



A THOROUGH knowledge of what the Wanamaker Store really represents in its relation to the work of the world is in itself a broad education, for within this building are found in operation almost every law of political economy, almost every application of scientific knowledge to the service of man, or the results of such application; but, above all, the finest example in large business, of which I have any knowledge, of the operation of the Ten Commandments and the Golden Rule.—*Dr. Josiah H. Penniman, Vice-Provost of the University of Pennsylvania, at the Corner-stone laying of the New Wanamaker Store, in Philadelphia, June 12, 1909.*

BOOK TWO.

ECONOMICS.

CHAPTER I.

To build a Commercial System upon a liberalized basis that from a sense of public duty included an obligation to secure not only A SQUARE DEAL UPON SOLID PRINCIPLES, but also to safeguard the interests of the public.—*John Wanamaker.*

ECONOMICS is the science of making the most of what is produced for man's use, through scientific merchandising.

This science is the basis of the Wanamaker System, as applied to trade through COMPLETE STORE SERVICE.

So, where histories of ordinary stores end, that of Wanamaker's now begins—for names, dates and places simply preface the real story of this unique Industrial Endeavor.

What has already been written is little more than a guide to the physical growth and expansion of this greatest of Time's trading places—this world-center of supply that practices the gospel of efficiency through principles first applied to retailing by its Founder and still exclusively its own in the sense of fair usage.

Now for its heart and soul!

Here are towering piles of granite, many peopled;
matchless acres of merchandise; new and wonderful
utilities.

What brought them into being?

What holds them together?

What is their purpose?

CHAPTER II.

ONE Christmas eve more than fifty years ago a country boy went into a Philadelphia jewelry store to buy a present for his mother. He had saved a few dollars from his earnings and was pleased to find a pretty trinket within range of his pocket.

"I'll take that," he said, handing out the cash a bit proudly.

As he spoke he saw another shiny something that pleased him more, even though it came higher.

"I think I'll change my mind and take that one instead," he said to the man, who had not yet wrapped the first selection.

"It's too late now," snapped the jeweler. "You've bought this and you must keep it." Doubtless it had been in stock a long time.

Under customs which then governed business, the boy had no recourse. He took what he did not want and said nothing—nothing audible!

But then and there he determined to start some day a store of his own where none would have to stand such unfair treatment.

So was born the Wanamaker System, later launched by this same boy in a little corner clothing store in Philadelphia.

"I remember being taken as a child to the first Wanamaker Store soon after its founding," said Governor Stuart, of Pennsylvania, who presided at the laying of the cornerstone of the new Philadelphia store in 1909, "and I have watched its growth and development from that day until this. No Pennsylvanian is prouder of the success of the man to whom we are indebted for this great institution than the one who now stands before you!"

That jeweler's attitude fairly reflected trade conditions which prevailed everywhere before 1861.

In those days a purchase was as irredeemable as a day gone, except to the favored few.

Buying was battling, skirmishing for advantage, bickering, dickering, quarreling, deceiving and duping.

As early as 1704 Philadelphia market traders were ordered to keep open the mouths of all sacks so customers could see what they were buying and thus escape fraud or substitution.

The rule was grudgingly obeyed, and for 157 years business stood hitched to the common-law excuse of "caveat emptor"—let the buyer beware!

Would-be sellers tried to best prospective buyers at every turn, and vice versa. This led to loss of time and temper, and bred waste.

Sometimes it took hours to complete the purchase of even a pair of trousers, however quickly questions of fabric and fit were settled. There was always a nerve-testing struggle over price, it being generally known that no merchant expected to get his "asking price" except from children and others too weak or ignorant to fight for their rights.

This contention being finally eliminated by mutual con-

cessions morosely made, open warfare as to the "bonus" promptly ensued. One wrangled an hour over a 5-cent lawn tie in a "tweed" engagement, having already routed the enemy by capturing a pair of 35-cent suspenders—a compromise between 25-cent ones offered and 50-cent ones claimed!

Such deals always ended in a doleful prophecy of bankruptcy from the seller, who that same day might sell similar goods for less money, and sweeten the bonus with a patent collar-button.

This was more or less true of all retail trading. Shoppers entered stores at their peril, and it took courage to leave without buying, no matter how undesirable the goods. Those who frankly admitted they were "just looking" were viewed as trespassers.

Valuable salesfolk were those who could work off old or faulty goods at the highest figures and overload customers with things they did not want. Prices were more variable than the tides, which change only four times daily!

Each store carried but one line of goods, which increased the cost of distribution and the labor of shopping. Assortments of merchandise were limited and usually about fifty per cent. stale—the seller depending largely on the buyer's gullibility or ignorance of values to get rid of his goods.

Into this state of affairs stepped one whose ideas, as later expressed, were these:

First: That a store should not be a trap to catch something from each who enters it.

Second: That advertising must say exactly what the store is and what it does.

Third: That all the goods sold are called back again if the buyer is not pleased to retain them.

Fourth: Fair prices for everything to everybody alike, without hidden reservations or concessions.

Fifth: That justice and honor require the exclusion of baits or even trifling deceptions; that customers whose confidence is invited and given are entitled to have their confidence respected and protected at every point.

Sixth: That patient and persistent training must be given to all the employes, to undo the education in the old long-time prevailing methods, to grow a new crop of business men and women to administer a new, broader, more enlightened and equitable system.

CHAPTER III.

PHILADELPHIA had long been a sort of merchants' paradise, owing to the absence of competition. Moss-grown methods required numerous middlemen, whose pay, of course, came out of the consumer's pocket. Each dealer bought and sold as pleased him best, and those who did not like the ways or wares in local stores went to New York, which was quite a journey then. This made Philadelphia merchants hate New York just as suburban storekeepers are apt to hate cities.

Trade methods had not moved a foot forward in a century. In some ways they echoed the Dark Ages, as witness three incidents recorded about the time that country boy did his first Christmas shopping.

A young woman went into a Second street store, and after looking around seemed disinclined to buy. Whereupon the shopkeeper barred the door, and the young woman avoided a forced purchase by escaping through a rear window.

An enterprising milliner cut a quantity of plaid silks into ribbons, which soon became the rage. Whereupon a rival milliner put a bonnet trimmed with these ribbons on a fright of a woman and paid her to promenade the streets and bring the fashion into contempt.

An admirer of Madam Rush, wishing to buy an India

shawl like one worn by that famous society leader, visited a Chestnut street shop and stated her want. The clerk showed her one at \$400. It was contemptuously pushed aside as too cheap.

This being the costliest one in the place, the man behind the counter was nonplused—but only for a moment! Whisking it up and disappearing behind a pile of prints, he returned with the same shawl—priced at \$1000!—and promptly completed the sale.

ONE PRICE in plain figures was unknown. Tags bore two sets of signs or letters, one signifying their cost to the merchant; the other the minimum sale price. Selling ability was measured by the excess obtained over the last-named figure, and salespeople were actually allowed a percentage of this excess for their shrewdness.

Doubtless true is the story of the salesman who won promotion by getting \$7 for a \$4 seersucker coat—a friendly fly having aided the “dot” system by specking the tag three times!

Buyers generally were at the mercy of merchants. An old Philadelphian recently wrote:

“Prior to the advent of Mr. Wanamaker, business of all kinds was conducted upon a system of graft, and the ability of a salesman consisted not only in the amount of merchandise he could sell, but also in his knowledge of the customer’s ignorance or ability to pay.”

Not content with taking advantage of those who voluntarily entered their stores many clothiers hired “barkers” to stand in front of their establishments. They ensnared passers-by, often hauling in pedestrians who had neither thought nor need of wearing apparel. This made no difference.

To get the customer’s money and to give the least possible in exchange for it—this was almost an unwritten law in merchandising.

Here and there were fairly reliable shops, but even in them the temptation of prevailing conditions was at times too strong to be resisted.

Such trade-virtues as all-round reliability and full fairness were unknown. Even where goods were as represented, prices would occasionally expand and shrink between sun-up and nightfall. Imposition and uncertainty prevailed. Mutuality as a mercantile attribute was not yet dreamed of.

Save by a mere boy, who believed that if it were honestly applied to trade methods, many wrongs could be righted.

His faith in the vision was backed by willingness to work hard.

He put his shoulder to the wheel April 8, 1861, when with Nathan Brown he opened “Oak Hall”—a little clothing store in which the child of Determination born in the jewelry shop was to be fitted for the fight!

CHAPTER IV.

“FROM the first I never wavered in the purpose that grew out of a boy’s vision to build this business,” said the Founder of the Wanamaker System not long ago. “Its four cardinal principles always stood out clear, distinct and large before my eyes:

- “A different business from any that existed;
- “A higher motive than mere cash profit;
- “An unvacillating system;
- “Accuracy in word and print.”

“There was also formed a purpose to bend every energy to raise the standards, so that business dealing might be more agreeable and safe, and rising generations might come into systems tolerably free from practices that had lowered mercantile character.”

To give this purpose a good start, the business started in “Oak Hall” was mounted on the four wheels of Intelligence, Integrity, Industry and an Ideal.

Its goal was “A Square Deal Upon Solid Principles,” to be reached by three connecting roads—

- Standards of Merchandise,
- Standards of Value,
- Standards of Service.

For the pull were three thoroughbreds with long but vital names.

The first was “Protection to all by guaranteed reliability of goods sold.”

The second, “Commodities mathematically cheapened without impairing quality.”

The third, “Removal of obstacles that had blocked progress in supplying human wants.”

Six sure drivers were ready for the pioneering journey. They were Intuition, Individuality, Initiative, Courage, Patience and Thoroughness.

With this wealth of intangible assets and a mighty small cash capital, the start was made.

Meantime the young merchant went to school in his store, studying the art of merchandising, which President Eliot, of Harvard, said would one day be classed with the fine arts, and learning the principles of economics through practical experience, which led him to conclude:

1. That trading is a science.
2. That trade-customs of having asking-and-taking prices, of using false labels, and making misstatements in advertising were raising up a class of business men who were scuttling the good ships of trade and would sooner or later sweep honorable merchantmen from all mercantile seas.
3. That a radical and immediate change was imperative.

Knowing that the surest way to bring about a change is to start it oneself, he began with two sweeping moves affecting store workers—

“Cash payment on the spot to work people on completion of their work,” and

“Shorter business days for employes.”

Thus as a prelude to the great symphony of service,

the long-established and unfair custom of paying helpers with orders for coal, groceries or dry goods was given its death warrant, and right regard for fellow-workers was first proclaimed a business necessity—in no sense a charity.

Then, in 1865, was unfurled to the lively winds of opposition the first Wanamaker flag of fair dealing. It was true blue, and bore this revolutionary symbol:

ONE PRICE and RETURN OF GOODS!

A nitro-glycerin bomb exploded in the basement of each business house in Philadelphia could not have caused greater confusion among merchants or more talk on the part of the public. Even the Wanamaker salesmen wondered if the announcement meant exactly what it said. One still with the business says they first thought they might as well resign immediately, for they sincerely believed clothing could be sold only on the "sliding scale of one price for the proprietor and one price for the customer."

This man tells how he waited his turn to sell on the day the new order went into effect, finally being called by a tall, gaunt Irishman who wanted a spring overcoat.

"My heart was in my mouth, as I had to contend with fit and the dreaded one price," he says. "I selected the article he wished, finally fitted him, but not a word was said about the price. That did not trouble him, as he no doubt had made up his mind how much he would pay me, not how much I would ask for it. When he asked the price I said: 'Twenty-two dollars, sir.' He smiled a

hearty smile. 'That's your asking price; what's your selling price?' I began the story about one price and all its accompaniments—system changed, sooner lose a sale, etc. His smile was still on, and he thought I would soon tumble a dollar or so. Finally he was tired out and offered me \$16, probably with a view of paying \$18. I showed him the advertisement of the day, but could not convince him of the changed system, and he finally said he could pay no such price and walked away to go out, with the full idea that I would call him back at, say, \$20 to \$18. He got to the door, but turned back and said he would buy the coat at \$22, knowing now that we were sincere in the one-price system, and that hereafter we should always have his trade, which I enjoyed for many years."

ONE PRICE was simply the application to trade of the law of certainty—a law of attraction as indisputable as that which made the apple fall at the feet of the inquisitive Newton.

"Certainty is the father of right and the mother of justice," Pope had said many years before the Wanamaker declaration, but none ever thought of right or justice as having to do with buying and selling.

The poet might have added that certainty is the tonic of trade, and today no progressive merchant would protest the statement!

ONE PRICE TO ALL was neither more nor less than the application to merchandising of the immortal note of equality sounded in the second sentence of the Declaration of Independence.

Indeed, with its accompaniment of RETURN OF GOODS it constituted a declaration of independence for all

buyers, and though some merchants cannot see it even yet, for sellers, too.

Today ONE PRICE is the law of the land, written in the national statutes, and all rate discrimination is booked for Time's dump-heap.

Those who ought to know freely credit John Wanamaker with having pioneered in this great move for commercial morality.

Said the *Dry Goods Economist* in November, 1899: "The credit for originating and adopting many of the modern methods of retailing is claimed—and justly, we believe, it will be generally admitted—by John Wanamaker."

RETURN OF GOODS was the blow that staggered most, however.

Merchants knew ONE PRICE could be dodged through rebates, but the thought of allowing customers to return purchases and get their money back stunned them—it was hard enough to work off stale and inferior stock once!

The Wanamaker idea was, and is, that before an article is good enough to sell to a customer, it must be good enough to buy back from that customer; that goods worth so much from one side of the counter must be worth just that much from the other side, if FAIR-DEALING is to be more than a catch-penny phrase.

This first application of RECIPROCITY to retail trading was thus announced in 1865:

"Any article that does not fit well, is not the proper color or quality, does not please the folks at home, or for any other reason is not perfectly satisfactory, should be brought back at once, and

if it is returned as purchased, within ten days, we will refund the money. It is our intention always to give value for value in every sale we make, and those who are not pleased with what they buy do us a positive favor to return the goods and get the money back."

The effect was volcanic. At first the buying public could scarcely believe what it read. Still doubting, a few courageous ones decided to "call the bluff." Then they came face to face with one of the Founder's quartet of cardinal principles—Accuracy in word and print!

They received back their money without the haggling and humiliation which even to this day mark the practice in some stores.

For the first time in history Mutuality was given a seat at the table of Merchandising. She sat between buyer and seller, whose rights she equalized.

This Wanamaker innovation was really a new application of the law of rhythm as shown in the pendulum, which must swing back and forth equally to keep the clock going.

Trade's pendulum had long been letting the business clock run slow by swinging too far one way. Good-will had meant good-will toward the seller. It was counted among store-assets—good-will and fixtures going together.

The swing always favored the seller until this New System made it reciprocal—the swing toward Wanamaker's being merely the logical reaction of the Wanamaker swing toward the community and its interests.

It was a practical revival of William Penn's voluntary

agreement with the Indians, that no unfair advantage should be taken on either side.

Its effect was many-sided. Besides balancing benefits between the merchant and his customers, it automatically served notice on the manufacturer that the standard of his product must be so raised and maintained as to leave no room for complaint about quality. No merchant could afford to patronize a mill or factory whose goods were constantly being turned back on his hands. The salesman was freed from all temptation to misrepresent goods, because they would come back if they proved to be deficient.

Back of the manufacturer stood the producer. The Wanamaker RETURN OF GOODS affected him, also. No longer could he defraud the man who took his output of raw material to transform it into tradable shape.

So, in self-defense, he cautioned his helpers—shearers, hoers, pickers, or tenders of mulberry trees—to work better and with greater care.

Down to the very soil; to the very flocks on the hillsides, this plummet of fair dealing fell. It influenced millions of lives to be more genuine in work.

From the other side of the counter it spread in circles no less helpful. It added dignity and ease to the position of the buyer, who was thus freed of the feeling that purchases were welded on him like shackles.

It eliminated much confusion in the home—who has not seen women-folk rise up against the color or fit of a new suit selected by some mere male member of the family?

Above all, it GUARANTEED SATISFACTION without impos-

ing upon the customer any unpleasant method of procedure in obtaining the benefits of the guarantee.

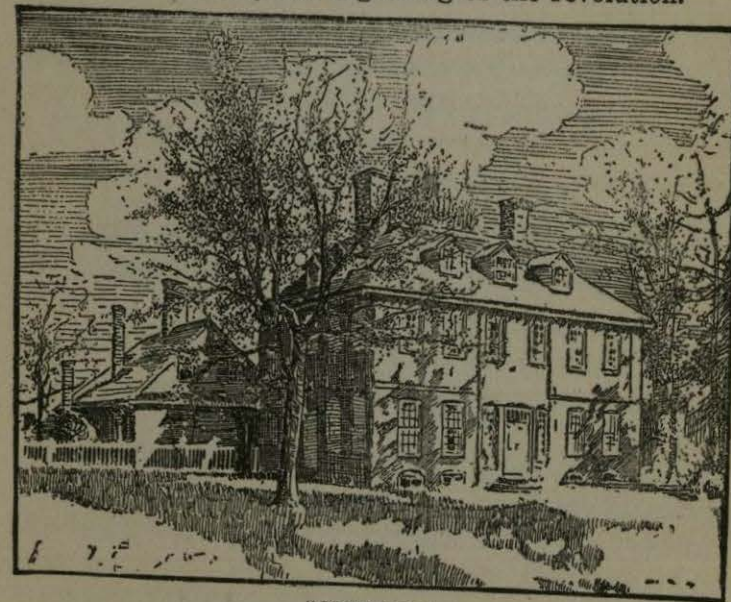
Naturally it was distasteful to narrow-minded merchants who still wore their grandfathers' glasses!

Naturally these custom-bound conservatives predicted its failure as a practical proposition. And just as naturally, the people liked it and took advantage of the new freedom it granted them.

It was not alone the adoption of these progressive principles that caused the Wanamaker business to prosper. It was personal attention to every detail and insistence upon quality of material and honesty of workmanship.

Even at the start the goods offered by the Wanamaker Store were, in themselves, a guarantee.

But this was only the beginning of the revolution.



"STENTON"

Home of the Logan family, near Wayne Junction, Philadelphia.
Was completed in 1728.

CHAPTER V.

IN 1874, when the Wanamaker business had become the largest of its kind in the whole land—and when re-trenchment in trade reforms would have been welcomed by merchants generally because of the late panic—came the now-famous copyrighted advertisement that announced the addition of FULL GUARANTEE to the already successful ONE PRICE and RETURN OF GOODS.

It was spread broadcast as a guarantee against "Misfits, Mistakes, Misrepresentations and Misunderstandings," and because it marked an epoch in merchandising it is here reprinted in full:

(This Advertisement is Copyrighted.)

Entered according to Act of Congress, in the year 1874, in the Office of the Librarian of Congress, at Washington.

A GREAT STRIDE UP AND OVER BUSINESS CUSTOMS

Old methods found to be faulty or objectionable, discarded. A new and advantageous plan hereby adopted. Already the largest Clothing Concern in America, and leading the trade,

NOW STARTS ON A NEW CAREER

Thoroughly reorganized on a greatly improved plan.

Silencing Objectors! Assuring Equal Rights to all!
Ruling out the Possibility of Unfairness! Securing a
Scale of still Lower Prices! Dropping every feature
liable even to Criticism! Guaranteeing purchasers
against

MISFITS, MISTAKES, MISREPRESENTATIONS, MISUNDERSTANDINGS

Dissatisfaction with price or purchase rendered
impossible.

Thirteen years of interested and eager observation of different methods of doing business, while establishing and extending the largest clothing trade in the United States, have brought us to the following CONCLUSION—

FIRST—That a customer has a right to some guarantee that his purchase shall prove exactly as represented.

SECOND—That cash throughout is the only basis consistent with the very lowest prices, as credit in every case necessitates higher prices to cover losses by bad debts, interest, lawsuits, hire of collectors, increased number of bookkeepers, etc.

[Note.—Wanamaker prices are still in 1911 based on cash payments, although for many years, for greater convenience to its customers, it has been the store's custom to render statements of accounts at the end of each month, to be settled within ten days.]

THIRD—That, though justice does not require it, comfort and actual security in dealing are greatly promoted by giving to the purchaser the privilege not only of exchange of goods, but of returning the same within a given time, and have promptly paid back the cash in full.

FOURTH—That all customers buying at the same time should pay precisely the same price for the same quality of goods.

FIFTH—That the interest of customers will be best served by abandoning the practice of paying salesmen a

FOURTH POINT—"CASH RETURNED"—This is simply a concession on our part to our customers, to secure them full confidence in dealing for goods they know very little about, and we thus prevent any occasion for dissatisfaction from any and every cause whatsoever. If the garment is not exactly what you thought, if your taste changes, if the "home folks" prefer another color or another shape, if you find you can buy the same material and style elsewhere for less money, if you conclude you don't need it after you get home, if the season changes suddenly and you wish you had not bought it, bring it back unworn and uninjured, and the full amount of money you paid will be returned on the spot. What more can we do for our customers than this, when we make our clothing so that they can draw the money value with it equally as well as with a check on the banks?

THE ADVANTAGES incident to a system having for its cardinal points these which we have now explained, are simply innumerable. Saving of time and temper, perfect security, absence of all huckstering, etc., etc.

But above all this,

IT MAKES CLOTHING CHEAP—Sinking the prices several degrees below what they have been heretofore, or could possibly be under the old system.

By dispensing with certain clerks no longer needed, it reduces "Store Expenses."

By enforcing CASH Payments, the bad debts are avoided.

By putting plenty of ready money in hand, it enables us to buy goods at figures that credit men know nothing about.

By increase of sales, a smaller profit on each article is sufficient.

All of these "By-ways" lead direct to CHEAPNESS; and this without lowering the quality or style of our celebrated make of MEN'S AND BOY'S CLOTHING.

SOME OTHER THINGS wherein our plan differs from others:

- (a) It combines all the good points which exist, separately or in partial combinations, and it adds some new and important features.
- (b) It gives such a guarantee as no house in the world, to our knowledge, ever ventured to give as a rule.
- (c) It makes our goods equivalent to checks on a bank, whenever they are presented unworn and uninjured.
- (d) It has the great advantage of an immense business already established, to sustain the "New Constitution," and under no other circumstances could so many radical concessions to customers be made.

We have for years been working toward the present point, and, though naturally falling into the current methods of trade, we observed and noted the defects of the old systems, and have been carefully weighing for a long time these newer plans, and preparing for this ENTIRE CHANGE OF BASE.

We now Swing Clear of All Combinations, and Burn the Bridges behind us.

**INVESTIGATION IS ASKED INTO ALL WE HAVE
HERE PUT FORTH,**

Staking the hard-earned and fought-for reputation of our house (of which we confess we are proud) on the faithful and exact fulfilment of all the promises and conditions herein laid down.

On this new, and in many respects Original Plan, we launch the Oak Hall Craft on SATURDAY NEXT, bound for Fall Trade, and by our experience in trade, and all our knowledge of human nature, we are led to anticipate that
**MARVELOUS AND UNPRECEDENTED INCREASE OF BUSINESS
FOR WHICH WE ARE WELL PREPARED.**

Our warehouses, comprising 27 spacious rooms, are

stocked to the full; our home mills have been turning out large quantities of goods to us that are now in store, and Foreign fabrics by the shipload are now on our counters. Our workmen have been a small army, and as diligent and skillful as they are numerous. With the improvements already noted, there are also new styles, new colors, new cuts and more careful finishing. Everything possible has been done to meet and gratify the rush, and now LET IT BEGIN.

WANAMAKER'S

THE LARGEST CLOTHING HOUSE IN AMERICA.

This sweeping blast made the business world gasp. But it was welcomed by the buying public as leading to complete security.

The soundness of this New System was soon demonstrated—first by the opposition it created, next by popular endorsement followed by the quiet imitation of rivals, and finally by general adoption of its salient features throughout the country.

So thoroughly has it now permeated merchandising that there is no important American city or town in which trading does not reflect the Wanamaker spirit.

It was said by Frank D. La Lanne, president of the National Board of Trade, in a notable speech at the laying of the corner-stone of the new Wanamaker Store in Philadelphia:

"In my journeys over America I am asked every day about what is going on here, for other merchants doing large businesses in our country all look to this store as the school to teach them proper retail merchandising, and many of them say, 'We follow as closely as we can the lines of Mr. Wanamaker's honorable dealings.'



THIS wonderful development stands today as the best and greatest achievement of modern times. It teaches the world that all who have been identified with it have done the best with the means at hand, and the result is just what Mr. Wanamaker started out to accomplish. Behind artisan, architect, and designer must be the master controlling mind to conceive the original enterprise and gather together the men and material; to formulate the plans, develop the prospect, and finance the millions invested. Along with this is the companion thought that this merchant has taken the advance step beyond all other merchants in the world, and now insists on making merchandizing a science.—*Hon. Geo. B. Orady, Associate Judge of the Superior Court of Pennsylvania, at the laying of the Corner-stone of the New Wanamaker Store, Philadelphia, June 12, 1909.*