wanamaker attempted to replicate his success in New York City. Due to an inferior location and a competitive environment, the store struggled. After various financial and zoning permit problems, a new store was opened in New York City in 1907. However, the financial panic of 1907, the death of his oldest son Tom, and his own declining health presented further challenges. After John Wanamaker died in 1922, his son Rodman Wanamaker began to lead the Wanamaker business. Rodman did have children, but none were interested in continuing in the family business. Therefore, Rodman Wanamaker's trust required that a management group take over the control of the business, upon his death. His children and grandchildren were not allowed to run the stores, nor make any financial decisions affecting the store operations. Rodman's will allowed for the trust to be dissolved and distributed among any remaining family members, twenty-one years after his death. Rodman Wanamaker died on March 9, 1928 from kidney failure. At this point, the control of the business was out of the hands of the Wanamaker family. Wanamaker family members did, however, maintain seats on the Board of Trustees of Rodman's trust and received salaries. Under new management, Wanamaker's continued to operate under the guidance of the board. In 1954, Wanamaker's an-

nounced the closing of the New York store. Although the family was not involved with the stores management, the family members had increased their draws from the family trust. By 1975, sales had declined and stores needed renovations. Therefore, the remaining stores were put up for sale. In 1978 Carter Hawley Hale, the largest department store chain in the West, purchased the remaining Wanamaker stores for \$60 Million cash. Then in 1986, Woodward & Lothrop purchased Wanamaker's for \$183 Million. In 1994, Woodward & Lothrop filed for Chapter 11 of the U.S. Bankruptcy Code. By 1995, the stores were sold to multiple owners and operated under various new names. In Philadelphia, the Wanamaker locations began operations as Hecht's stores. By 2006, Macy's occupied the former Wanamaker locations (Lisicky, 2010).

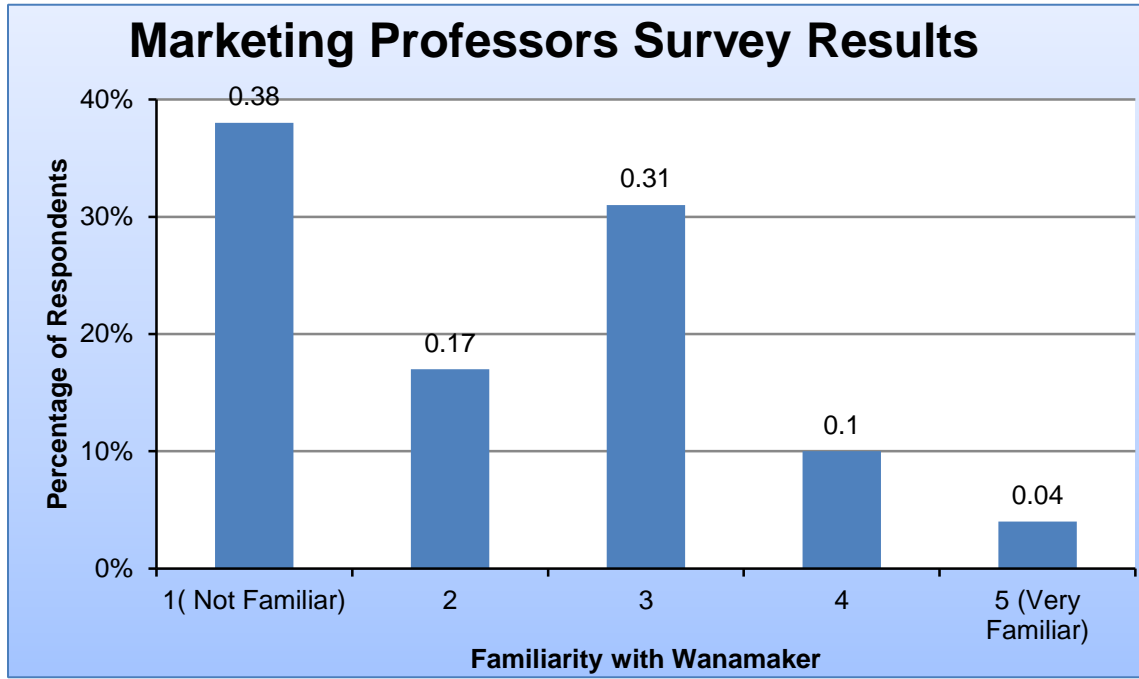
DISCUSSION

John Wanamaker made many significant contributions to the field of Retailing. However, the awareness of John Wanamaker and his contributions among current marketing professors and within marketing textbooks is largely nonexistent. Besides this absence, the demise of John Wanamaker can be traced back to a number of factors related to competition, politics, religion, media coverage, wealth, noncontinuity of ownership, and simply the passage of time and resulting evolution of retailing. Regardless, the lack of awareness of John Wanamaker represents an absence in the collective memory related to retail history. McNeill (1985) points out that historical knowledge provides our collective memory. The absent or defective collective memory deprives us of our best available information for action.

RECOMMENDATIONS

Further consideration regarding the contributions that John Wanamaker made to the development of retailing is recommended in order to enrich current retailing related curricula. Further consideration regarding the concern for the minimalization of marketing history is recommended in order to re-examine the time lines and contributors provided within the traditional "eras" of marketing. John Wanamaker himself demonstrated awareness and sensitivity regarding the importance of our past/history in one of his quotes relating to the "footprints" which we leave behind us. He continued, saying that the "biographies, examples and cherished rules that influenced the lives of our fathers are great helps for all of us" (Appel, 1930). An accurate historical perspective allows us to benefit from the knowledge and awareness of what and who came before us.

APPENDIX



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